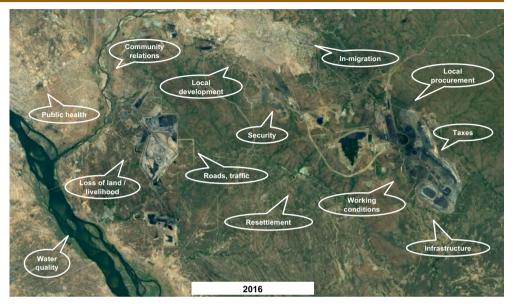
How does resource extraction affect local development?

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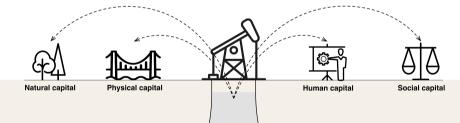
1 The new 'gold rush'

Windfalls from the extraction of oil, gas and minerals can be important economic drivers for resource-rich countries, boosting the economy and contributing to investment in basic services.

While countries like Australia, Chile or Botswana have taken advantage of this opportunity, others have not seen their Human Development Indicator scores improve. In these places, only a small elite tends to benefit, while people in producer regions are left with social, economic and environmental externalities.

Often, understanding the distribution of costs and benefits of resource extraction is inadequate and disputed. Lack of evidence encourages shifting the blame on others; information asymmetries and a lack of transparency can exacerbate tensions and create conflict between citizens, government and companies.

2 Measuring economic, environmental and social effects



The capital approach views the overall wealth of a country as a portfolio of physical, natural, human and social capital.

For development to be sustainable, overall wealth should remain at least equal over time.

Therefore, to measure development outcomes from resource extraction, we not only analyze the current well-being of the population (e.g. through incomes and job opportunities) but also how the wealth

portfolio changes over time, i.e. whether the revenues from resource extraction are reinvested into other forms of capital to provide a productive base for the future.

The framework governing resource extraction, the arrangements between the government and the company, the conduct of extractive operations, and the company-community relations have all a major bearing on social, economic, environmental and institutional development.

3 Better outcomes for the people

An evidence-based debate between companies, government bodies and the local population can promote more development-oriented and effective governance of resource extraction.

To provide evidence, this research project aims at developing a data collection framework that allows to monitor and analyze the effects of resource extraction in producer regions over time.

This Resource Impact Dashboard (RID) will be publicly available as an easy-to-use online tool that

- supports the collection and processing of data:
- · visualizes the results to disclose development trends in the region:
- · provides independent monitoring data to government, companies, and civil society.

www.resource-impact.org

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