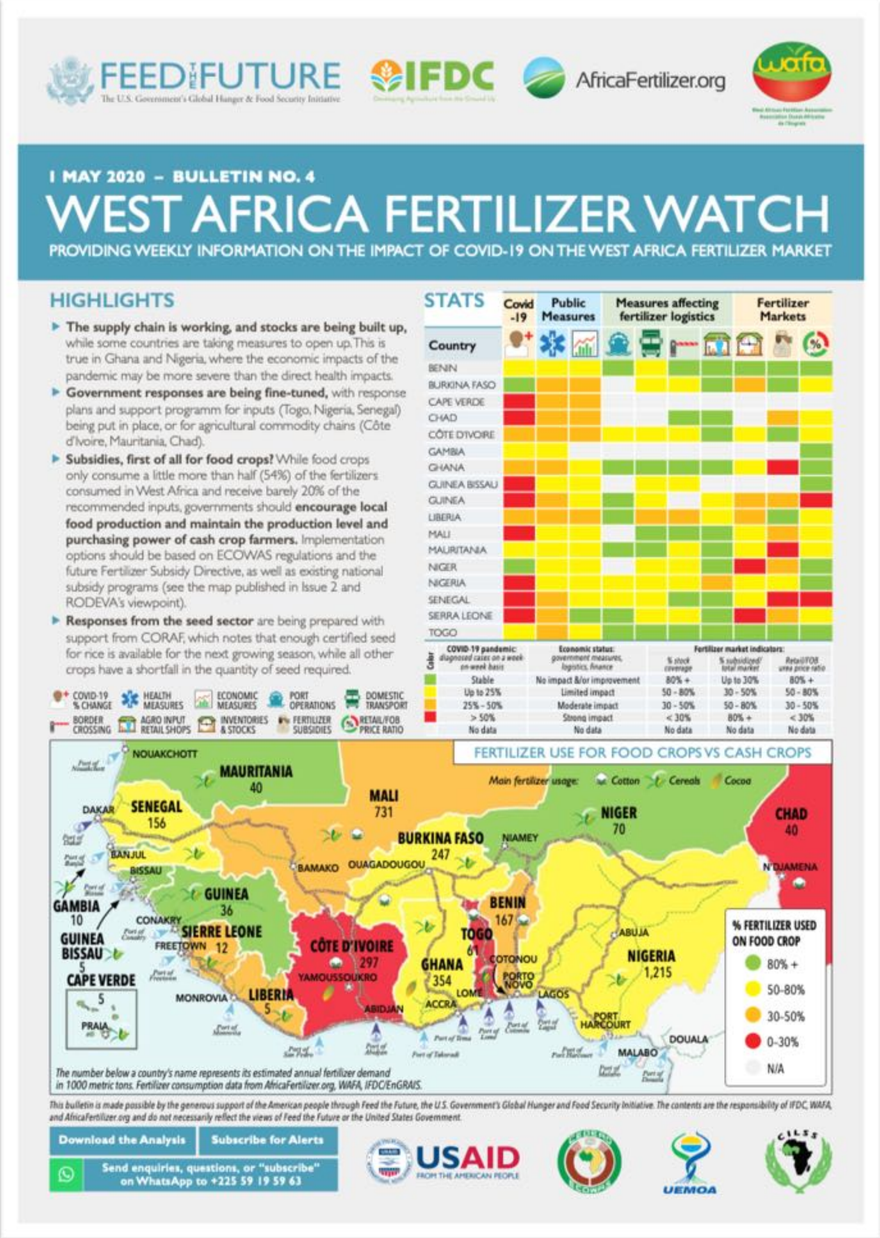

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wafa

I MAY 2020 – BULLETIN NO. 4

WEST AFRICA FERTILIZER WATCH

PROVIDING WEEKLY INFORMATION ON THE IMPACT OF COVID-19 ON THE WEST AFRICA FERTILIZER MARKET

HIGHLIGHTS

- **The supply chain is working, and stocks are being built up,** while some countries are taking measures to open up. This is true in Ghana and Nigeria, where the economic impacts of the pandemic may be more severe than the direct health impacts.
- **Government responses are being fine-tuned,** with response plans and support programm for inputs (Togo, Nigeria, Senegal) being put in place, or for agricultural commodity chains (Côte d'Ivoire, Mauritania, Chad).
- **Subsidies, first of all for food crops?** While food crops only consume a little more than half (54%) of the fertilizers consumed in West Africa and receive barely 20% of the recommended inputs, governments should **encourage local food production and maintain the production level and purchasing power of cash crop farmers.** Implementation options should be based on ECOWAS regulations and the future Fertilizer Subsidy Directive, as well as existing national subsidy programs (see the map published in Issue 2 and RODEVA's viewpoint).
- **Responses from the seed sector** are being prepared with support from CORAF, which notes that enough certified seed for rice is available for the next growing season, while all other crops have a shortfall in the quantity of seed required.

COVID-19 % CHANGE · HEALTH MEASURES · ECONOMIC MEASURES · PORT OPERATIONS · DOMESTIC TRANSPORT · BORDER CROSSING · AGRO INPUT RETAIL SHOPS · INVENTORIES & STOCKS · FERTILIZER SUBSIDIES · RETAIL/FOB PRICE RATIO

STATS

Country	Covid-19	Public Measures		Measures affecting fertilizer logistics				Fertilizer Markets		
BENIN										
BURKINA FASO										
CAPE VERDE										
CHAD										
CÔTE D'IVOIRE										
GAMBIA										
GHANA										
GUINEA BISSAU										
GUINEA										
LIBERIA										
MALI										
MAURITANIA										
NIGER										
NIGERIA										
SENEGAL										
SIERRA LEONE										
TOGO										

Color	COVID-19 pandemic: diagnosed cases on a week on-week basis	Economic status: government measures, logistics, finance	Fertilizer market indicators: % stock coverage	% subsidized/ total market	Retail/FOB urea price ratio
	Stable	No impact &/or improvement	80% +	Up to 30%	80% +
	Up to 25%	Limited impact	50 - 80%	30 - 50%	50 - 80%
	25% - 50%	Moderate impact	30 - 50%	50 - 80%	30 - 50%
	> 50%	Strong impact	< 30%	80% +	< 30%
	No data	No data	No data	No data	No data

FERTILIZER USE FOR FOOD CROPS VS CASH CROPS

The number below a country's name represents its estimated annual fertilizer demand in 1000 metric tons. Fertilizer consumption data from AfricaFertilizer.org, WAFA, IFDC/EnGRAIS.

This bulletin is made possible by the generous support of the American people through Feed the Future, the U.S. Government's Global Hunger and Food Security Initiative. The contents are the responsibility of IFDC, WAFA, and AfricaFertilizer.org and do not necessarily reflect the views of Feed the Future or the United States Government.

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WEST AFRICA FERTILIZER WATCH

ANALYSIS

Edition No. 4 - 1 May 2020

USAID FROM THE AMERICAN PEOPLE · ECOWAS · UEMOA · CILSS

This bulletin is made possible by the generous support of the American people through Feed the Future, the U.S. Government's Global Hunger and Food Security Initiative. The contents are the responsibility of IFDC WAFA and AFO and do not necessarily reflect the views of Feed the Future or the United States Government.

The supply chain works, stocks are built up

The **distribution chain is working relatively well** for the moment, down to small producers. Deliveries under contracts and tenders are continuing, allowing for close to normal stock levels at this time of year.

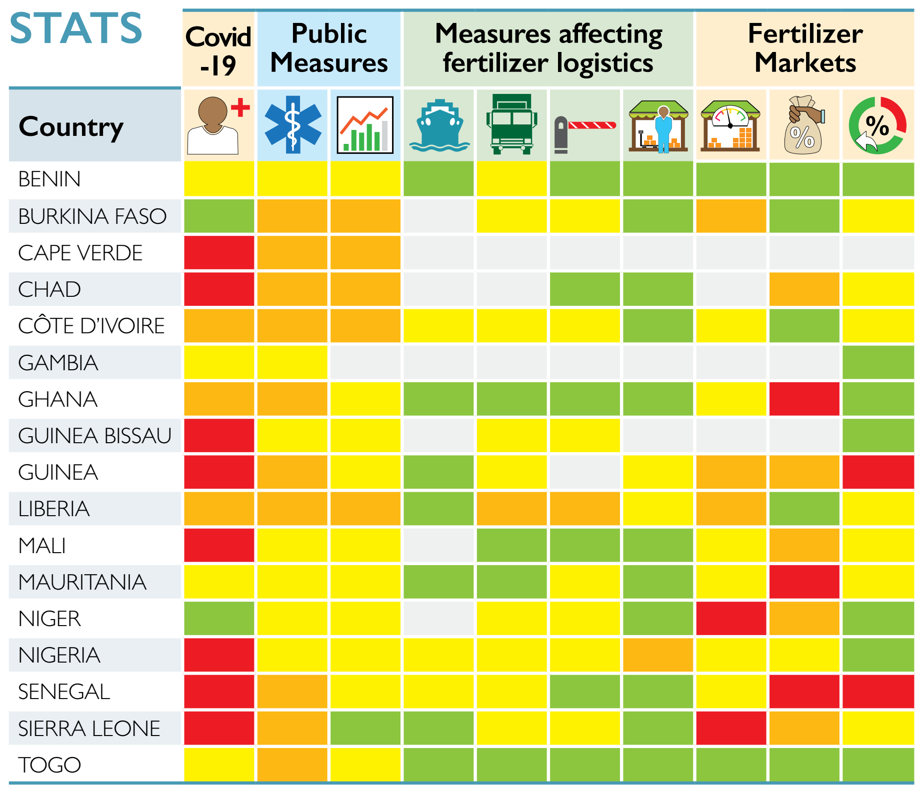
In Ghana, the fertilizer industry welcomes the government's decision to open the country. They are seeing much smoother movement of fertilizers.

In Nigeria, a similar situation is expected from next week onwards. Indeed, the president announced the end of the confinement in the country's two main cities, Lagos and Abuja, as of May 4. For the time being, the situation remains the same with functional but impacted freight transport.

Government responses are becoming more refined

As reported last week, the President of **Nigeria** ordered a reduction in the price of fertilizer from the Presidential Fertilizer Initiative (PFI). Under the normal modus operandi of the PFI, the government imports large volumes of fertilizer and obtains it from international markets at preferential prices. These volumes are then distributed to farmers through private distribution channels. Through this mechanism, the program offers a fixed and uniform price of 5,500 Naira per 50 kg bag of NPK 20-10-10 fertilizer while remunerating the private sector actors. In comparison, the average price of the same grade of fertilizer in a fully private market is around 8,000 Naira. With the special fertilizer price subsidy from the PFI, fertilizer will be sold to farmers this year at 5,000 Naira.

In **Togo**, the government plans to announce an agricultural response plan against COVID-19 to prevent a potential food crisis. The plan, details of which have not yet been communicated, is based on three main areas: 1) the supply of agricultural and irrigation equipment, 2) support for enterprises promoting agricultural labour, and 3) the provision of input credit at subsidized prices.



Color	COVID-19 pandemic: *diagnosed cases on a week-on-week basis*	Economic status: *government measures, logistics, finance*	Fertilizer market indicators: *% stock coverage*	*% subsidized/ total market*	*Retail/FOB urea price ratio*
	Stable	No impact &/or improvement	80% +	Up to 30%	80% +
	Up to 25%	Limited impact	50 - 80%	30 - 50%	50 - 80%
	25% - 50%	Moderate impact	30 - 50%	50 - 80%	30 - 50%
	> 50%	Strong impact	< 30%	80% +	< 30%
	No data	No data	No data	No data	No data

Focus on the use of fertilizers in agricultural sectors

Encouraging local food production and maintaining the production level and purchasing power of cash crop farmers.

Fertilizers contribute directly to food security when used on food crops. They contribute indirectly by providing income to governments and producers of cash crops for export, or to local industries and markets.

This week, our map shows the percentage of fertilizer use by food crops (green if more than 80% of the market) or commercial crops (red if more than 70% of the market) in 2019. Food crops include cereals, pulses, roots and tubers, and fruits and vegetables mainly for local consumption. Cash crops include crops for export (cocoa, cotton, coffee, rubber, fruit) or local industrial processing (palm oil, sugar cane). The data used come from crop consumption studies conducted by AfricaFertilizer.org, WAFA, and EnGRAIS, and from data collected by the Fertilizer Technical Working Groups (FTWG) and from WAFA members and national statistical services. They cover the period 2015-2019.

In West Africa, food crops consume the majority of fertilizers in 10 out of 17 countries (more than 50%, orange and green), and even more than 80% in 6 countries (Cape Verde, Gambia, Guinea, Guinea Bissau, Mauritania and Niger). These 10 countries account for about two thirds (64%) of total regional consumption. Conversely, cash crops account for more than 70% of the fertilizer market in Côte d'Ivoire, Chad, and Benin (cotton and cocoa, in red on the map).

According to our estimates, about **53% of fertilizers are used on food crops in the sub-region**, a rate that drops to 40% in the UEMOA area due to the predominance of cotton systems..

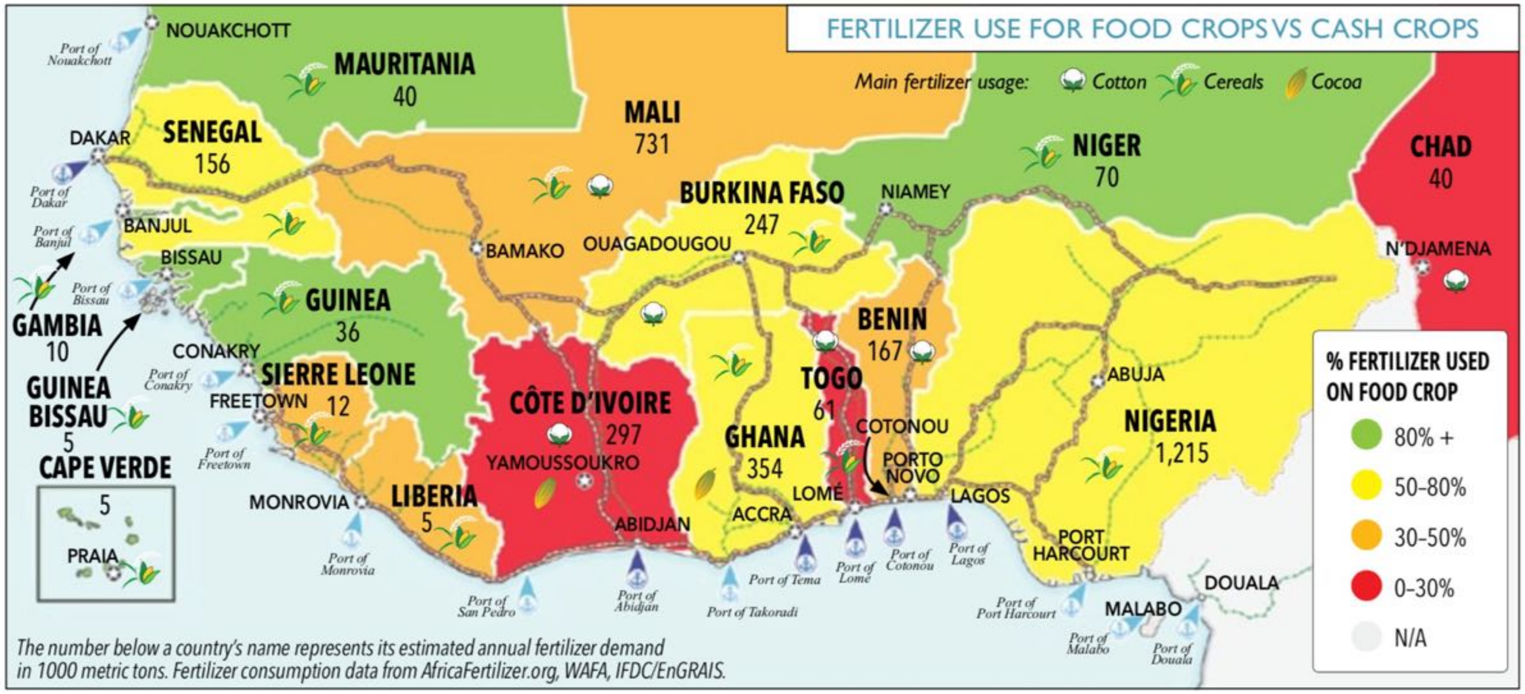
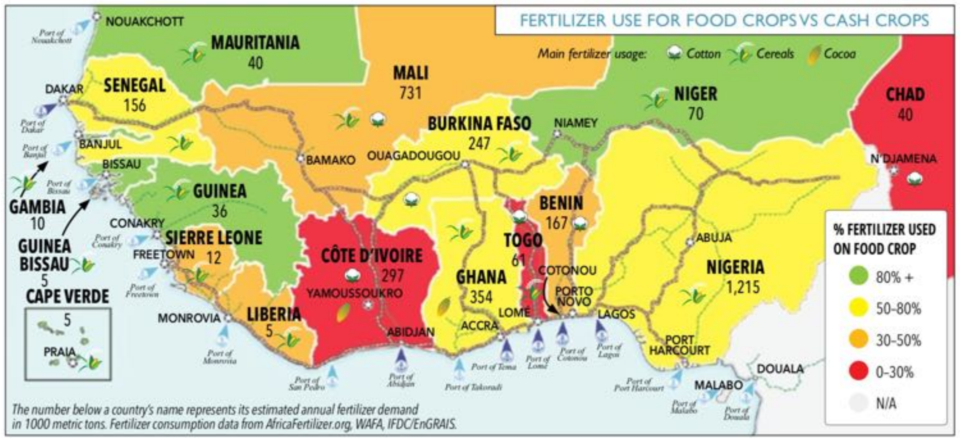
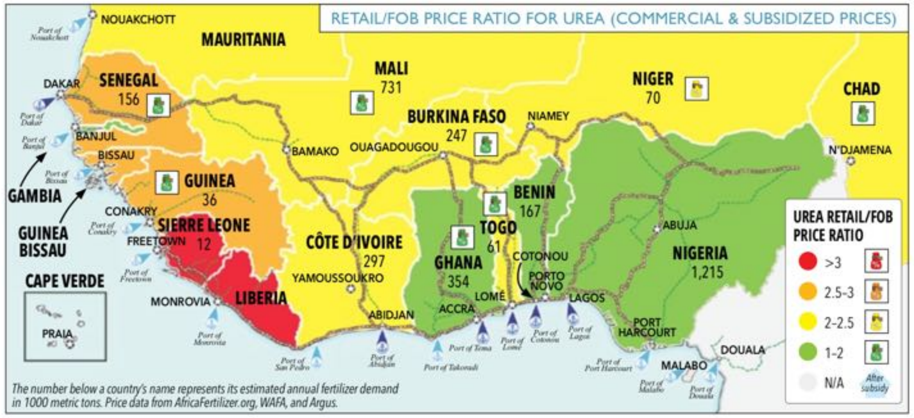


Figure 1: collection of the 4 thematic maps published since April 10th

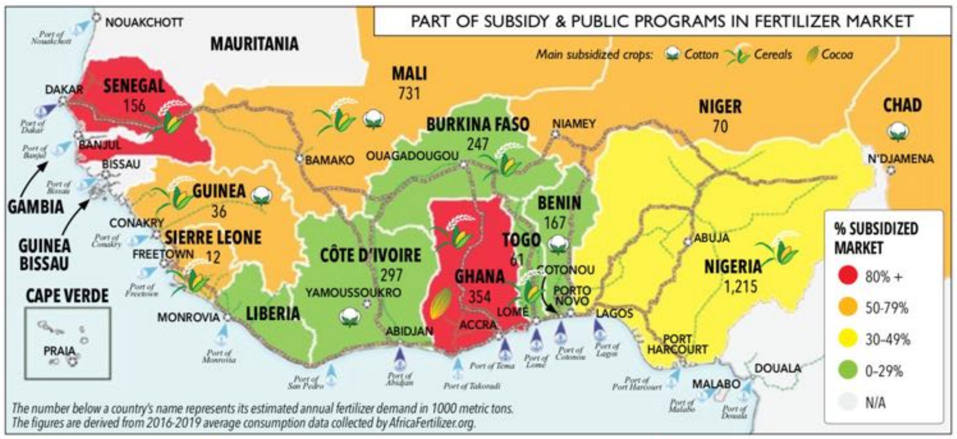
#4 - Fertilizer use on food and cash crops



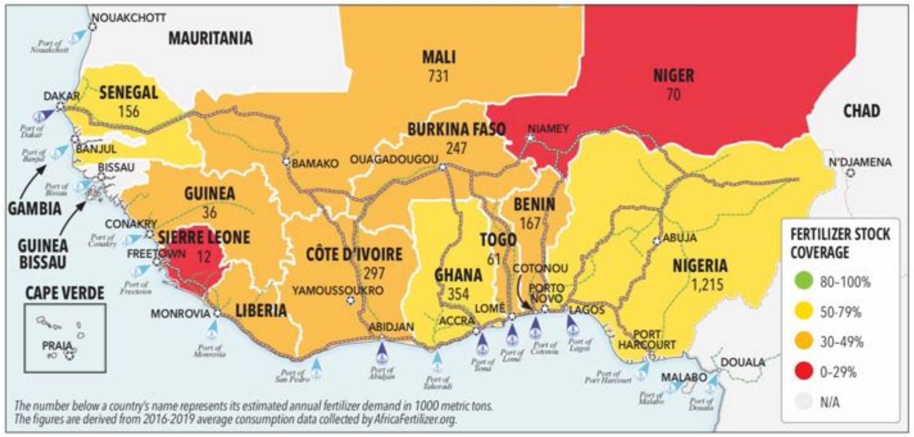
#3 - Ratio of retail price to FOB price for urea in April 2020



#2 - Share of subsidized fertilizers in the domestic market



#1 - Coverage of fertilizer needs as of April 10, 2020



The expert view of the week, by RODEVA

Q: What are the strategies for adjusting to COVID-19 fertilizer subsidy schemes according to the targeted crops? Should priority be given to food crops or cash crops or both?

A: A consensus is emerging on the massive use of fertilizer subsidies to achieve sufficient yield levels to prevent a major food crisis on the African continent.

For food crops:

- It is necessary to ensure a sufficient harvest through a wide use of fertilizers, by subsidizing them, in order to obtain good crop yields to ensure food self-sufficiency and a local trade of food at affordable prices (abundant supply) for the final consumer. In countries where subsidy programmes are not operational, and in view of the urgency of the situation (fertilizers must be used in June/July), the subsidy must be accessible to all, even if in this case of emergency it will be necessary to sacrifice certain principles of traceability.
- In countries where the "Transfert / Mobile Money" system already exists (Côte d'Ivoire, Ghana, Senegal) the subsidy could be made available, via this channel, to beneficiaries with a basic mobile phone.
- In the other countries, and given the urgency we know, there is no other solution than state subsidies via the supply side with all the well-known disadvantages and risks of deviations from this operational mode, which can nevertheless be minimised by the wide dissemination (by radio) of a reference price, derived from market intelligence, which should not be exceeded.

For cash crops :

- As the commodity chains are already structured, the implementation of traceable, transparent, and private sector-inclusive fertilizer subsidy systems through the use of e-systems and e-vouchers remains entirely possible and advisable. And the export of these products will contribute to the possibility for states to continue to subsidise fertilisers in subsequent years.
- Since the Abuja summit in 2006, IFDC and its partners, including RODEVA (then AfricAgriConsult), have joined forces to set up “smart” subsidies which, over the years, have been enriched with increasingly efficient traceability and transparency systems through the use of computer platforms, electronic reading vouchers (e-vouchers), and the affiliation of the private sector to these platforms for the "online" tracking of all transactions.
- Convincing successes have been achieved in Rwanda, Burundi, South Sudan. Closer to home, a pilot has been carried out in Niger (IFDC's PARSEN project on MCC / MCA funding within the framework of the Fertilizer Sector Reform in Niger) and a study is underway in Senegal with the Dundël Suuf project on USAID funding.

Ongoing efforts to apply innovative principles to improve subsidy programs should therefore be supported as much as possible throughout the ECOWAS region.

RODEVA
RETURN ON DEVELOPMENT AID

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The seed sector's responses are being prepared.

In this edition, CORAF's PAIRED project presents the strategy of the seed sector to fight against the impacts of COVID-19 and ensure a good supply of quality seeds. In future editions, we will produce a joint special issue on customs duties and VAT rates and taxes applicable to seeds, fertilizers and crop protection products in West Africa.

CORAF's response to the COVID crisis 19 to ensure farmers' access to quality seeds

Quality seed, including vegetatively propagated material, is the basis for agricultural production. The pervasive problems associated with seeds in our region are availability, quality and affordability, in terms of farmers' physical access to the quantities required at the right time and at the right price.

The current COVID-19 pandemic continues to pose a growing threat to the citizens of ECOWAS and CILSS member states, the vast majority of whom are farmers whose lives and livelihoods are at risk. The West and Central African Council for Agricultural Research and Development (CORAF), as a major player in the seed sector in West Africa, has already warned stakeholders in the region that the seed situation needs to be adequately addressed to avoid the consequences of the negative impact of the COVID 19 crisis.

CORAF recommended that a **concerted effort** be made to ensure the **availability and access to** the different seed classes (breeding, basic and certified) of staple food crops in the ECOWAS and CILSS region so that the next growing season can start on a good footing.

It is recommended that, in this difficult period of closure where many countries have closed their borders, member countries should ensure that **current stocks of** first generation **seed** (EGS) and certified seed are not constrained when crossing borders and that every effort is made to produce the necessary seed for the next production season.

In the meantime, CORAF will provide support on the following aspects in order to shed light on the seed situation in the region for the benefit of the respective stakeholders:

- Seed **availability**: Is there sufficient quantity of seed (metrics on breeder, foundation and certified seed) of priority crops in different countries?
- What are the access points for seed deliveries?
- Seeds are **accessible**: To what extent are available seeds accessible to farmers?
- Seed **quality** assurance and traceability: Does the seed of the desired varieties have the required quality?
- Information on other organizations and/or **initiatives** at national/regional level involved in the seed sector (What type of intervention do they provide)
- Information on measures affecting or facilitating **trade** and mobility of agricultural inputs, including seeds and other plant materials.

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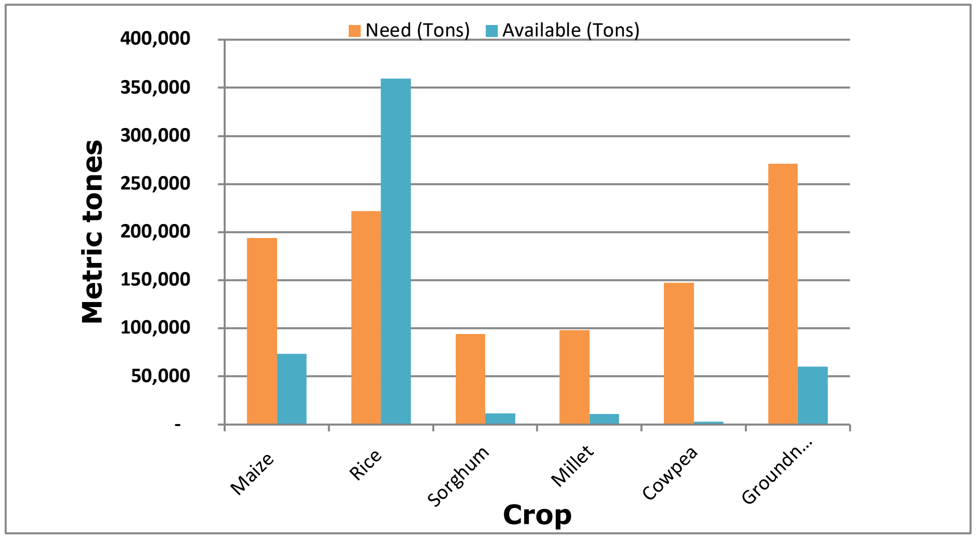
Overview of seed requirements for the main staple crops in the 2020 growing season

The West and Central African Council for Agricultural Research and Development (CORAF) has recommended that concerted effort should be made to ensure the availability and access to certified seeds of major staple food crops in the ECOWAS and CILSS region to avert the looming consequences of the negative impacts of the COVID 19 pandemic. In this regard, CORAF is supporting country and regional efforts in the seed sector by providing critical information on the region's seed requirement vis-a-vis the available stocks with a view to revealing the gap and therefore guiding countries how to make required decisions.

The graph below presents the quantities of **certified seeds of priority staple crops** currently available in the region and an estimate of the quantify of seeds required for each of the major staple food crops. Data were collected from the national seed committee of each member State. The quantities available of certified seeds are from the formal seed sector under the control of the national seed systems certified by government officials, while the quantities of certified seed needed are estimated based on the area under cultivation, the seed replacement rate and trends. Data from Liberia, Sierra Leone and Guinea Bissau are missing and not included in the general situation.

In general, it is noteworthy that **there is sufficient certified seeds for rice while all other crops have a deficit** in the required amount of seeds for the upcoming cropping season. However, it should be noted that the **informal seed systems** (farmer saved seed, non-supervised seed production) are playing a pivotal role in the seed market in the region. The quantities of seed provided by the informal systems are estimated globally around 70% of what is needed, this varies by crop and country.

Figure 2: Seed supply and demand for major crops



Source: CORAF, April 2020

About the West Africa Fertilizer Watch

In response to the COVID-19 pandemic, the West Africa Fertilizer Association (WAFA), the International Fertilizer Development Center (IFDC) and its AfricaFertilizer.Org (AFO) initiative have launched the West Africa Fertilizer Watch on April 10th. The West Africa Watch has been greatly appreciated by private sector businesses all along the value chain, public sector and development partners responsible for policy and food security interventions, including Government Ministries, Regional Economic Communities (ECOWAS, CILSS, UEMOA), and the African Union as a valuable tool to monitor actions and analyze data to help in decision making related to fertilizer availability and use.

A one-page document will specifically track the impact of COVID-19 country-specific mitigation measures on the delivery and use of fertilizers in African countries and in doing so will allow public and private sectors to monitor agricultural production and food security in the region.

Over the coming months, IFDC and its partners will use the weekly Watch to ensure that fertilizers are moving freely across the region, from ports and plants to farms, and that sufficient quantities and appropriate fertilizers are reaching farmers in time for planting, and to ensure that COVID-19 impacts on productivity and food security can be identified early and met will an effective and coordinated response by development partners and the private sector.

We expect that as the seasonal agricultural production progresses and the COVID-19 global health emergency evolves, other related indicators and data will need to be tracked, whereupon IFDC and AfricaFertilizer.org will update the Watch accordingly.

After West Africa, the International Fertilizer Development Center (IFDC) and our AfricaFertilizer.Org (AFO) initiative have launched a weekly East & Southern Africa (ESA) COVID-19 Fertilizer Watch, started Thursday, April 23rd, and intends to launch an Africa-wide COVID-19 Fertilizer Watch shortly.

WAFA, IFDC/EnGRAIS and AfricaFertilizer.org would like to thank the private and public sector partners who have provided input and vital information for the West Africa Fertilizer Watch. We would also like to thank USAID for their support through the USAID West Africa who supports the Feed the Future EnGRAIS project implemented by IFDC.

More info at https://ifdc.org/2020/04/10/west-africa-fertilizer-watch/

About WAFA, IFDC and AfricaFertilizer.org

About IFDC

An independent non-profit organization, IFDC works throughout Africa and Asia to increase soil fertility and develop inclusive market systems. Combining science-backed innovations, an enabling policy environment, holistic market systems development, and strategic partnerships, the organization bridges the gap between identifying and scaling sustainable agricultural solutions, resulting in improved household food security and enriched family livelihoods around the world. Using an inclusive approach, IFDC employs locally driven solutions that are environmentally sound and impact oriented that bring change at local, regional, and national levels.

About AfricaFertilizer.org

The AfricaFertilizer.org (AFO) initiative is the premier source for fertilizer statistics and information in Africa. It is hosted by IFDC and supported by several partners key among them being IFA, Argus Media, and Development Gateway. Since 2009, AFO has been collecting, processing, and publishing fertilizer production, trade, and consumption statistics for the main fertilizer markets in sub-Saharan Africa. AFO has an extensive network of fertilizer industry players in the main fertilizer trade corridors and maintains key information on the major producers, their production facilities and capacities, importers/suppliers, various distribution channels, and agricultural service suppliers (laboratory services, research, credit providers, and warehousing/storage services).

About WAFA

West African Fertilizer Association (WAFA) is a non-profit private sector initiative established to address the challenges of the fertilizer industry in West Africa. Representing all the ECOWAS countries, the member companies combine resources to find solutions to market challenges and promote best practices in fertilizer production and use in order to optimize the region's potential for crop production and food security. Established in 2016, the association has 58 member companies in 11 different countries.

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