

NGOs ROLE IN MANAGING OIL REVENUES & COMBATING CORRUPTION: A CASE OF IRAN

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Abstract:

Managing oil rents in an effective way is critical for combating corruption in the oil industry of a resource-rich country like Iran. In fact, it is clear if a country lacks an independent monitoring organization, oil resources and consequently their rents offer an opportunity for corruption and rent-seeking activities. If Iran were to get serious about confronting corruption in the oil industry, some actions it could take would be: establishing an independent non governmental organization (NGO) for managing oil revenues and monitoring the allocation of the huge wealth that is generated. This would mean that a rational mechanism would be provided to select and monitor performance of the people employed by this agency and a legal framework would be provided for reporting income flows within this agency to public.

In this paper, the author looks at economic theories that form the basis for managing oil funds and combating corruption, then cites lessons from the experiences of other oil-rich countries, finally analyzing the situation and role of oil revenues in Iran's economy. The author will then indicate danger zones of corruption within the petro-state structure of Iran.

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