

COVID-19 in the natural resources and extractives sector – considerations for African governments

As the coronavirus (“COVID-19”) pandemic begins to strengthen its hold in Africa, it is imperative that the various governments of the Regional Member Countries (“RMC”) devise and adopt a multi-pronged strategy to address, and mitigate where possible, the health and socio-economic impact of COVID-19 on their countries, as well as prepare to bounce back once the pandemic is over. The African Legal Support Facility (“ALSF”) offers its support to the various governments in the following areas:



Oil & Gas: COVID-19 has exacerbated the fall in oil prices since December 2019¹. This is having a huge financial impact on the RMCs for whom this is the major export and source of international trade revenue, including constraining internal government spending, development projects, and debt servicing commitments.



Mining: Globally, several mining companies are winding down their operations, both as a measure to combat the spread of COVID-19, and as a result of lockdown orders being instituted in some countries. These actions have implications for government revenue, the environment, employment, host communities, local industries, and international obligations.



Water Resources: One of the methods being promoted by the World Health Organisation for reducing the spread of COVID-19 is thorough hand-washing and good sanitation habits. However, in many parts of Africa accessibility to clean or potable water remains a major issue that will not be overcome in the short term and requires strategic planning. The current situation has placed pressure on RMCs to address this issue. RMCs are prioritising water resources development to ensure that their citizens have easy and continuous access to clean water, for consumption and hygiene purposes.

[1] https://www.opec.org/opec_web/en/press_room/5874.htm



Agriculture: As many jurisdictions observe various levels of lockdown protocol, food security is of the utmost importance to ensure that the citizens are not left hungry and desperate during this time. Cash crops which are ordinarily exported to meet international trade obligations may need to be diverted for local consumption². Ultimately in the agricultural sector and all the areas outlined some governments may also face challenges with meeting their obligations to investors and international trading partners.



Fisheries: The economic implications of the pandemic could plunge more than half a billion people into poverty, with communities in Sub-Saharan Africa and North Africa expected to suffer the most³. Disruptions to supply chains for fish and aquatic foods due to interruptions in transportation, trade, and labour have already manifested⁴. Moreover, falling production from reduced fishing efforts and delayed stocking of aquaculture systems potentially will lead to lower supplies, access, and consumption of these foods⁵. Decreased consumer demand and increased transaction costs will also have a knock-on effect that will push the price of fish and aquatic foods up and make them less affordable for poor consumers.

The ALSF remains committed to assisting its RMCs in maximizing the returns from natural resources and to address some of the legal challenges that may arise out of the COVID-19 pandemic on their extractive sectors. The Facility collaborates with various partners including the African Natural Resources Centre of the African Development Bank, to provide holistic and appropriate solutions for our RMCs.

For more information regarding the work of the ALSF, please visit our website, www.aflsf.org. For queries regarding this sector and/or to submit a formal request for assistance please contact: alsf@afdb.org.



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[2] <http://www.fao.org/2019-ncov/q-and-a/impact-on-food-and-agriculture/en/>

[3] <https://www.worldfishcenter.org/content/addressing-covid-19-impacts-fish-and-aquatic-food-systems-worldfish-and-partners-join-forces>

[4] <https://www.worldfishing.net/news101/industry-news/covid-19-assessing-impact-on-fishing-sector>.

[5] <https://www.worldfishcenter.org/content/addressing-covid-19-impacts-fish-and-aquatic-food-systems-worldfish-and-partners-join-forces>