



# Economic and Social Council

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### High-level segment

## Statement submitted by Yakutia – Our Opinion, a non-governmental organization in consultative status with the Economic and Social Council\*

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 30 and 31 of Economic and Social Council resolution 1996/31.

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\* The present statement is issued without formal editing.



## Statement

One of the global problems is poverty. It impedes empowering people, ensuring inclusiveness and equality. Unfair distribution of wealth dominates the world and causes lack of dignity for the majority. The minority (officials and oligarchs), who have power and money, are enriched to the detriment of the majority's rights.

There is a need for fair distribution of wealth. Most countries extract natural resources and are able to provide a decent life for their citizens. In developed countries, up to 80% of natural rent is used for the benefit of all citizens. Fair distribution of resource revenues is also carried out in developed countries.

However, in many developing post-communist countries, resource revenues are illegally appropriated by corrupt officials and oligarchs.

We describe a model of ensuring decent life based on resource revenues using the example of the Russian Federation. It is also applicable to other post-communist countries.

This can be done through a three-tier system of funds for distribution of resource revenues.

(1) At the national level, it is necessary to create a Fund of Russian citizens' rights to resource revenues that would accumulate resource rents and distribute them among citizens through system of personal accounts.

(2) At the regional level, resource rents should be accumulated in regional funds for their distribution among region's inhabitants.

(3) For indigenous peoples funds should be established on a contractual basis.

The Concept of Fund of Russian citizens' rights is described in the law "On the rights of Russian citizens to incomes from exploitation of the natural resources". In the 2000s, this law was considered in the Russian parliament, but it was not adopted.

An example of such a fund is the Norges Bank Investment Management in Norway, which accumulates petroleum revenues and has a goal to ensure financial wealth of future generations. In 2017, its size reached \$1 trillion. Each Norwegian has a share of 193 thousand dollars. In the United Arab Emirates, there is a powerful system of targeted social support through oil revenues. Regional funds can be established similar to the Alaska Permanent Fund in USA that manages 25% of oil revenues and distributes them among Alaskans.

The main criteria for payments from federal funds may be presence of citizenship, from regional fund – presence of citizenship, relevant residency requirement established by regional parliament. Additional criteria (no conviction, lack of personal super-profits and others) might be applied.

In implementing indigenous rights, it is necessary to create specialized funds for indigenous peoples.

Their goal is to compensate for the impact on environment and health during natural resources exploitation in areas where indigenous peoples live traditional lives.

Payments from all funds can perform functions of Universal Basic Income.

Such a fair distribution of national income is of particular importance in the context of globalization and restructuring of the labor market, when technological progress has led to massive unemployment.

This is our vision for implementing principle of social justice in distribution of wealth that might provide empowering people. So people will have opportunities to work and learn effectively, take active part in partnership for sustainable development.

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