

Constitution Building Training Programme

Constitution Building Programme International IDEA

Governance for natural resource management

A module of the Constitution Building Training Programme

Overview

Natural resources have an undeniable impact on the life of a state: they affect the economy, its wealth and institutions. Frequently there is contradictory relationship between natural resource abundance, development and conflict. In most countries where natural resources are abundant, sustained and positive effects on equality, economic growth and transparency have been limited. Several theories attempt to explain the reasons why natural resources have led developing countries into dramatic struggles that typically involve violent conflicts, corruption, and economic, institutional and political crisis. Natural resources are affected by a large number of events and elements, which makes its management a very complex task. It is crucial for states to have a transparent set of institutions that are capable of using resources with a long term perspective.

Constitutions are a crucial part of the governance of natural resources. A constitution has the ability to establish basic rules for markets, income distribution, institutions and transparency. Strong political and legal institutions improve the utilization of resources so that they are beneficial for citizens and the state rather than conflict aggravating. Such institutions can be created by a constitution or boosted by it. There are different theories that can help constitution builders to connect resources to good governance and in turn, to better understand the role of the constitution in this regard. The success of a constitution building process lies in the ability to establish a clear and transparent mechanism for rent distribution: it could either allow the country to a long term and sustainable benefit for society or it could perpetuate a cycle of conflict and poverty, regardless of the quantity and value of natural resources.

This Module presents an introduction on key concepts related to natural resources governance and its links to constitution building processes. It provides a conceptual framework on natural resource governance and economic phenomena related to its management. Through a normative framework and extensive practical examples, the Module provides conceptual clarity on the difference between ownership issues, regulatory authority issues, and issues relating to the raising, collecting and distribution of revenue. Alternatives for natural resources management and how they can be addressed in constitutions are presented, as well as an introduction on the use of practical tools to address the constitution building process regarding natural resources governance.

Learning outcomes

At the end of this Module participants should be able to:

- 1. Understand the basic concepts related to natural resources management and governance.
- 2. Understand the relationships between natural resources, development, conflict and the economy in a country.
- 3. Identify the contentious issues and stakeholders within a country regarding natural resources management.

4. Employ analytical tools to identify viable alternatives regarding natural resources management, as well as having a grasp on other countries' constitutional provisions dealing with natural resources.

Module Structure

Executive summary

Introduction & Learning outcomes

What is the natural resources rationale?

- What explains natural resource abundanceunderdevelopment dilemma?
- The resource curse: causes and consequences
- Dutch disease
- External vulnerability
- Weak institutions
- Power and greed
- Conflict and natural resources

Constitutional design and natural resources

- Setting the basic rules
- Basic concepts
- Constitutions as a tool for prevention
- Constitutions and governance

Negotiation and implementation issues

- What are the most challenging negotiation and implementation issues?
- Constitutions and natural resource governance
- Ownership
- Allocation and control over natural resource management
- Rent distribution mechanisms
- Transparency provisions

How constitution building processes can open/close doors to resource governance

- The constitution building process and its mechanisms
- Stakeholder analysis tool
- Reality check
- Natural resources and governance: The devil is in the details

Glossary