

Tip Sheet for Journalists Covering the Impacts of the Coronavirus Pandemic on the Extractive Sector

To help journalists cover the medium- to long-term impacts of the global pandemic on the governance of the oil, gas and mining industries in resource-rich countries, NRGi has complemented selected [blog](#) posts with media-relevant resources such as good examples of existing coverage, suggested story angles and data sources.

The below blog posts have been selected for their relevance in the context of reporting on the consequences of the pandemic for the governance of natural resources.

AMID MARKET CHAOS, OIL PRICE PLUNGE A WARNING TO STATE-OWNED COMPANIES

Patrick Heller considers the risks to oil states resulting from concentration of huge shares of national wealth – and accumulation of massive debts – in state-owned oil companies that are themselves highly exposed to market volatility. He urges leaders to see the collapse in oil prices as a wake-up call to break out of the “drill-collect-borrow-spend” cycle that has prevailed, and instead focus on ensuring that national oil companies are managing public assets in the long-term interests of citizens.

Finding inspiration

- In this longer [piece](#), *Africa Confidential* provides a comprehensive overview of how different oil producing countries in Africa are affected by the coronavirus crisis, including by discussing implications for national oil companies.

Suggestions for story angles

- How well is the national oil company governed? Is there effective oversight of its spending?
- How indebted in the national oil company? To what extent is that information made public?
- What does the ability of the national oil company to repay its debt depend on?
- Where has the national oil company’s money gone in previous years? Does this money look like it’s been spent effectively given the current context?
- What goals does the government have for the national oil company? Do they still make sense in the current context?

Relevant resources

- The [National Oil Company Database](#) brings together useful information about the finances and operations of 71 national oil companies in 61 countries from 2011 to 2018. NRGi will update the data regularly. The content can be searched by company name or by [indicators](#) such as company debt, total assets and liabilities, or capital and operational expenditures. Data is presented to allow for easy comparison across companies and includes useful contextual information such as government gross debt. NRGi has created a short [video](#) with information on using the database and this short background [piece](#) offers further pointers on how to assess SOE governance.
- In a two-part [series](#), the World Bank offers insight into policy options and implications of government support to SOEs in the context of the coronavirus pandemic.

WHEN OIL PRICES DROP, CORRUPTION RISKS CAN RISE

As oil prices fluctuate, **Alexandra Gillies** warns that low oil prices and market instability create particular types of governance and corruption risks. While trying to cut costs, company executive may be tempted to also cut corners and duck their regulatory or financial obligations. Creating a “race to the bottom,” governments may hand out inappropriate concessions to convince cash-strapped companies to continue operating in their countries. As is on display in the U.S., struggling oil companies are leaning on their political allies for bailouts and other forms of relief.

Finding inspiration

- *The Hellenic Shipping News Worldwide* discusses in this [report](#) how enthusiasm in the East African region for extractives investments has waned in recent years and also in light of the most recent slump of hydrocarbon prices. This might create a risk of race to the bottom with governments possibly more willing to make concessions.
- Nigeria’s *Business Day* [reports](#) how the Nigeria National Petroleum Corporation (NNPC) chose the coronavirus crisis as background to release unprecedented data about its financial operations.

Suggestions for story angles

- Have relief measures to companies been granted and if so, have they been subject to public scrutiny?
- Do proposed measures come with conditions and how likely is it that government agencies will be able to enforce their strict application?
- What risks are associated with delaying important government decisions or legal reforms in the sector?
- Are there gaps in continued government oversight of the sector and what does the government do to address those?
- Is the government striving to ensure continued citizen engagement in decisions affecting the sector or does it use the crisis as a pretext to silence uncomfortable critics?
- Has the government signed loan agreements for emergency financing? Do those loans include strong anti-corruption measures?

Relevant resources

- To follow closely developments in oil and gas globally, [Rigzone](#) is a good online resource to monitor news, events and jobs in that industry.
- The Committee to Protect Journalists has compiled a comprehensive [list of resources](#) to keep journalists safe in the face of increased attacks during the global pandemic.

THREE PROPOSALS FOR MINERAL-DEPENDENT COUNTRIES DURING THE CORONAVIRUS PANDEMIC

Andrew Bauer notes that while gold and uranium prices have climbed during the coronavirus pandemic, the prices of most other widely traded minerals have collapsed. He proposes three measures that officials can take to help safeguard their mining sectors: 1) support mine workers and foreign exchange generation, rather than shareholders; 2) resist impulsive tax relief and subsidy measures; and 3) distinguish between public sector liquidity and solvency crises.

Finding inspiration

- This in-depth [piece](#) on Africa.com explains how the pandemic exacerbates the vulnerabilities of resource-focused economies on the African continent.
- The *African Mining Market* [reports](#) that Tanzania is likely to benefit from the increased demand in gold.
- This [article](#) in the Ugandan newspaper *New Vision* looks at the combined consequences of lockdown measures and delays in government processes on mining companies in Uganda.
- A [report](#) in *The Citizen* describes how surge in gold prices has helped offset some of the export downturn during the coronavirus pandemic.

Suggestion for story angles

- How efficient has government intervention been in preserving jobs in the sector?
- What are government plans to help artisanal miners to weather the crisis?
- Will governments/citizens in gold producing countries be able to benefit from surging prices?
- Has the government made any concessions to the industry? Are they effectively achieving the objective of preserving future government revenue or, on the contrary, are they undermining government take in the long run?
- How is the government diversifying exports away from extractives, so as to become less dependent on gold prices for its foreign currency?
- Why has the government not used more of its fiscal space to respond to the coronavirus crisis, for instance by investing in healthcare or cash transfers?
- Does the central government plan to compensate for revenue losses by subnational governments in resource-producing regions? Are those plans sensible/sufficient?

Relevant resources

- For guidance on reviewing tax policy responses to the coronavirus crisis in the mining sector, you can read [this briefing](#) or watch [this webinar](#) by the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF).
- [Oxfam's three recommendations](#) to mining companies during the pandemic can help journalists prepare questions to interview mining company executives or public officials about their response to the crisis.
- The International Monetary Fund has a policy tracker on the economic relief measures various countries are taking: www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19
- To assist with comparative analysis of policy responses to the Corona pandemic in Africa, the Milken Institute has launched [Covid-19 Africa Watch](#), which monitors fiscal and monetary responses among others by African governments.

BETWEEN A ROCK AND A HOT PLACE: RESOURCE GOVERNANCE AND THE ENERGY TRANSITION

The collapse in oil demand due to the coronavirus is likely to hasten the energy transition. **David Manley** and **Patrick Heller** outline the fundamental dilemmas faced by resource-dependent countries as the world transitions from fossil fuels to more sustainable sources of energy. They use Nigeria's oil sector and the DRC's cobalt industry as examples.

Finding inspiration

- This [Bloomberg article](#) explains how low oil prices might accelerate the energy transition rather than hamper it.
- This [analysis](#) in the *African Business Magazine* discusses the opportunities that the coronavirus pandemic offers to African countries when it comes to transition to greener energy sources as well as related implications for the extractive sector of those countries.
- This [longer piece](#) in Climate Home News discusses the complexities of moving away from fossil fuels.

Suggestions for story angles

- How realistic is it for the country to continue to see the oil and gas industry as the main driver for development going forward?
- What does it take to diversify the economy beyond finite resources? How painful is the transition projected to be? What opportunities lie in the promotion of cleaner energy sources?
- To what extent is the current crisis an opportunity for economic transformation?

Relevant resources

To research how wider industry trends are likely to affect extraction in a country, journalists can explore several websites that publish country data, analysis or insights into trends in the market and the industry:

- The U.S. Energy Information Administration collects, analyzes and disseminates independent and impartial energy information through its [website](#), to promote public understanding of energy and its interaction with the economy and the environment.
- Every year since 1952, BP has published an [annual statistical review](#) of world energy markets to inform industry trends.
- The OPEC [website](#) publishes information related to oil market developments, including supply and demand.
- The International Energy Agency (IEA) publishes [global energy data](#), including on supply, consumption and prices. They offer analysis of the impacts the coronavirus has on global energy markets, in particular also in relation to clean energy.

AFRICA'S NEW OIL AND GAS PRODUCERS MUST PREPARE FOR MORE DISAPPOINTMENT IN THE POST-CORONAVIRUS ERA

David Mihalyi and **Thomas Scurfield** analyze experience of the 12 sub-Saharan African countries that made their first major discoveries during the period from 2001 to 2014 to understand how new producers are likely to be affected by the coronavirus crisis. In this era of low prices, they put forward four recommendations to overcome disappointing discoveries and delays: 1) Carefully forecast sector prospects; 2) Reset public expectations; 3) Avoid a “race to the bottom”; 4) Envisage a non-oil national development pathway.

Finding inspiration

- In this [article](#), NewsGhana looks at the estimated costs of the coronavirus outbreak, which mainly relate to the drop in oil revenues.
- This [story](#) in *The East African* describes how the pandemic delays oil projects in Uganda.
- The Africa Report published [this article](#) discussing how the pandemic crisis affects many oil projects in Africa.

Suggestions for story angles

- How vulnerable is the country to asset stranding (the future scenario in which it never receives any money from its gas reserves)?
- Should the government revise its forecast of benefits gained from developing oil and gas reserves?
- What alternative development strategies could the government pursue?
- Is the government using the crisis as an excuse to rush through decisions that favor private investors over citizens?

Relevant resources

- [ResourceProjects.org](#) compiles revenue payments made by extractive companies based in the EU, Canada and the U.K. to the governments, which host extractive operations. The data is released through companies' stock listings and is regularly added to the site. Data is likely to be incomplete as not all extractive companies have to disclose but could offer an interesting reference for how important extractives revenues were to countries before the pandemic.
- The International Monetary Fund publishes regular [world economic outlook reports](#). Though their forecasts tend to be [overly optimistic](#), they can be a useful source of information and analysis.
- The World Bank also offers regular [analysis](#) of trends affecting commodities markets.

HOW HAVE GOVERNMENTS OF RESOURCE-RICH COUNTRIES USED THEIR SOVEREIGN WEALTH FUNDS DURING THE CRISIS?

Governments dependent on revenues from commodities are suffering serious budget crises. While many have sought support from the international financial institutions, made drastic spending cuts, or borrowed heavily, a few are blessed with large sovereign wealth funds (SWFs) or entered the crisis with low debt levels. In this post, **Andrew Bauer** explores SWF trends in resource-rich countries.

Finding inspiration

- In this short [piece](#), JoyFM reports how the government in Ghana is trying to amend the law in order to access funds from the Heritage Fund in response to the fallout of the health crisis.
- This Reuters [article](#) covers the sharp increase in spending from the Norwegian sovereign wealth fund to respond to the pandemic.
- This [article](#) in the Canadian media outlet *The Tyee* discusses poor investment decisions at the Alberta fund, which includes the Alberta Heritage Trust Fund, causing important losses as the coronavirus hit.

Suggestions for story angles

- Was the government well prepared for the crisis in terms of lowering debt levels or building up savings in a sovereign wealth fund in the good years? If not, why not and is the government learning from these mistakes?
- Are sovereign wealth funds investing more money in local companies to counter the pandemic? If so, are these investments made by independent managers and based on objective criteria, or are the disbursements politically motivated or benefit the asset managers?
- Is the pandemic highlighting poor performance of the sovereign wealth fund? Should the asset managers be scrutinized and the fund be made more professional and transparent?
- How can the government take advantage of the current crisis to use its resource revenues to diversify its economy? Does the government have a robust and credible economic diversification plan?

Relevant resources

- Together with the Columbia Center on Sustainable Investment, NRGi published a [policy brief](#) looking at investment guidelines for natural resource funds.
- The [International Forum of Sovereign Wealth Funds](#) publishes regular information about relevant trends affecting SWFs, including on the recent impacts related to the coronavirus.
- The International Monetary Fund has set up a [tracker for policy responses to Covid-19](#) which can be a helpful tool to monitor fiscal policy responses, including the use of SWFs, and compare them across different countries.
- In this [blog post](#), Andrew Bauer looks at various fiscal responses to the health crisis in resource-producing countries. This can help journalists put into perspective the use of sovereign wealth funds.

FIVE QUESTIONS ABOUT HOW DEBT RELIEF INITIATIVES WILL WORK FOR RESOURCE-RICH COUNTRIES

In this post, **David Mihalyi** considers how resource-backed loans are a significant part of overall debt in a number of resource-rich countries and also illustrate the complexity of debt renegotiations.

Finding inspiration

- The Africa Report published an [analysis](#) of Zambia's attempts at renegotiating its debt as a result of financial constraints due to falling mineral prices.
- In this [interview](#) featured by *The Diplomat*, Linda Calabrese from the Overseas Development Institute explains the expected impact of the sanitary crisis on China-Africa debt.
- Reuters [reports](#) how debt accumulated by Mexico's national oil company, Pemex, is putting at risk the country's credit rating.

Suggestions for story angles

- How bad is the country's debt situation: what is the level of debt, how high are the costs of servicing the debt? What is the perception of international financial institutions or credit rating agencies regarding the sustainability of that situation?
- Who are the country's main creditors and how willing are they to engage in debt relief initiatives? What does that mean for the country's risk of insolvency?
- Has the government been able to renegotiate certain loans? How much information has been made available about this process and what has been the result?
- Is the government doing all it can to bring more transparency to its borrowing, including around the servicing due and creditor terms and conditions?
- Has the state-owned enterprise engaged in off the books borrowing in the past? If so, what steps has the government taken to mitigate the risks emanating from this type of debt for its efforts to respond to the consequences of the pandemic?

Relevant resources

- The World Bank maintains a [debt data page](#). It compiles comprehensive information, including key lenders.
- NRGi published a [study](#) on resource-backed loans in early 2020. It discusses risks and opportunities of this type of borrowing by resource-rich countries.
- NRGi maintains a freely accessible [database](#) about national oil companies, which includes information about how much debt those companies have taken on.
- To compare debt projections made by the IMF before the crisis and, most recently, in October 2020, journalists can use this [tracker](#) built by NRGi.

OIL-EXPORTING EMERGING ECONOMIES SHOULD SEEK JUST ENERGY TRANSITION FOR SECTOR WORKERS

In this post, **Sandeep Pai** discusses why governments must address the impacts of the much-needed low-carbon transition on the livelihood of the world's millions of oil workers and their communities. Implementing a just transition for workers will not be easy, but it is imperative that authorities in oil-exporting emerging economies to begin planning.

Finding inspiration

- This [video](#) by CNN documents the personal stories of oil workers facing the dire consequences of the drop in prices.
- In this [article](#) for The Conversation, the author summarizes lessons learnt from different countries that are transitioning away from coal, which can serve as inspiration for the oil sector.

Suggestions for story angles

- What did the government do to secure jobs in the oil sector? Have those efforts been successful?
- How many workers tied to the oil industry have lost their job since the pandemic started? Have certain categories of workers been more adversely affected than others?
- Where jobs could not be saved, what support did the government provide to workers and their families to sustain their livelihoods? Have oil dependent regions received special attention?
- What would be the implications of an accelerated energy transition for domestic employment in the oil sector?
- What would a fair transition look like from the perspective of oil workers and communities? And, how can the government start to work towards that goal?
- How can oil dependent subnational economies diversify? What are some of the promising industries or sectors that can help these sub-national oil dependent economies recover from the loss of oil revenues?

Relevant resources

- The International Energy Agency is dedicating a [page](#) of analysis to the impacts of the coronavirus pandemic on global energy supply and demand, identifying key trends including for the oil sector.
- Researchers from the Smart Prosperity Institute did a literature [review](#) on just transitions to provide a set of policy recommendations that journalists can use to prepare stakeholder interviews or to discuss local solutions.

HOW THE PANDEMIC HAS ROILED EXTRACTIVE INDUSTRY SUPPLIERS – AND WHY THAT MATTERS FOR GOVERNMENTS AND CITIZENS

In this post, **Rob Pitman** highlights four ways in which the pandemic impacts extractive industries supplier markets and what that means for citizens in resource producing countries.

Finding inspiration

- Al Jazeera [covers](#) the billions in losses and job cuts announced by Schlumberger, the world largest oilfield services company, as a result of the oil price plunge due to the coronavirus.
- In this longer [piece](#) for The Conversation, the author considers how the pandemic can accelerate automation in many industries, including mining.

Suggestions for story angles

- How are local extractive industry suppliers reacting to the crisis and how does the government help them adapt to new realities such as the need for greater automation?
- What is the government doing to counter the rising risk of corruption and mismanagement generated by suppliers scrambling for contracts to maintain their business in times of crisis?
- Does the turmoil in the sector offer an opportunity to reform supplier oversight in the country? What should be key priorities for the government to ensure citizens don't miss out on extractive deals?

Relevant resources

- A [report](#) by NRGi shows how poor oversight of suppliers in the oil, gas and mining sectors prevents citizens in resource rich countries from reaping the full benefits of their natural endowment.
- [Mining Shared Value](#) is an initiative by the Canadian branch of Engineers Without Borders to help stakeholders in the mining sector improve local procurement practices. Reporters can use their [Local Procurement Reporting Mechanism](#) as a “checklist” to assess both if a mine site is doing well on seeking to maximize procurement, and if they are doing well on transparency.