

# The Goa Foundation

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19.6.2014

To:  
Mr Manohar Parrikar,  
Chief Minister and Minister of Mines,  
Government of Goa, Secretariat,  
Porvorim, Goa

**Sub: Supreme Court direction on setting up a Permanent Fund for sustainable development and intergenerational equity**

Dear Sir,

This communication (with enclosures) is in continuation of our earlier communication to you dated 15.5.2014 in connection with the Goenchi Mati Permanent Fund proposal.

In its judgement dated 21.4.2014 in Writ Petition No.435/2012, the Supreme Court has directed, inter alia, "the State Government will within six months from today frame a comprehensive scheme with regard to the Goan Iron Ore Permanent Fund in consultation with the CEC for sustainable development."

Earlier, the Supreme Court had asked the Expert Committee for its recommendations on mining in Goa in the context of sustainability and intergenerational equity. In that context, the Goa Foundation had proposed a permanent fund. **We are enclosing two notes** that had earlier been submitted to the Expert Committee. These outline the principal theoretical arguments and practical arrangements being implemented around the world to achieve sustainability and intergenerational equity.

In particular, Norway and Botswana have particularly effective models for management of natural resources and avoiding the resource curse. We are attaching a couple of documents that provide an **overview of how Norway and Botswana manage their natural resources** in the context of sustainability and intergenerational equity. It may be observed that in both countries, there have been changes to the budget / fiscal rules to ensure that the Fund does achieve its objectives, instead of substituting for asset creation from the normal budget.

The Norwegian permanent fund (technically the Norway Government Pension Fund) is managed by the Norges Bank Investment Management. Its website has a wealth of documents and information on the Fund. We believe that the Norway model provides a good model for Some key elements can be found at the links below :

- 1) About the Fund : <http://www.nbim.no/en/the-fund/about-the-fund/>
- 2) History : <http://www.nbim.no/en/the-fund/history/>
- 3) Governance model : <http://www.nbim.no/en/the-fund/governance-model/>
- 4) Investment strategy : <http://www.nbim.no/en/investments/investment-strategy/>
- 5) Responsible investments : <http://www.nbim.no/en/responsibility/responsible-investments/>
- 6) Transparency : <http://www.nbim.no/en/transparency/> (read along with the reports of the Petroleum Ministry ([http://www.regjeringen.no/upload/OED/pdf%20filer/Faktaheftet/OG\\_Facts\\_2012\\_web.pdf](http://www.regjeringen.no/upload/OED/pdf%20filer/Faktaheftet/OG_Facts_2012_web.pdf)))
- 7) Reports : <http://www.nbim.no/en/transparency/reports/?id=357>
- 8) FAQs : <http://www.nbim.no/en/transparency/faq/>
- 9) About NBIM : <http://www.nbim.no/en/our-organisation/about-us/>

We would strongly recommend that assistance be sought from the Reserve Bank of India as well as from the National Pension Scheme in order to create a workable investment model for Goa. Assistance may also be sought from the Ministry of Finance, the Ministry of Statistics and Plan Implementation and the Planning Commission as increasing the capture rate to 90%+, proper treatment of natural resources in the national accounts (as depletion of an asset, not a income stream), and changes to the budget / fiscal rules would require discussions with the

Center.

We also observe that the rationale for the permanent fund would apply *mutatis mutandis* to bauxite, manganese ore and other natural resources. Hence, we propose that the fund be called Goenchi Mati Permanent Fund to better reflect its character.

We believe that matters as significant as this should be the subject of public consultation and discussion. A comprehensive white paper on mining, illegalities and recoveries, and alternative ways forward would assist the public in making informed comments. We are ready to assist with any further action needed in this context, including providing any additional clarifications your office may require.

Yours sincerely,

Dr. Claude Alvares  
Director

Encl:

1. Two submissions of Goa Foundation to the Expert Committee
2. Presentation on the Norway Sovereign Fund
3. Report on Botswana and Sustainable Mining

