

# WEST AFRICA FERTILIZER WATCH

## SUMMARY ISSUE 3 APRIL 24, 2020

# Introduction to the 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 10<sup>th</sup>. 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), IFA (International Fertilizer Association) 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 with 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, starting 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.



# Analysis | Issue # 3 - April 24 release

## On the Agro Input Watch side

This third weekly issue is published by WAFA, IFDC, and AfricaFertilizer.org, with the support of ECOWAS, CILSS, UEMOA, and CORAF, and the support of the USAID West Africa office.

Following the West Africa Fertilizer Watch model, IFDC and AfricaFertilizer.org launched the first edition of the East and Southern Africa Fertilizer Watch on Thursday, April 23. The organizations plan to launch an Africa-wide Fertilizer initiative soon.

At the request and with the support of our institutional partners (CORAF, CILSS, ECOWAS) and our private partners (WAFA, AFSTA, CropLife), we are preparing the publication in May of information and indicators on the seed and phytosanitary products sectors.

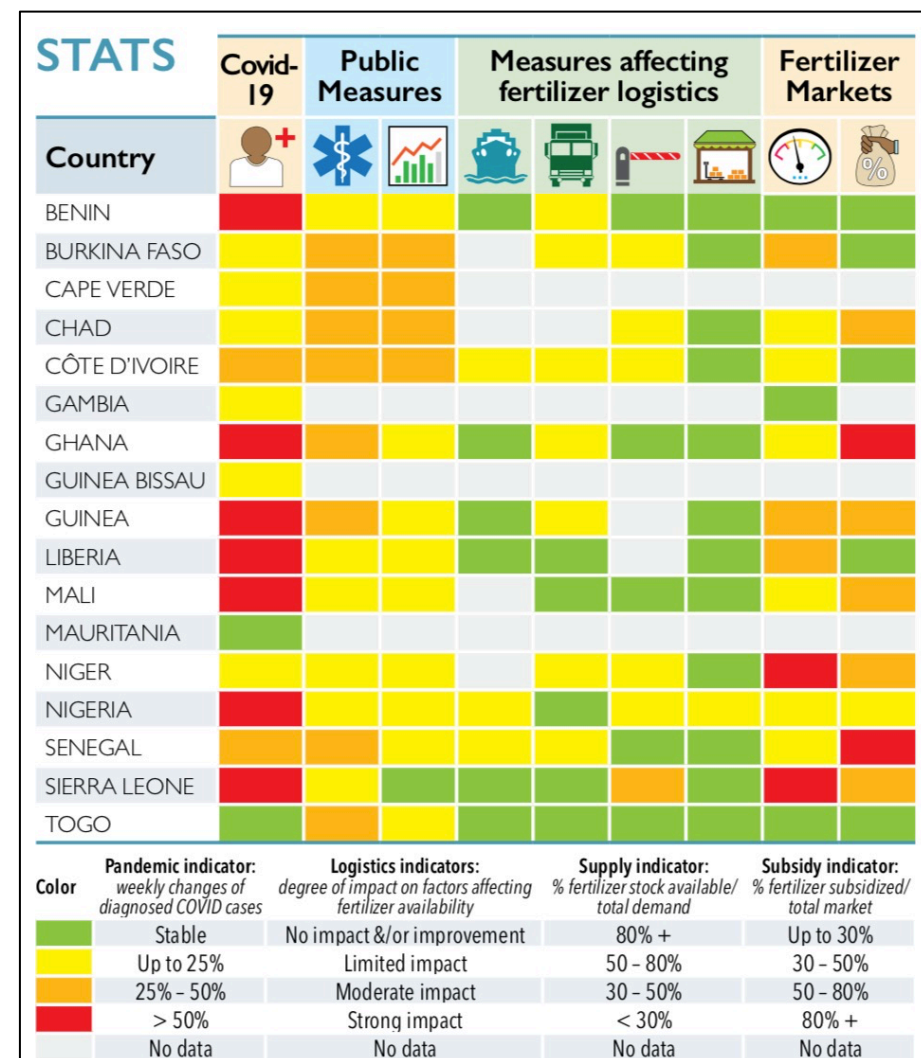
## Sanitary measures continue to weigh heavily on the economy

While Ghana lifted its lockdown on April 19, most countries continue to pursue policies enforcing varying degrees of containment, particularly in urban areas, with closures of non-essential businesses and/or curfews.

## Inputs and fertilizer are moving freely in the region.

This third edition of the Watch confirms the good news recorded in the previous weeks in terms of logistics, with a distribution chain that is working relatively well for the moment, down to small producers. The repeated and consistent calls from governments, donors, and the private sector have been clearly heard.

However, the reduced availability of trucks and storage; the inevitable slowdowns at ports, roads, and borders; additional authorisations; and sanitary restrictions are leading to additional costs that will inevitably be passed farther down the distribution chain, particularly to agro-dealers.





Positive Signals on fertilizer stock levels in ports, warehouses, and blending plants are being received from several key countries (Togo, Benin, Cote d'Ivoire, and Senegal). Other countries (Ghana, Mali, Niger) need to take action now to be covered in June.

Letters of credit drawn on international and domestic banks continue to allow traders and importers to supply markets on contracts and tenders concluded since the last quarter of 2019 and until the COVID-19 crisis began.

Importers and exporters are also being supported by the general lifting of curfews at many ports in the region (see a [map of African ports here](#)), and government promises to cover certain direct costs such as demurrage or storage fees. For the time being, customs taxes and VAT, which have little effect on fertilizers, are generally not lifted or reduced.

Like FAO and the African Union in its preparatory reports for the [AU-FAO](#)

For the time being, this recommendation has only materialized in three out of 17 countries in the region. Nigeria has announced a subsidy of about 10% on the price of NPK 20 10 10. Others are considering direct support for inputs, such as Burkina Faso (CFA30 billion for inputs) or Côte d'Ivoire (CFA300 billion for agriculture), according to modalities yet to be clarified. Governments are showing the way by engaging with the private sector, as in Ghana, for example, where the settlement of arrears and the forthcoming payment of part of the Planting for Food and Jobs (PFJ) 2019 invoices should enable suppliers to ensure a good supply to MOFA-subsidized producers on time (May-June).

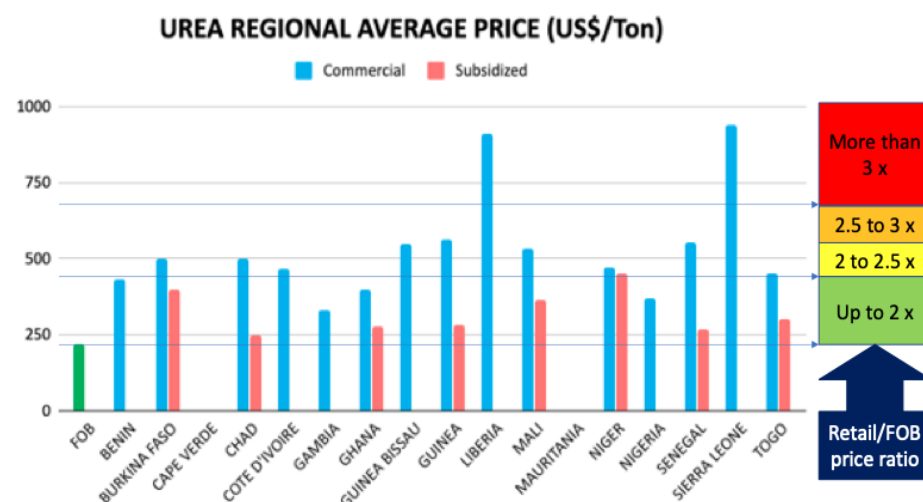


## Fertilizer prices currently contained

According to our partner [Argus Media](#), FOB fertilizer prices have been on a downward trend for several months, both for finished products such as urea or NPK 15 15 15, and for the raw materials needed by local blenders (DAP, MAP, MOP, AS). On April 16, granulated urea from Nigeria was quoting \$238 per ton FOB bulk, while prilled urea from the Baltic Sea was \$20 cheaper at \$218 per ton FOB – shipping costs erasing the price difference. Moroccan DAP was \$262 per ton FOB, and NPK 15 15 15 complex at \$305 per ton CIF in West African ports.

This week, the map shows the ratio of the price for a bag of urea paid by farmers in West Africa to the current world FOB price. This ratio is an indicator monitored by the IFDC/EnGRAIS project since 2018 to measure the efficiency of the supply chain, starting with logistics and financial costs. The closer this ratio is to 1, the more efficient the chain is, with or without corrections by subsidies or public interventions. We used commercial and subsidized prices per 50 kg bag of urea as a benchmark to determine this ratio in the 17 countries of the sub-region.

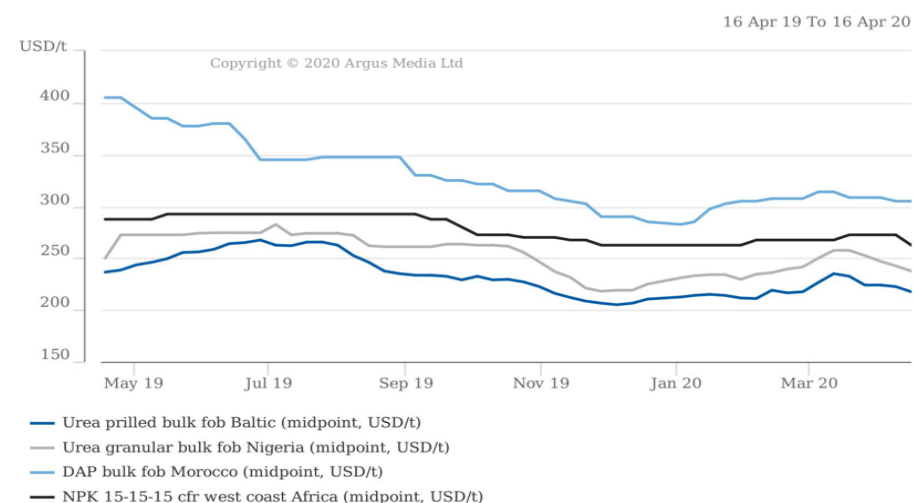
Figure 1: urea retail price, in USD/ton and retail/FOB urea price ratio



Sources: WAFA, IFDC

Nigeria remains the country with the lowest ratio, due to high local urea production. Apart from Nigeria, Ghana and Benin are the two countries where the price of urea to the farmer is closest to the international price. In most West African countries, the price to farmers is more than double the international price. To allow low-income farmers to have access to fertilizer, many countries correct the additional costs of fertilizers through subsidies that keep this ratio below 2 and offer fertilizers to producers at prices ranging from 120% to 180% of the world FOB price (see the GREEN icon on the map).

Figure 2: Urea, DAP and NPK 15-15-15 prices over the past 12 months, in USD per ton



# About WAFA, IFDC & 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.

