

8 MAY 2020 – BULLETIN NO. 5

WEST AFRICA FERTILIZER WATCH

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

HIGHLIGHTS

Sanitary/economic restrictions ease as deliveries continue.

Although cases of COVID-19 continue to increase in the region (+53% in one week), several countries have begun opening their economies as the planting season approaches. Ports, transport, borders, and input outlets are functional, despite some additional slowdowns and hassles.

National, regional, and continental responses are being put in place:

Following the ECOWAS Ministers of Agriculture declaration of March 27 and April 23 **Extraordinary Summit**, the **African Union** did the same on April 27 with food security and nutrition during the COVID-19 pandemic, a few months before the commencement of trading of the Continental African Free Trade Area (**CTFA**). Agro inputs are considered essential and/or strategic commodities.

In **Ghana**, deliveries for Planting for Food and Jobs (PFJ) 2020 have commenced. In **Côte d'Ivoire**, fertilizer imports are considered to produce 500,000 tons of additional rice. **Togo** is ready to implement its COVID-19 agricultural response plan.

The ECOWAS and UEMOA Common External Tariff (CET)

is well applied for all agricultural inputs, with an almost general exemption from customs duties and VAT for fertilizers. While customs duties are 5% for seeds and pesticides, a 15-18% VAT is applied more often on seeds. Exemptions are frequent in the context of public interventions (e.g. subsidies).

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

STATS

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

COVID-19 pandemic: registered cases in a week	Economic status: government measures, logistics, finance	Fertilizer market indicators: % price change, % individual total market, Retail FOB unit price ratio
Stable	No impact &/or improvement	80%+ / Up to 30%
Up to 25%	Limited impact	50 - 80% / 30 - 50%
25% - 50%	Moderate impact	30 - 50% / 50 - 80%
> 50%	Strong impact	< 30% / 80%+
No data	No data	No data



Custom duties and VAT regimes compiled by IFDC, WAF, AfricaFertilizer.org, CILSS, CropLife, CORAE, and AFSTA. 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, WAF, and AfricaFertilizer.org and do not necessarily reflect the views of Feed the Future or the United States Government.

Request full report / Subscribe for alerts
Send enquiries, questions, or "subscribe" on WhatsApp to +225 59 19 59 43

WEST AFRICA FERTILIZER WATCH

ANALYSIS

Edition No. 5 - 8 May 2020

HIGHLIGHTS

Sanitary/economic restrictions ease as deliveries continue. Although cases of COVID-19 continue to increase in the region (+53% in one week), several countries have begun opening their economies as the planting season approaches. Ports, transport, borders, and input outlets are functional, despite some additional slowdowns and hassles.

National, regional, and continental responses are being put in place.

Following the ECOWAS Ministers of Agriculture declaration of March 27 and April 23 [Extraordinary Summit](#), the [African Union](#) did the same on April 27 with food security and nutrition during the COVID-19 pandemic, a few months before the commencement of trading of the Continental African Free Trade Area ([CTFA](#)). Agro inputs are considered essential and/or strategic commodities.

In Ghana, deliveries for Planting for Food and Jobs (PFJ) 2020 have commenced. In Côte d'Ivoire, fertilizer imports are considered to produce 500,000 tons of additional rice. Togo is ready to implement its COVID-19 agricultural response plan.

The ECOWAS and UEMOA Common External Tariff (CET) is well applied for all agricultural inputs, with an almost general exemption from customs duties and VAT for fertilizers. While customs duties are 5% for seeds and pesticides, a 15-18% VAT is applied more often on seeds. Exemptions are frequent in the context of public interventions (e.g. subsidies).

A RETENIR

Des assouplissements et des livraisons qui continuent - Bien que les cas de COVID-19 continuent de progresser dans la région (+53% en une semaine), plusieurs pays ont entamé le déconfinement alors que la saison des semis approche. Les ports, transports, frontières, et points de vente des intrants sont fonctionnels, malgré quelques ralentissements et tracasseries supplémentaires.

Les réponses nationales, régionales et continentales se mettent en place

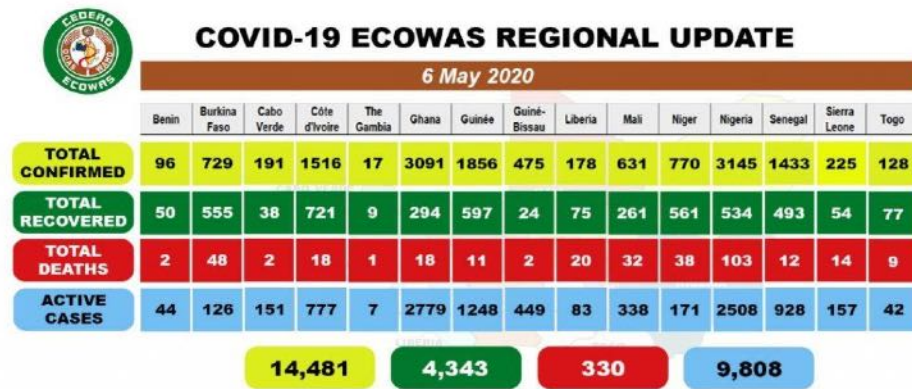
Après à la déclaration des ministres de l'agriculture du 27 mars et le sommet extraordinaire de la [CEDEAO](#) du 23 avril, [l'Union Africaine](#) a fait sa déclaration le 27 avril sur la sécurité alimentaire et la nutrition pendant la pandémie COVID-19, avant le début des échanges commerciaux dans la zone de libre-échange continentale africaine en juillet 2020 ([ZLEC](#)). Les intrants agricoles y sont considérés comme des produits de base essentiels et/ou stratégiques.

Au Ghana, le PFJ 2020 se met en place. En Côte d'Ivoire, des importations d'engrais sont envisagées pour produire 500,000 tonnes de riz supplémentaires. Le Togo est prêt à mettre en oeuvre son plan de riposte agricole.

Le Tarif Extérieur Commun (TEC) de la CEDEAO et de l'UEMOA est bien appliqué pour tous les intrants agricoles, avec une exonération quasi générale des droits de douane et de TVA pour les engrais. Si les droits de douanes sont de 5% pour semences et pesticides, une TVA de 15-18% s'applique plus souvent aux semences. Les exonérations sont fréquentes dans le cadre d'interventions publiques (subventions).

Sanitary and economic restrictions ease as deliveries continue

With a total of 14,481 confirmed this week by ECOWAS against 9,454 the previous week, the progression of the pandemic continues, fortunately at a relatively low rate (+53% in 1 week, +510% over a month).

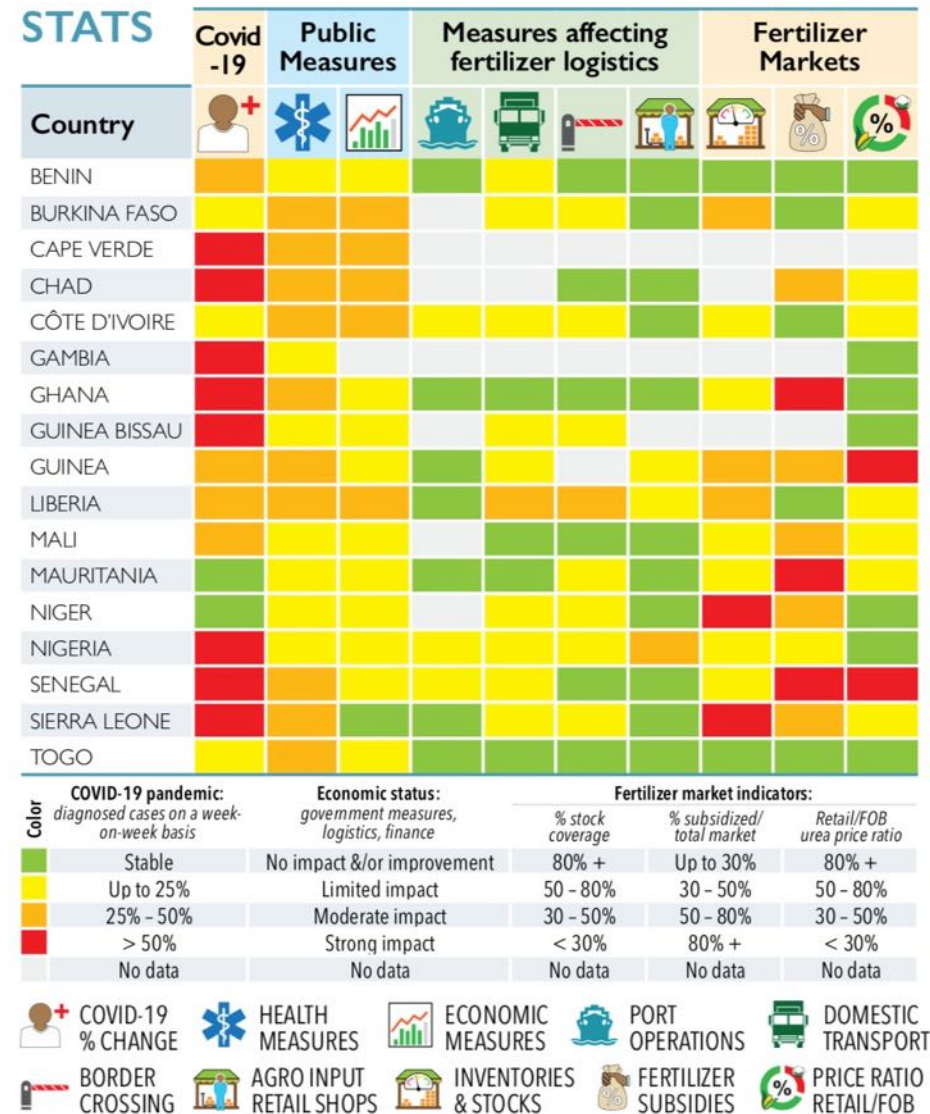


Source: <https://www.ecowas.int/covid-19/the-status-within-ecowas-member-states/>

Containment measures have been lifted in some countries, although social distancing measures remain in force. This is notably the case in Ghana, Benin and Nigeria. Ghana was the first to lift the restrictions in place in Kumasi and Greater Accra two weeks ago. Nigeria followed suit by lifting restrictions in Abuja, Lagos and Ogun on 4 May. However, containment measures remain in place in other Nigerian states. As for Benin, it was during its council of ministers on May 6 that the government decided to lift the sanitary corridors around the main communes. Nevertheless, other restrictions such as border closures and social distancing remain in place in these countries. In Nigeria, travel between states is still prohibited. In addition to these measures, the wearing of masks is compulsory.

The supply chain works

While **transport slowdowns** are noted in some countries, both through traffic restrictions and delays in obtaining permits and through hassles on the roads (e.g. Nigeria), inputs still circulate almost normally and arrive progressively in retailers' stores.



Fertilizer stocks also continue to build up, with near-normal supply at this time of year. The delivery of MOPs to Nigeria allows local production of NPKs for the PFI to begin. With the exception of Burkina Faso, CropLife notes a normal supply of pesticides in all major markets. CORAF noted last week that only rice seed stocks are currently covering the region's needs.

On the **distribution** side, curfews and traffic restrictions are still limiting sales, even though they are starting up in many countries. Many countries with the arrival of the first rains (see detailed information in the [April issue of FertiNews](#))

Several surveys, however, already show **negative impacts of VIDOC** on access to certain services, on the sale of products or on access to labour, for small businesses as well as for agricultural producers (see, for example, [the survey conducted by 2SCALE](#)).

National, regional and continental responses are taking shape

Following the declaration of the Ministers of Agriculture on 27 March and the [ECOWAS](#) Extraordinary Summit on 23 April, the [African Union](#) did the same on 27 April, when the implementation of the the Continental African Free Trade Area ([CTFA](#)) is due to start in July 2020. Agricultural inputs are considered essential and/or strategic commodities.

[CILSS](#) reminded decision-makers in its April 2020 note to decision-makers of the importance of the Food Crisis Prevention Network (RPCA) in the management of food and nutrition security in the region (see the analysis below of the current situation).

In **Ghana**, fertilizer distribution under the JFP in Ghana continues despite the COVID-19 crisis that is hitting the country like all the other countries in the region. This was made possible by the official launch of the program on March 23. Subsidized prices have been announced, at 42 GHS per 25 kg bag of NPK (6 different formulas) and 40 GHS for urea (equivalent to 292 USD/ton for NPK and 278 USD/ton for urea).

In **Togo**, the Government provided more details on the mechanism and objectives of its agricultural response plan to COVID-19. Through this response plan, the State will provide 512,000 farmers with credit and a subsidy for the purchase of

inputs for one hectare of crops. The inputs covered will be mechanization, fertilizers (about 76,800 tons), plant protection products and seeds. Through this intervention, the State intends to protect the purchasing power of the producer and promote the production of 2 million tonnes of maize, 300,000 tons of rice, 225,000 tons of cotton and 160,000 tons of soya.

In **Nigeria**, the production of fertilizer for the Presidential Fertilizer Initiative is underway at several blenders that have received all the necessary raw materials (the MOP is finally available). The goal of the initiative this year is to produce 600 thousand tons of fertilizer. These fertilizers will be sold to farmers at the subsidized price of 5000 Naira instead of the normal price of 5500 Naira. As a reminder, this subsidy was introduced in response to the COVID-19 crisis.

In **Côte d'Ivoire**, where the coronavirus could cost the [cashew and cotton](#) sectors more than \$400 million in 2020 and significantly reduce demand for fertilizer next season, the government has included in its economic response plan a 20 billion CFA franc envelope for agricultural inputs for food crops. Part of this amount could be used for the local production of rice, a staple food for which the country is heavily dependent on imports. A program is under consideration to produce an additional 500 000 tons of rice this year, requiring about 18 000 tons of NPK and 12 000 tones of urea.

In **Guinea**, the government has appealed for about 45,000 tons of fertilizer (urea and NPK) for cereal and cotton production, with a planned subsidy rate of 50%.

In **Burkina Faso**, the IFAD-funded Project to Support the Promotion of Agricultural Commodity Chains ([PAPFA](#)) will invest 40 billion CFA francs to sustainably improve food security and the incomes of farms involved in the production and development of products in the rice, market gardening, sesame and cowpea sectors. This project should stimulate the use of fertilizers, particularly in rice production, which is a strategic sector for food and nutritional security.

In West Africa, reduced customs duties on all inputs, variable VAT

Since 2017, the [Common External Tariff of ECOWAS](#) and WAEMU has placed fertilizers in category 0 of essential social goods, taxed at a rate of 0%, and seeds and pesticides in category I (basic necessities, basic raw materials, capital goods, specific inputs), taxed at a rate of 5%.

The Continental African Free Trade Area ([CTFA](#)) led by the African Union is expected to enter its operational phase from July 2020, extend these provisions and allow for easier movement of all types of agricultural inputs across the continent.

This week's data were collected for seeds, mainly by CORAF with the support of the 8 seed associations active in the region (Benin, Burkina Faso, Ghana, Mali, Niger, Nigeria, Senegal) and seed production or distribution companies; and with the support of CropLife for phytosanitary products.

The **CET is widely respected** in the subregion for inputs, with customs duties and VAT on local sales applied as a general rule:

	fertilizer	seeds	pesticides
Customs duties	0%	5%	5%
VAT	0%	0 or 18%.	0 or 18%.

In many countries,

- NPK fertilizers, and in particular complex fertilizers, are taxed at 5% duty, but are effectively exempt if they are intended for government subsidy programmes (e.g. Ghana).
- Seeds imported from outside ECOWAS are subject to 20% customs duties, while seeds produced and exported within the region are taxed at 5%.
- Pesticides are most of the time exempt from VAT, either directly or after a request to the State when they are purchased through public tenders.

All imports of inputs are subject to payment of community taxes that add 2% to the cif price (ECOWAS levy of 0.5%; statistical fee of 1%; joint levy of 0.5%), and up to 2.8% in WAEMU countries, where the WAEMU levy is 0.8%.

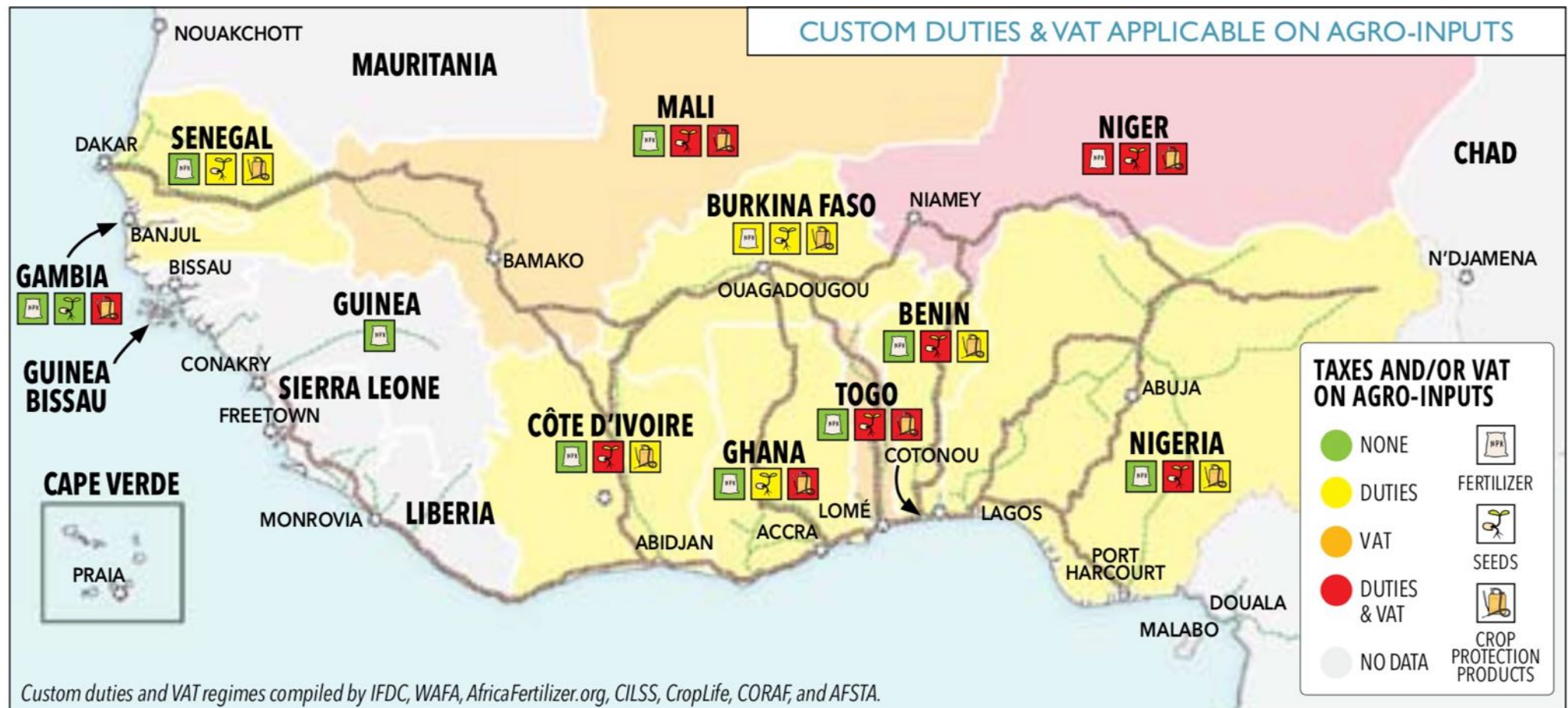
Figure 1: Customs duties and VAT rates generally applied to inputs

COUNTRY	DUTY RATE			VAT RATE		
	FERTILIZER	SEEDS	PESTICIDES	FERTILIZER	SEEDS	PESTICIDES
BENIN	0%	5%	5%	0%	18%	0%
BURKINA FASO	5%	5%	5%	0%	0%	0%
CAPE VERDE						
CHAD						
COTE D'IVOIRE	0%	5%	5%	0%	18%	0%
GAMBIA	0%	0%	5%	0%	0%	5%
GHANA	0%	5%	5%	0%	0%	15%
GUINEA BISSAU						
GUINEE	0%			0%		
LIBERIA						
MALI	0%	5%	5%	0%	18%	18%
MAURITANIA						
NIGER	5%	5%	5%	19%	19%	19%
NIGERIA	0%	5%	5%	0%	7%	0%
SENEGAL	0%	5%	28%	0%	0%	0%
SIERRA LEONE						
TOGO	0%	5%	5%	0%	18%	18%

Additional taxes may be added at import (up to 40% on some seeds) or at sale. In Ghana, in addition to customs duties, other taxes on entry or sale can amount to 6% of the value of the product (GCnet, NHIS).

Niger presents a specific case in the region, with customs duties of 5% and VAT of 19% applied to fertilizers, to which are added local taxes (ISB of 3%, TVI of 1%) that significantly increase the price of inputs (info issue 3).

This **harmonization** of input tax provisions is to be welcomed and encouraged. Note the difficulties encountered in collecting and consolidating such data and information in many countries, where they are usually the responsibility of the Ministry of Finance and/or Trade, and not of Agriculture. The exchange of information and data between Trade and Agriculture should be facilitated and encouraged at the national and regional levels.





FOCUS on taxes and duties on agricultural seeds in West Africa

In order to promote increased agricultural yields in West Africa, it would be advisable to reduce the cost of inputs. Taxation of inputs could have the disadvantage of affecting the competitiveness of agricultural exports by raising production costs and could be a bottleneck for crop intensification. With regard to seeds, at the level of the community space - WAEMU and ECOWAS, payments of customs duties, taxes and duties are applied in a diversified manner depending on the country, the origin of the seed and or related activities associated with the production and marketing of agricultural seeds.

Customs duties on seeds

Overall, the ECOWAS/UEMOA Community customs duty regimes are applied for seed import/export activities. With the Common External Tariff (CET), customs duties are harmonized at the customs cordon. Thus, for seeds, the Community customs duties applied are at the rate of 5%.

For the statistical tax or statistical fee, products of origin and originating from ECOWAS member countries are exempt. It is at the rate of 1% for other origins. Imports from member countries are exempt from the community levy of 0.5% for ECOWAS and 0.8% for WAEMU. However, it is reported in some countries that the exemption is not applied and that customs duties are paid even if the products are of Community origin.

Customs duties for non-ECOWAS seed imports are set at a rate of 20% in Burkina Faso.

Value Added Tax (VAT)

For VAT in the majority of ECOWAS/UEMOA countries, local seeds are exempt from VAT payment except in Nigeria where VAT on seeds is around 7.5% but is actually collected only in the framework of institutional sales to the State.

However, some countries such as Mali and Niger apply VAT on the cost of imported vegetable seeds, respectively 18-19%. This situation rather contributes to smuggling at the borders.

Other countries such as Benin and Togo grant exemptions from VAT, which is binding for seed companies.

In Burkina Faso, VAT at a rate of 18% is paid on the provision of services (cleaning, packaging etc.). As all quality seeds need to be properly cleaned prior to certification and not all companies have a cleaning unit, VAT is applied to seeds treated by companies offering this service.

Other Taxes and taxes of seed companies

Like other commercial enterprises, seed companies are subject to other taxes and duties, including VAT on electricity bills, Internet/telephone, rental bills and other supplies and acquisition of goods and services. Taxes on profits are also applied, and in the case of Mali it is in the order of 35%.

Yacouba Diallo and Hippolyte Affognon (CORAF) - www.coraf.org



A deteriorating food and nutrition situation

The Executive Secretariat of CILSS and the Secretariat of the Sahel and West Africa Club (SWAC/OECD) published in April 2020 a [note to decision-makers](#) of the Food Crisis Prevention Network (RPCA).

It is based on the conclusions of the annual and restricted meetings held in Paris on 9 December 2019 and 2 April 2020, respectively, and on the [Banjul Declaration on Nutrition](#) of December 2018.

KEY IMPLICATIONS FOR ECOWAS, UEMOA AND CILSS

In light of the severe food and nutrition crisis:

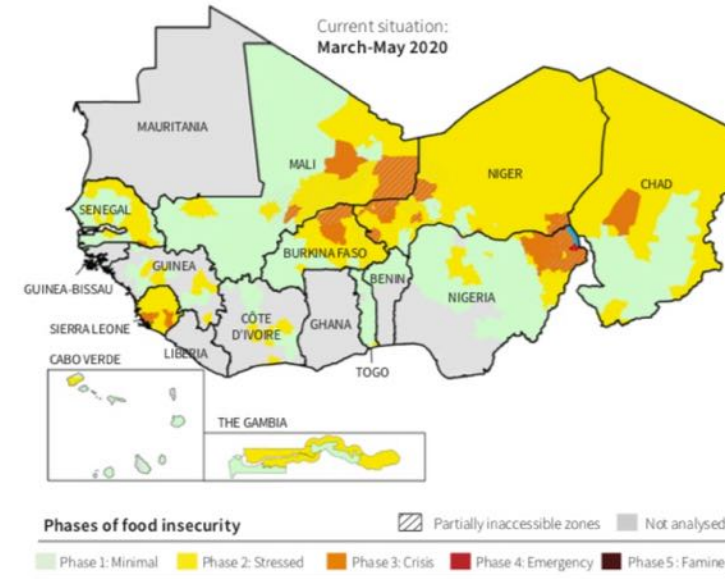
1. Take swift political and financial measures to support:
 - ▶ The implementation of national response plans to the food and nutrition crisis developed by the countries;
 - ▶ The ongoing agro-pastoral campaign, including support to States to monitor and anticipate initiatives in the face of the locust threat.
2. Initiate and strengthen instruments for co-ordination and alignment of interventions at regional and country level in order to create synergy across various initiatives, and ensure greater efficiency and impact. Organise as soon as possible an initial consultation with partners in the region.
3. Take the necessary steps with States, to accelerate the implementation of the [Banjul Declaration on Nutrition](#), including through increased commitments for preventive measures to reverse the negative and devastating nutritional trends.

In light of the expected consequences of COVID-19 on agri-food systems and food & nutrition security:

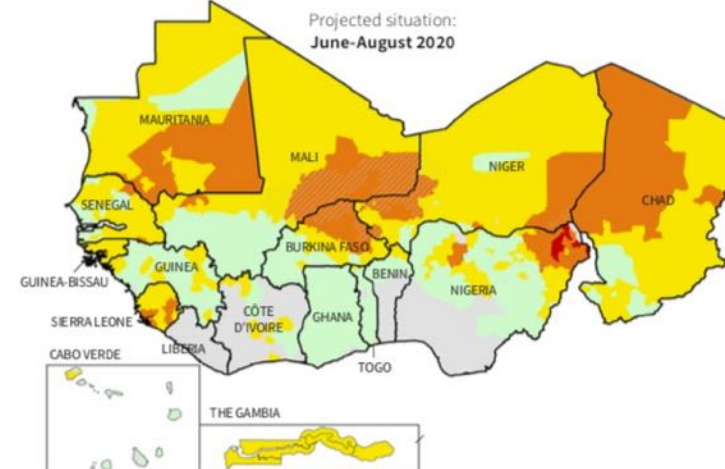
1. Support States in setting up national systems to monitor and assess the consequences of COVID-19 on food and nutrition security, following the example of the *Regional Task Force* resulting from the ministerial consultation of 31 March 2020;
2. Support country preparedness efforts to design and implement strategies to revive agri-food systems, including within the collection, processing and distribution segments.

SAHEL AND WEST AFRICA: FOOD AND NUTRITION SITUATION

11.4 million people in "Crisis" or worse (phases 3-5)



17 million people expected to face "Crisis" or worse (phases 3-5)



Source: Cadre harmonisé analyses, regional concertation meeting, Niamey, Niger, March 2020 www.food-security.net
© 2020. Food Crisis Prevention Network (RPCA), map produced by CILSS/AGRHYMET

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 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, 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.

