

# Appendix. The Natural Resource Charter

---

An independent group of internationally-respected economists, lawyers and political scientists has developed a set of twelve precepts that resource-rich countries can adopt in order to increase the chances that EI activity will transform society for good, rather than creating instability and conflict. The precepts cover all stages of EI activity, beginning with the decision to extract the resources and ending with decisions about using revenues ultimately generated by EI activity. In the charter, the precepts (listed below) are followed with technical detail about how they can be implemented.

- 1) The development of natural resources should be designed to secure the **maximum benefit** for the citizens of the host country.
- 2) Extractive resources are public assets and decisions around their exploitation should be **transparent** and subject to **informed public oversight**.
- 3) **Competition** is a critical mechanism to secure value and integrity.
- 4) Fiscal terms must be robust to **changing circumstances** and ensure the country gets the full value from its resources.
- 5) **National resource companies** should be competitive and commercial operations. They should avoid conducting regulatory functions or other activities.
- 6) Resource projects may have serious **environmental and social effects** which must be accounted for and mitigated at all stages of the project cycle.
- 7) Resource revenues should be used primarily to promote **sustained economic growth** through enabling and maintaining high levels of domestic investment.
- 8) Effective utilisation of resource revenues requires that **domestic expenditure be built up gradually** and be **smoothed** to take account of revenue volatility.
- 9) Government should use resource wealth as an opportunity to secure effective public expenditure and to increase the **efficiency of public spending**.
- 10) Government policy should **facilitate private sector investments** in response to new opportunities and structural changes associated with resource wealth.
- 11) The **home governments** of extractive companies and **international capital centres** should require and enforce best practice.
- 12) **All extraction companies** should follow **best practice** in contracting, operations and payments.