



World Energy Outlook 2008

International Energy Agency

12 May 2008, Maputo

Session 3: Revenues Management – what works and what does not work

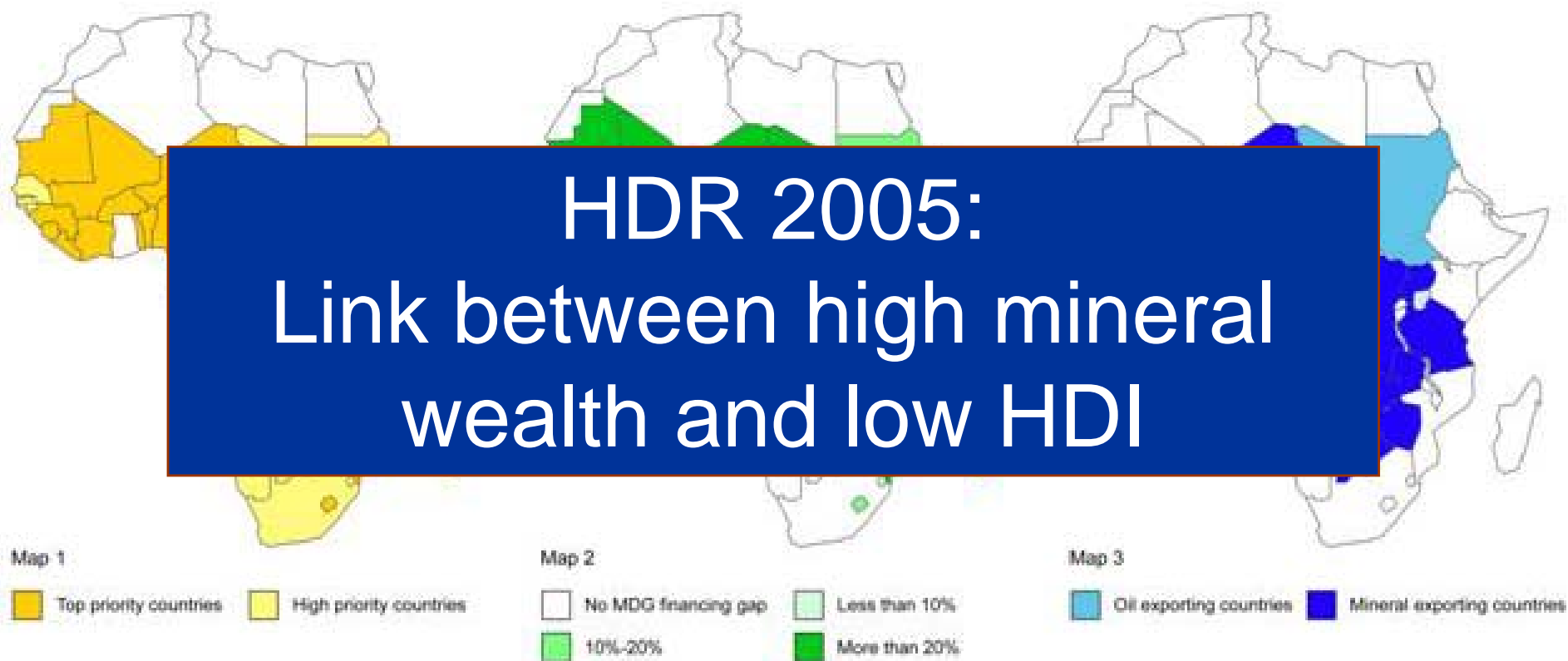
Presentation by Luigi N. Tessoro,
Regional Policy Advisor
Western & Central Africa Sub-Regional Office UNDP

Luigi.Tessoro@undp.org



MDG Top and High Priority Countries, MDG Financing Gap (2015), Oil, Gas and Mineral Exporting Countries

HDR 2005:
Link between high mineral
wealth and low HDI





Intended Reach of Ongoing Initiatives on Resource's Revenues Management and Governance

May 2008

IEA – Maputo Workshop
12 May 2008
LNT

3

LUIGI N. TESSIORE 2005

		ETI	PWYP	OSI	CRS	IBP	GRI	IMF	SWAp/GBS	PRSPs	Aarhus Convention	KP
Transparent and economically prudent (with respect to revenue generation) investment agreements negotiate between Governments and companies	Govt Comp				X							
Companies disclose what they pay to governments	Comp Govt		X				X					
Governments and national oil (NOCs) companies disclose what they receive	Govt NOC	X	X					X				
Credible formal (auditors) and informal (civil society) oversight systems for payments and receipts	CSO	X	X	X	X	X		X			X	
Governments disclose the criteria or policies upon which they allocate resource revenues	Govt							X	X			
Governments facilitate participation by civil society in deciding the allocation criteria, policies and priorities, ie achieving 'downward accountability'	Govt CSO							X	X	X	X	
Governments build transparent budgeting and expenditure frameworks and systems	Govt							X	X			
Governments disclose the distribution of revenues to ministries and lower layers of government, eg provincial level	Govt							X	X			
Governments implement transparent and fair procurement procedures relating to expenditure of resource revenues	Govt							X				
Credible formal and informal oversight systems for revenue distribution, budgetary allocation and tracking, and procurement			X	X		X		X	X	X	X	
Outcome performance monitoring and evaluation , with credible oversight, ie impact on poverty						X			X	X	X	
Local development and Service Delivery - MDGs												

LUIGI N. IESSIORE 2006



Revenues' Cycle

Generation of Revenues

Use of Revenues

Production
processes and
commercialization

Payments
to governm
ents

Revenues
stabilizati
on and
savings

Fiscal &
macroeco
nomic
policy

Budget
allocation
to reduce
poverty &
promote
growth

Budget
execution
(national &
local)

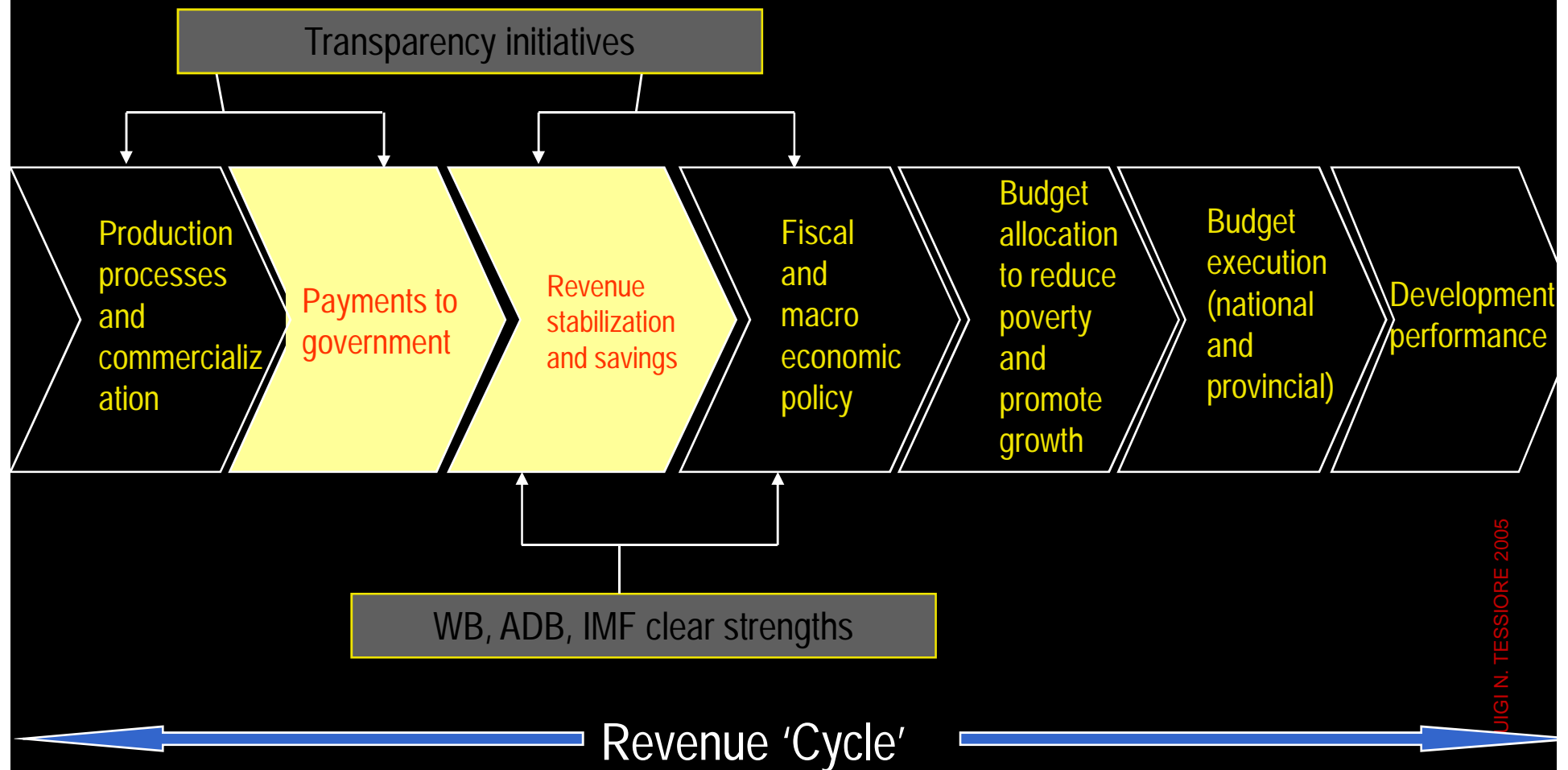
Develop
ment
effective
ness

NRNR Revenues' Cycle

LUIGI N. TESSIERE 2005



Revenues' Cycle Assistance



JIGI N. TESSIORE 2005



Rationale for the local approach

- **Increased impact:** high sustained market price of Mineral resources (next 5-10 y);
- **Increased social responsibility:** open public-private partnerships from local to central levels for poverty reduction actions;
- **Increased sustainability:** endogenous source versus exogenous source;
- **Increased transparency and accountability:** local management & direct social oversight (CSOs participation);
- **Commonly accepted:** new oil (and mineral) revenues management legislations accept the “local principle”;



Revenue Cycle's Governance

Levels	Attributions	Tools & Activities
Supra-National Cross-Border	Dialogue, Negotiations, Harmonization,	Bi-multilateral Treaties & Joint Activities
Central Government	Contracting, Macro Stabilization Investments Programming & Execution	Budgeting, Sectoral Investments Plan, Escrow Accounts
Local Government	Local Planning, Services Delivery	Implementation Local Development Plan & Funds
Private Sector, MSME, CSO May 2008	Contracting, Investment, Oversight, Dialogue IEA – Maputo Workshop 12 May 2008 LNT	Execution Productive Activ. Consumer, Use of Services



What can governments do to develop local capacity, given that it is crucial to ensure that revenues benefit the energy poor?

Local Content
=
Local Development
?



SECOND PART



Diamond's for Development



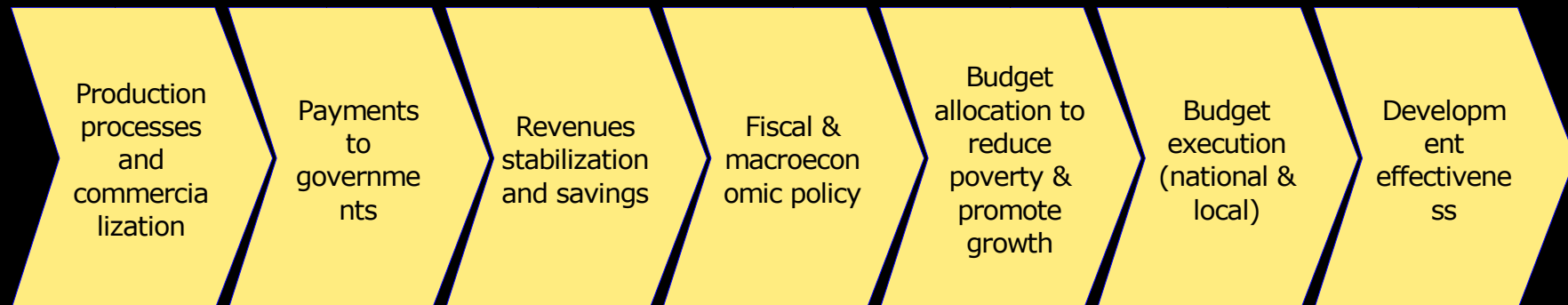
Liberia



D4D Rationale

Transparency Initiatives

D4D



Kimberley Process

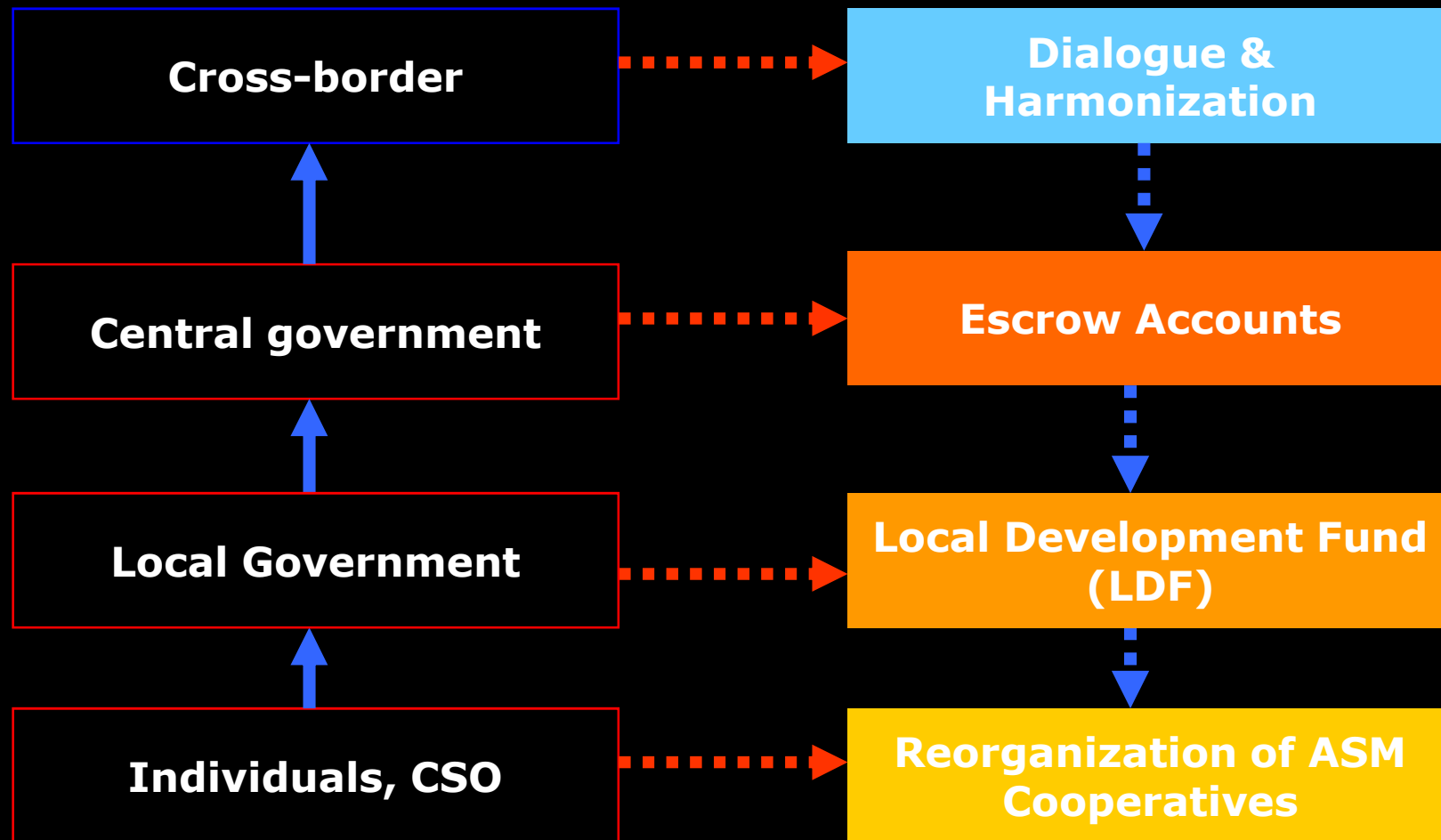
GEMAP Partners



LUIGI N. TESSIORE 2005



Interventions at all levels of the revenue cycle



LUIGI N. TESSIORE 2005

D4D Framework

Diamonds for Development elements for an operational strategy

