

Glossary

Resource curse	The resource curse (also known as the paradox of plenty) refers to the paradox that countries with an abundance of natural resources, specifically non-renewable resources like minerals and fuels, tend to have less economic growth and worse development outcomes than countries with fewer natural resources
Dutch Disease	The Dutch Disease is a concept that explains the apparent relationship between the increase in exploitation of natural resources and a decline in the manufacturing sector. The theory is that an increase in revenues from natural resources will de-industrialize a nation's economy by raising the exchange rate, which makes the manufacturing sector less competitive
Economic Diversification	Economic diversification is when the country has incomes from many different sources that are not directly related to each other.
Fiscal Discipline	Fiscal Discipline is the management of the government budget so as to avoid excessive fiscal deficits , thus restraining government spending.
Centralized political economy models	Centralized political economy models assume that the presence of natural resources increases the value of staying in power and increases the likelihood that

	others will challenge the government for its power.
Rent-seeking models	Rent seeking refers to efforts, both legal and illegal, to acquire access to or control over opportunities for earning rents. In oil dependent countries, rent-seeking refers to widespread behavior, in both the public and private sector, aimed at capturing oil money through unproductive means.
Power of the purse	Parliament's role in the budget process.
Stabilization Fund	A Stabilization Fund is a fund created by a government as a savings account for future financial support and investments.
Exchange rate volatility	Exchange rate volatility refers to the swings in the charge for exchanging currency of one country for currency of another.
Foreign borrowing	Foreign borrowing or external debt is that part of the total debt in a country that is owed to creditors outside the country. The debtors can be the government, corporations or private households.
Numerical fiscal rules	Numerical fiscal rules set numerical targets for budgetary aggregates. They pose a permanent constraint on fiscal policy expressed in terms of a summary indicator of fiscal outcomes, such as the government budget balance, debt, expenditure, or revenue developments. Fiscal rules enhance budgetary discipline, and may further contribute to the reduction of uncertainty about future fiscal

	<p>policy developments. However, fiscal rules can only yield these benefits if appropriate institutions for monitoring and enforcement mechanisms are in place, or if they are supported by strong political commitment.</p>
Populism	<p>Populism refers to the political doctrine that supports the rights and powers of the common people in their struggle with the privileged elite.</p>
Exploration license	<p>An exploration license is a license to explore for oil or gas in a particular area issued to a company by the state.</p>
Exploitation license	<p>An exploitation license is a license to exploit discovered oil or gas sources and is issued to a company by the state.</p>
Revenue Stream	<p>A revenue stream is a form of revenue, referring specifically to the individual methods by which money comes into the treasury. A revenue stream has volatility, predictability, risk, and return.</p>
Production Sharing Agreements/ Production Sharing Contract (PSA/PSC)	<p>Production sharing agreements (PSAs) or Production Sharing Contracts (PSCs) are a common type of contract signed between a government and a resource extraction company (or group of companies) concerning how much of the resource (usually oil) extracted from the country each will receive.</p>
Investment and expenditure smoothing	<p>Smoothing is an economic concept which refers to balancing out and/or</p>

spread out spending and saving to attain and maintain the highest possible living standard over the course of one's life or several generations. With smoothing, the primary goal of financial planning is to avoid abrupt changes in one's standard of living.