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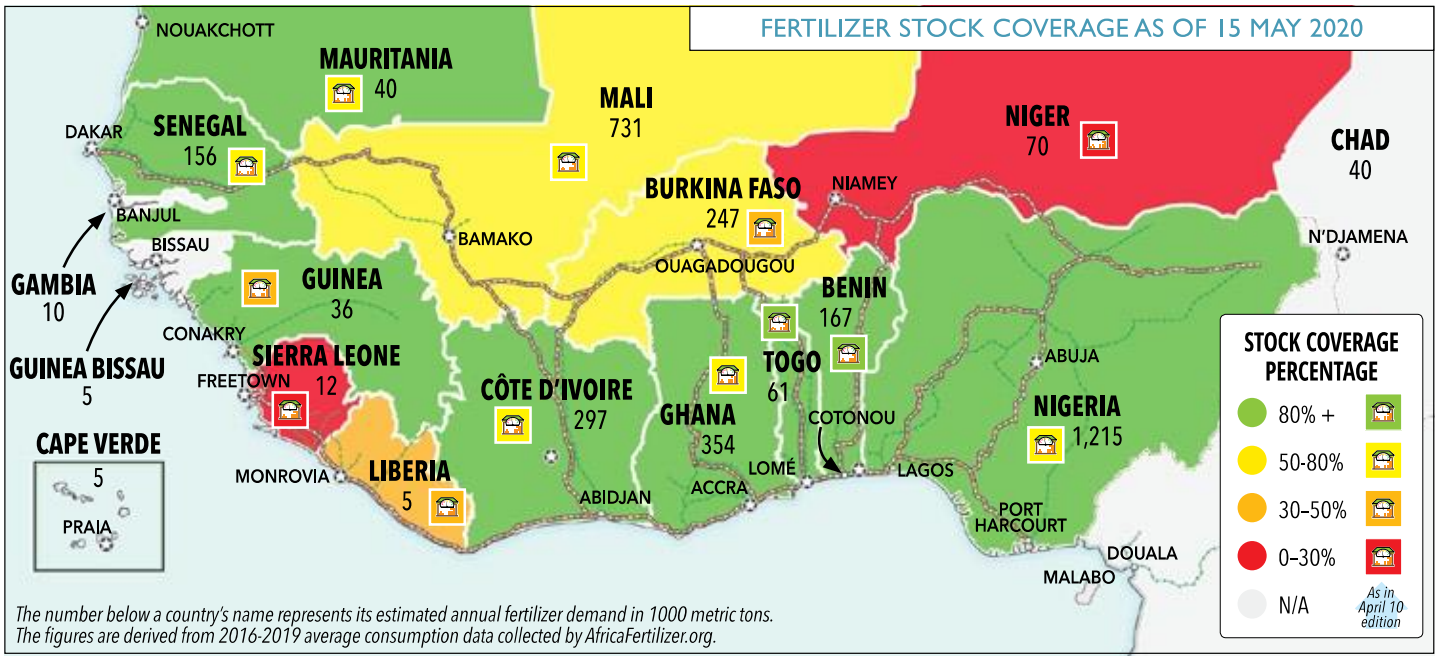
15 MAY 2020 – BULLETIN NO. 6

WEST AFRICA FERTILIZER WATCH

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

ANALYSIS

Edition No. 6 - 15 May 2020



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15 MAY 2020 – BULLETIN NO. 6

WEST AFRICA FERTILIZER WATCH

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

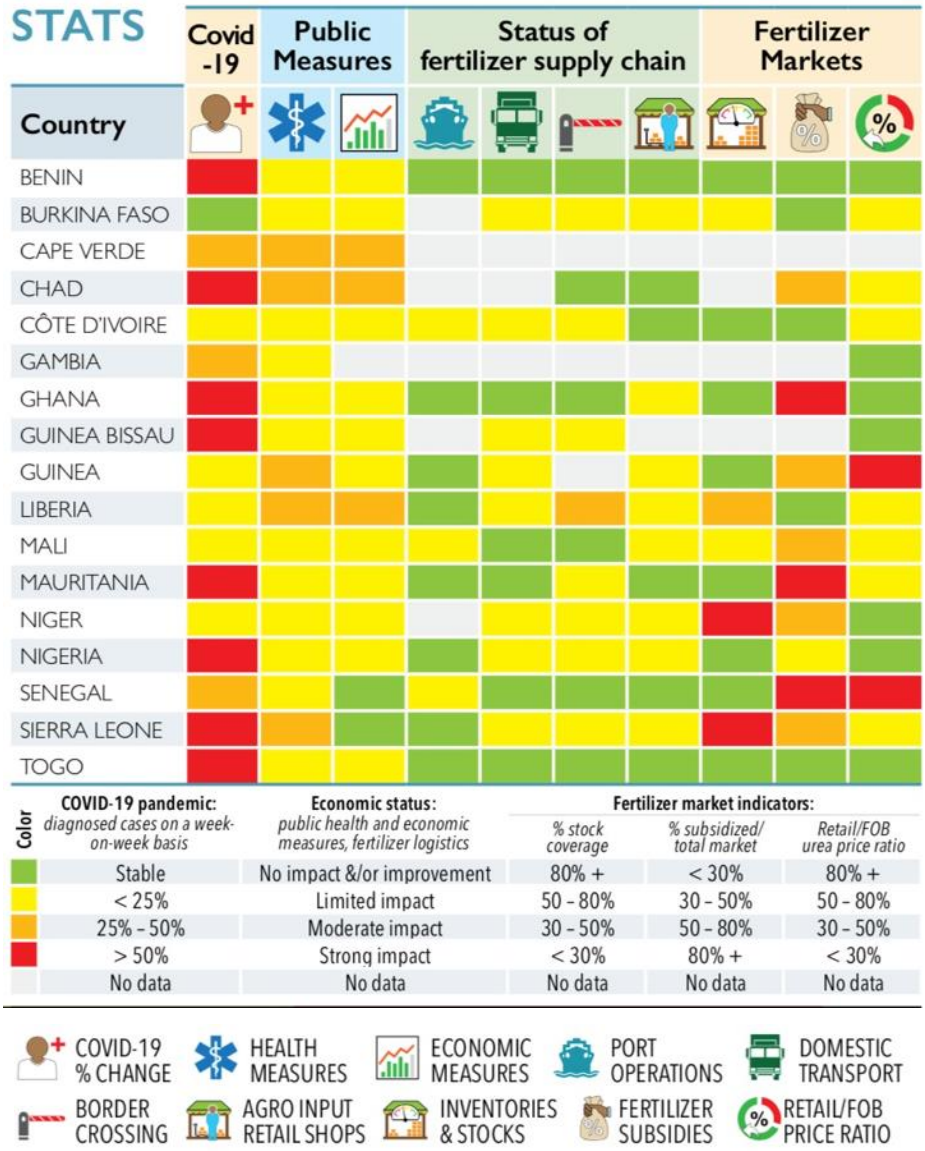
HIGHLIGHTS

- **COVID-19 restrictions relaxing -** At least six countries in the region - Ghana, Nigeria, Côte D'Ivoire, Benin, Senegal and Togo - are progressively relaxing COVID-19 restrictions, including releasing curfews and allowing free movement.
- **Minor impacts on the supply chain -** Even though fertilizer is flowing, importers across the region are complaining about bottlenecks caused by COVID-19 restrictions, translating into higher logistics/transport costs that may ultimately impact the cost of fertilizers to farmers
- **Complementing existing subsidy programs** - Countries with strong fertilizer subsidies already in place are continuing to implement their respective programs while those with no subsidies or smaller programs are announcing new subsidies (Côte d'Ivoire, Togo, and Nigeria).
- **Fertilizer stocks are almost built up** with about 1.1 million tonnes of fertilizer having been imported into the region since the beginning of 2020. This represents almost 45% of estimated demand, and is ahead of the delivery schedule of recent years. With Nigeria's urea production and carryover stocks from 2019, it is estimated that more than 80% of the required fertilizer is already available
- ***Featured COVID-19 responses and analysis:*** *AFFM finance programmes, RCPA food security monitoring and an AFAP AgriSMEs survey in Ghana*

A RETENIR

- **Des restrictions qui se lèvent -** Au moins six pays de la région - Ghana, Nigeria, Côte d'Ivoire, Bénin, Sénégal et Togo - assouplissent progressivement les restrictions COVID-19, notamment les couvre-feux et les restrictions de circulation.
- **Des impacts mineurs sur la distribution -** Même si les engrais circulent, les importateurs se plaignent des inefficacités induites par les mesures contre la propagation de COVID-19, qui se traduisent par des coûts plus élevés pour les fournisseurs et qui peuvent en fin de compte avoir un impact sur le coût des engrais pour les agriculteurs.
- **Des compléments aux subventions existantes** - Les pays qui ont déjà mis en place des subventions importantes continuent à mettre en œuvre leurs programmes respectifs, tandis que ceux qui n'en ont pas ou qui ont des programmes plus modestes ont annoncé de nouvelles subventions (Côte d'Ivoire, Togo et Nigeria).
- **Les stocks d'engrais sont presque constitués** - Environ 1.1 million de tonnes d'engrais ont été importées depuis Janvier 2020, soit près de 45% de la demande estimée, en avance sur le calendrier des livraisons des dernières années. Avec la production d'urée du Nigéria et les stocks reportés de 2019, on estime que plus de 80% des engrais sont déjà disponibles
- ***Réponses et analyses COVID-19 en Afrique de l'Ouest****: programmes AFFM, suivi alimentaire RCPA et enquête AFAP au Ghana sur les PME agricoles.*

WEEKLY ANALYSIS



COVID-19 restrictions relaxing

Countries in the region are progressively relaxing restrictions that had been put in place to slow down the spread of the COVID19. At least six countries - Ghana, Nigeria, Côte D'Ivoire, Benin, Senegal and Togo - have already reduced the restrictions. In Senegal and Togo there was only a slight change in the curfew time. In contrast, Benin has totally lifted the sanitary corridor restrictions that were in place. Likewise, Cote d'Ivoire will completely lift their curfew by Friday, May 15th, and resume most business operations. In the coming weeks we should see even more relaxation across the region.

Minor impacts on the supply chain

Even though it is plagued by efficiency issues across its supply chain, fertilizer continues to flow throughout the region. Fertilizer importers across the region are complaining about inefficiencies induced by measures against the spread of COVID-19, including in unloading vessels, clearing, forwarding, and in transporting goods to landlocked countries (Mali, Burkina Faso, Niger) and to

farmers. These inefficiencies translate into higher costs for suppliers that may ultimately impact the cost of fertilizers to farmers. However, policy makers seem to be aware of the situation and are attempting to mitigate it.

In Cote d'Ivoire for instance the government has waived the Customs penalties for agricultural inputs. The waiver covers goods imported for the local market as well as goods going to other countries in the region.

Officially, in all countries in the region, agro-dealer shops are permitted to open and conduct business. Nevertheless, in practice, some shops remain closed either as the dealer chooses to stay at home or in some areas because of overzealous security enforcement officers.

There are also few cases of dealers who have reported difficulties in sourcing fertilizers. For example, agro-dealers in northern Ghana are calling on the authorities to start the distribution of PFJ Fertilizer. However, since the planting season has not really started and there are sufficient stocks in most countries, the situation is not alarming yet, and stocks are well spread situation across the region (see crop calendars and supply charts below).

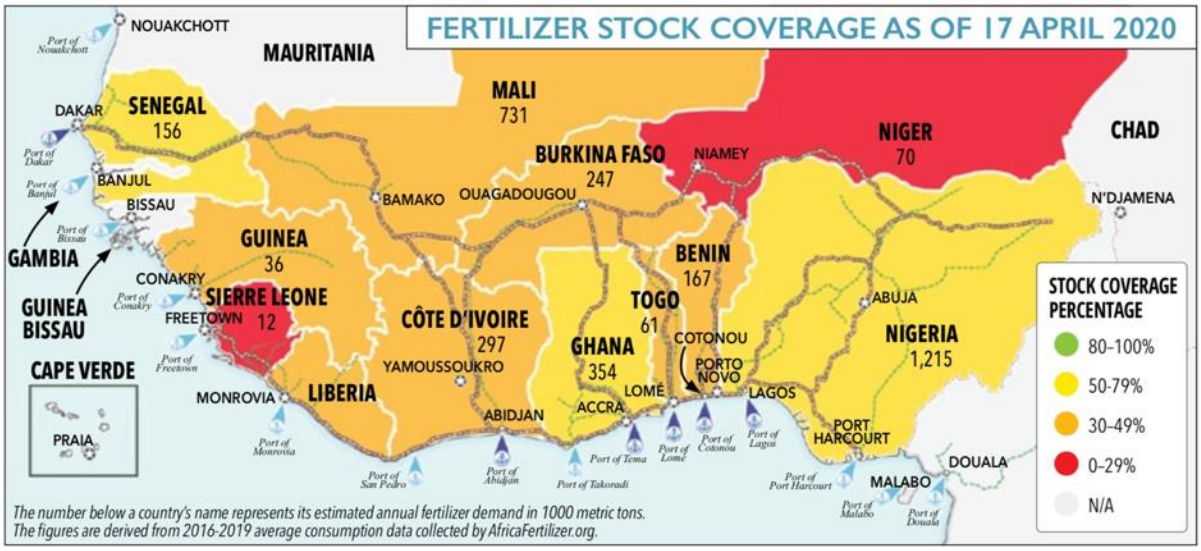
Fertilizer stocks are almost built up

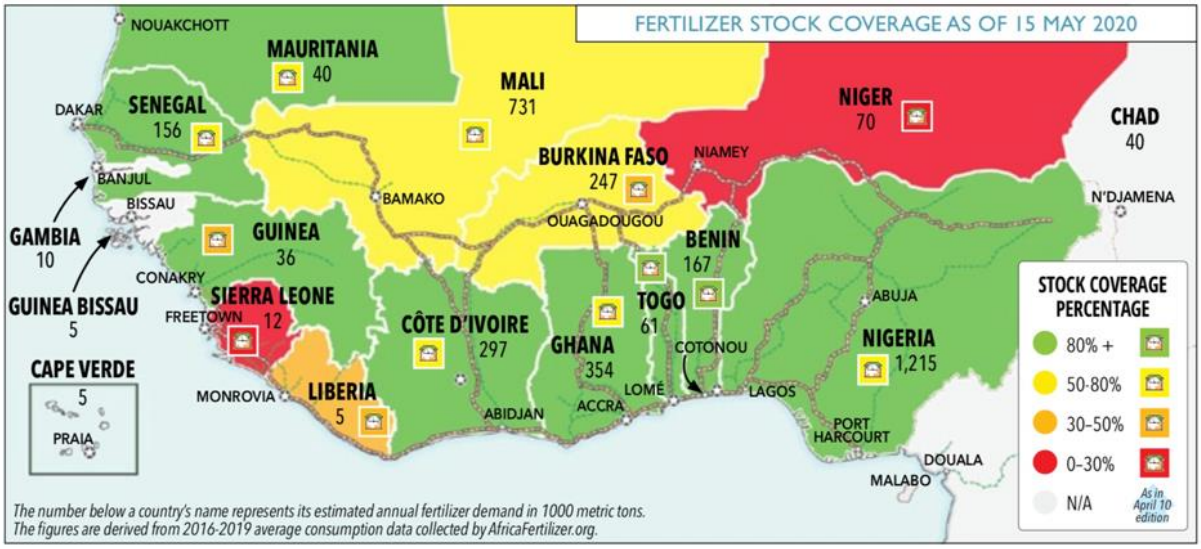
On April 10, 2020, WAFA, IFDC and AfricaFertilizer.org published the first edition of this Observatory and a first map presenting an estimate of fertilizer stocks for the 2020 crop year for the 17 countries of the sub-region. The coverage of needs was calculated on the average fertilizer consumption over the years 2016-2019 (see figures in thousands of tons in the map below).

The speed of propagation of the COVID-19 pandemic and the economic and financial impacts of it were not well known at that time, and there was a large risk of not being able to import and/or pay for the estimated missing volume of 1 to 1.2 million tons of fertilizer for this campaign during the last quarter.

Six weeks later, while the agricultural season had not yet started except on the coast, deliveries have continued more-or-less normally to the ports, blending plants, and warehouses before direct distribution to farmers and sales through agro-dealer networks.

According to our estimates, more than 1.1 million tons of fertilizers have been imported during the first 4 months of 2020. Taking into account 2019 stock carryovers and urea production in Nigeria (about 700,000 tons produced for the domestic market), more than 80% of the estimated demand for the entire sub-region (about 3.45 million tons) is already available for the 2020 season.





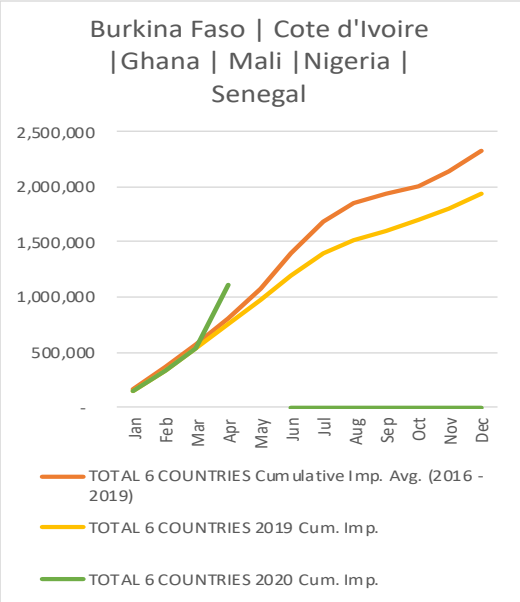


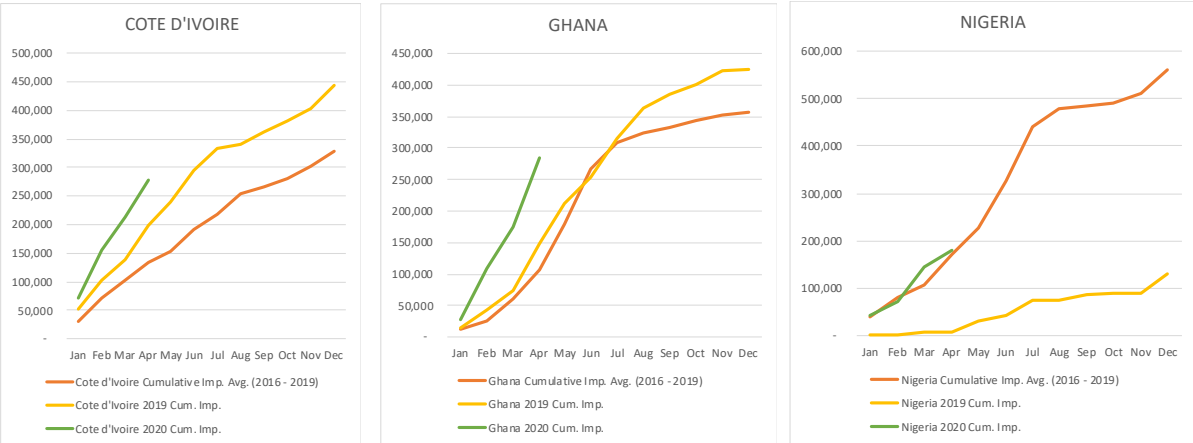
Figure 1: cumulated monthly fertilizer imports in 6 countries (in tons)

Our analysis also shows that in most fertilizer-intensive countries, imports were made even earlier than in 2019 or on average over the period 2016-2019 (sources AfricaFertilizer.org, FTWG).

In total, the 6 priority countries for which AFO has data in West Africa (Burkina Faso, Cote d'Ivoire, Ghana, Mali, Nigeria and Senegal, representing 87% of the regional market for about 3 million tons), alone imported about 1.1 million tons, almost a month ahead of the usual schedule!

Benin, then Togo, Guinea and Mauritania covered their needs. Two countries remain very poorly supplied (Niger and Sierra Leone). Information is scarce for the other "small markets" on the upper west coast (Cape Verde, Gambia, and Guinea-Bissau), and for Chad.

Figure 2: cumulated monthly fertilizer imports (in tons)



FOCUS - Monitoring agro input supplies, agricultural production and food security in West Africa

Ensuring access to strategic inputs despite the COVID-19 crisis

"It […] becomes crucial that all African nations take concerted actions to ensure access to strategic agricultural inputs such as fertilizer, which is food for our crops, seeds, and pesticides."

In its April 2020 Issue of its [Fostering Fertilizer Future] bulletin, Marie Claire KALIHANGABO, Coordinator, Africa Fertilizer Financing Mechanism, also recalls that "*As the main planting season in most of the African countries is approaching (May-June), the availability of inputs (fertilizer, seeds, etc.) to farmers is of ultimate necessity to produce enough food*".

On the fertilizer demand side, smart fertilizer subsidies could help produce more food to ensure food security post-COVID-19 in Africa. To this end, governments must remove all of the usual barriers, reduce logistics costs, and provide affordable financing to support trade and distribution of agro-inputs. To guarantee access to the strategic inputs they need, AFFM is leading the effort with other departments within the African Development Bank to provide regional member countries with key products needed by farmers.

We are highlighting 2 of them here:

AFFM-OCP Partnership: Working with the private sector to strengthen fertilizer value chains

AFFM and OCP Africa agreed in 2019 to collaborate in trade credit guarantee program aimed at improving access to fertilizer in Ghana and Côte d'Ivoire. The two organizations decided to expand OCP's Agribooster initiative.

The Agribooster mechanism helps support smallholder farmers with access to good quality inputs products and services such as: inputs (fertilizers, seeds and crop protection products); training on good agricultural practices; and market linkages and financial services such as credit loans.

The AFFM and OCP have agreed to commit US$2 million each for a total of US$4 million to the credit guarantee. Each party in the credit guarantee scheme will retain the obligated funds in its separate revolving accounts. Both parties will share the risk at 50%-50%. This credit guarantee program will last through the year 2022.

The project aims to reach 250,000 smallholder farmers In Ghana as part of a government and OCP partnership agreement, and 180,000 in Cote d'Ivoire in partnership with the Rice Development Agency.

AFFM in action: the Mechanism launches a $2.2 million project in Nigeria

AFFM has kick-started a $2.2 million project to provide fertilizer suppliers in Nigeria with financial support to improve supply for 200,000 smallholder farmers with the Africa Fertilizer and Agribusiness Partnership (AFAP) as its implementing partner in the country.

The trade credit guarantee project is AFFM's first in Nigeria and will involve 10 fertilizer suppliers, 12 hub agro-dealers and 120 retail agro-dealers. The project will also train farmers in proper fertilizer use and other agricultural best practices.

More info at https://www.afdb.org/en/affm

The Food Crisis Prevention Network: "Act now and join forces for co-ordinated"

In support of the Regional Task Force led by ECOWAS in synergy with UEMOA and CILSS, RPCA members are mobilizing to act quickly and implement, in a coordinated and aligned manner, various initiatives.

Six countries (Burkina Faso, Cabo Verde, Mali, Niger, Senegal and Chad) have initiated their 2020 response plans for a total amount of more than 400 billion F CFA. Their implementation is facing serious budgetary difficulties for States and external resource mobilization.

It should be recalled that

- About **11.4 million people are in need of immediate assistance** (Phases 3-5) in March-May 2020 in the 13 countries analysed in the Sahel and West Africa region: 5.1 million in Nigeria, 1.6 million in Niger and 1.6 million in Burkina Faso.
- In June-August 2020, 17 million people (6.2%) are at risk of being in crisis or worse, including 1.2 million in emergency situations (phase 4),
- Health and security crises could push an additional 51 million people into a food crisis situation

More info on http://www.food-security.net/

AFAP monitors COVID-19 impacts on AgriSMEs: so far, limited impact in Ghana

In its latest [AFAP on Action] newsletter, AFAP presents some results of a COVID-19 Impact Assessment conducted in May 2020 on the AgriSMEs and Farming Communities of Ghana, Malawi, Mozambique, Tanzania and Uganda. AFAP reports limited negative COVID-19 impacts on Ghanaian AgriSMEs on Farming Communities so far.

50% of the AgriSMEs interviewed in Ghana reported negative impacts to their business operations and performance; 40% to their ability to source agricultural inputs for sale to farmers, 60 on their ability to reach farmers.

On the other end, over 30% of the farmers reported only minor impact on agricultural production or livelihoods so far. 75% of the farmers indicated no impact on agro input supply while only 10% indicated that Seeds and inputs (fertilizer/pesticides) were not available at local retailers.

More at https://www.afap-partnership.org/covid-19-impact-assessment-on-the-agrismes-and-farming-communities-of-ghana-malawi-mozambique-tanzania-and-uganda/

Situation of Covid-19 within ECOWAS Member States

In one week, reported cases of COVID-19 increased by 42% (then to 14,659 cases), and by more than 50% in 8 of the 17 countries of the sub-region.

COVID-19 ECOWAS REGIONAL UPDATE

13 May 2020

	Benin	Burkina Faso	Cabo Verde	Côte d'Ivoire	The Gambia	Ghana	Guinée	Guiné-Bissau	Liberia	Mali	Niger	Nigeria	Senegal	Sierra Leone	Togo
TOTAL CONFIRMED	327	766	267	1857	23	5127	2298	820	212	730	854	4787	1995	338	199
TOTAL RECOVERED	76	588	58	820	10	494	816	26	86	398	648	959	742	72	92
TOTAL DEATHS	2	51	2	21	1	22	11	3	20	40	47	158	19	19	11
ACTIVE CASES	249	127	207	1016	12	4611	1471	791	106	292	159	3670	1234	247	96

20,600 | 5,885 | 427 | 14,288

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

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.

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, 2020. 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.

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

About WAFA, IFDC and AfricaFertilizer.org

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.

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.

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).