

22 MAY 2020 – BULLETIN NO. 7

WEST AFRICA FERTILIZER WATCH

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

HIGHLIGHTS

This week, we observed a sharp decline in the number of new cases in the region, from a 42% increase in the previous week to +28% this week. Consistent with this abatement in the spread of the COVID-19, countries in the region are continuing to **relax lockdown measures**. For WAFA members, the easing of the restrictions comes as a breath of fresh air as **the planting season is about to start** in several countries of the region.

Created in 2016, WAFA represents most of the fertilizer private sector interests in West Africa. Currently, **WAFA has 60 members in 12 countries**. It comprises most of the major fertilizer producers, manufacturers, importers, and distributors in the sub-region. Together, WAFA members account for **more than 90% of all the fertilizer imported and produced** in West Africa.

With the advent of the COVID-19 pandemic, WAFA quickly recognized the risk to the agriculture sector. It reacted to the risk by supporting advocacy efforts by its members to **make agri-inputs an essential commodity** that could circulate despite the lockdown that most countries enacted.

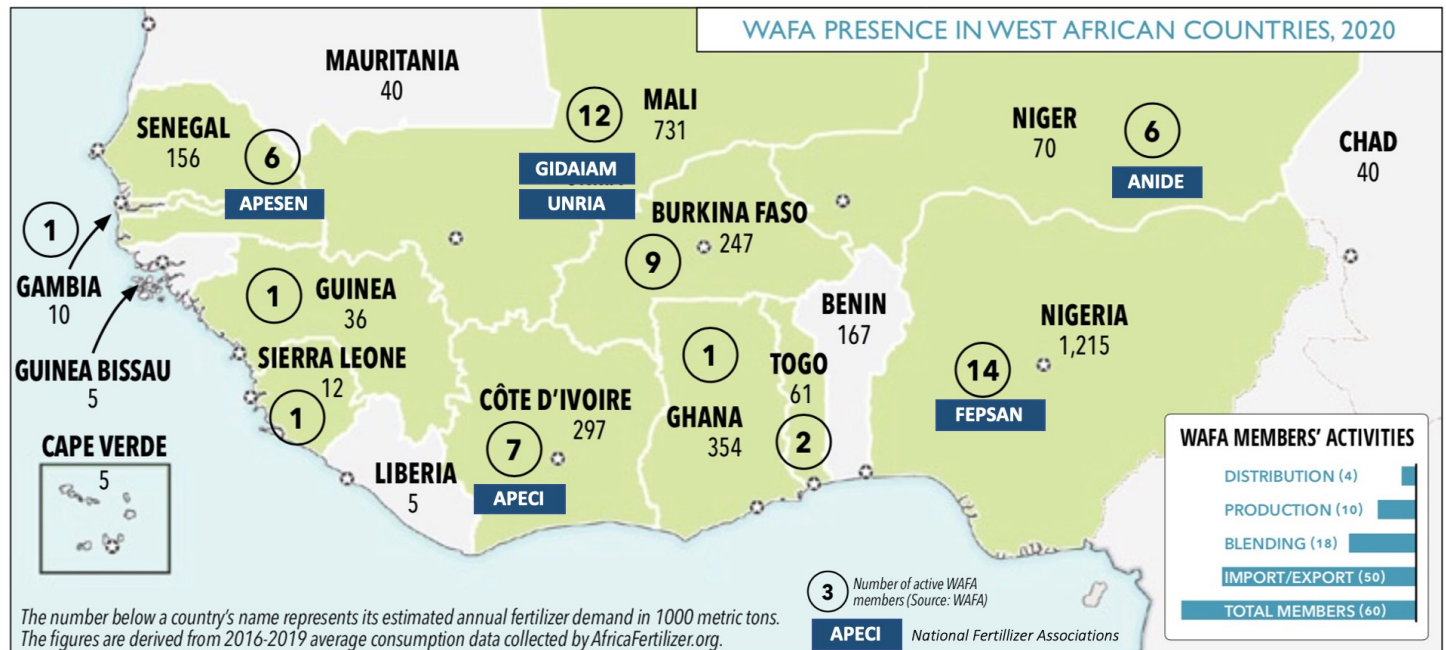
WAFA was a key partner to ECOWAS in designing the new Integrated Regional Strategy for Sustainable Management of Agro-Inputs in West Africa and the Sahel. It proposes to address **immediate COVID-19-related challenges and longer-term, structural challenges** affecting the fertilizer sector; in 7 key areas of intervention: **fertilizer financing, quality, stewardship, availability, information, trade, and policy dialogue**.

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	Status of fertilizer supply chain	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				

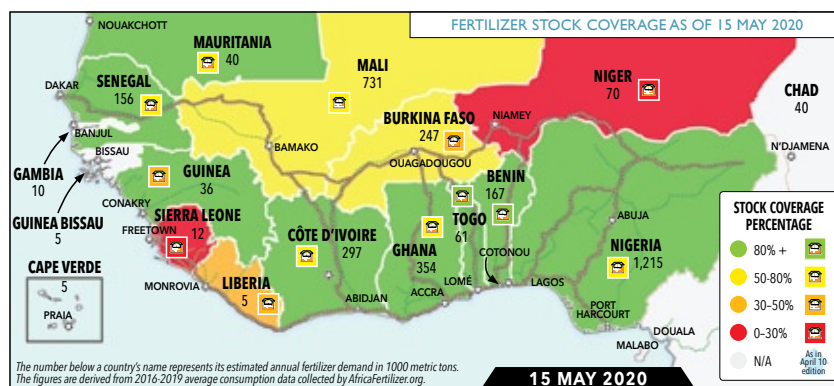
Color	COVID-19 pandemic: diagnosed cases on a week-on-week basis	Economic status: public health and economic measures, fertilizer logistics	Fertilizer market indicators: % stock coverage	% subsidized/total market	Retail/FOB urea price ratio
Stable	Stable	No impact &/or improvement	80% +	< 30%	80% +
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



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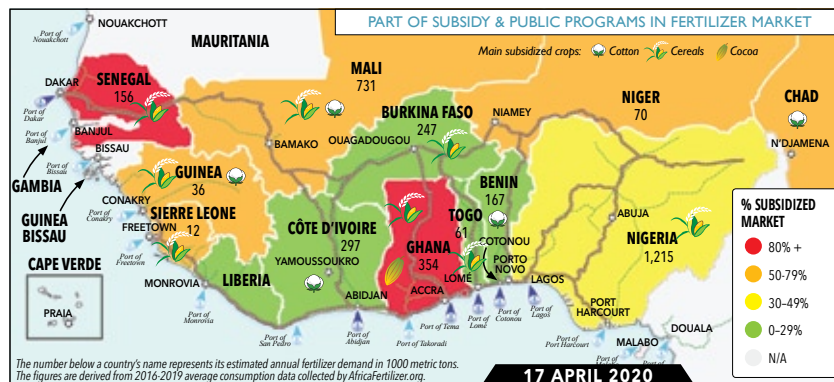
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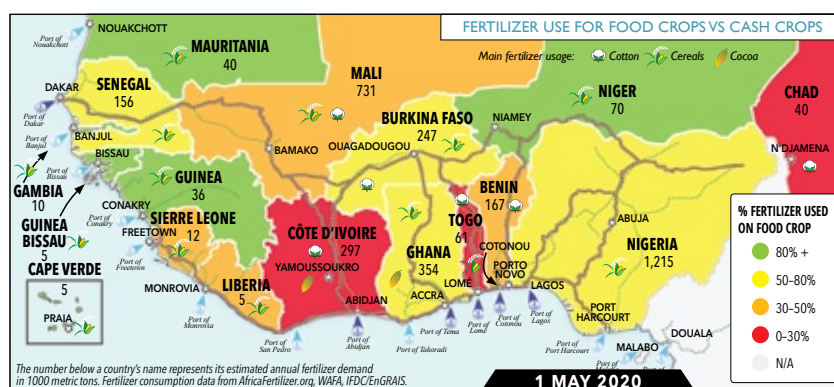
FERTILIZER STOCK BUILT UP

WAFA members stockpiled in anticipation of any disruption in the supply chain due to the COVID-19. As a result, Burkina Faso, Côte d'Ivoire, Ghana, Mali, Nigeria, and Senegal alone imported about 1.1 million tons by May 2020. Fertilizer actors in these countries report that 80% of the season's needs are already in stock. However, smaller markets like Liberia, Niger, and Sierra Leone have covered less than half their fertilizer needs for the season. WAFA aims to put mechanisms in place to **consolidate this type of stockpiling** in the future.



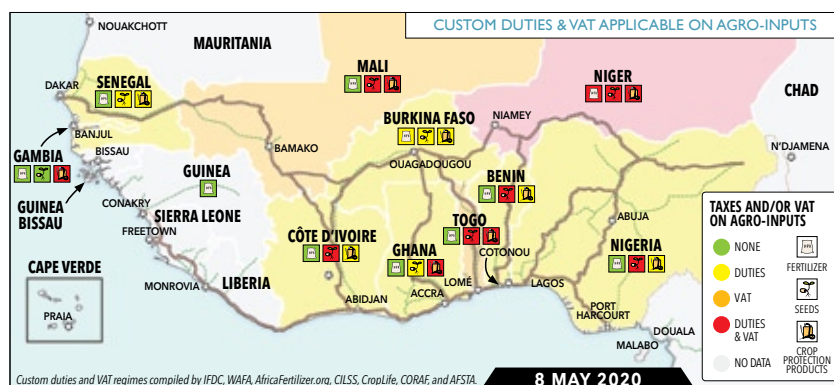
SUPPORTING SUBSIDY PROGRAMS

13 out of 17 countries in the region have fertilizer subsidy programs in place, 7 of which subsidize more than 50% of the national fertilizer market. With 80% of their market subsidized, Ghana and Senegal, have the largest programs relative to their respective market size. While it encourages these policies/programs because they enable **better access to fertilizer for smallholder farmers**, WAFA is calling on policymakers to ensure **timely payments** to private suppliers and distributors involved in these programs to ensure their sustainability.



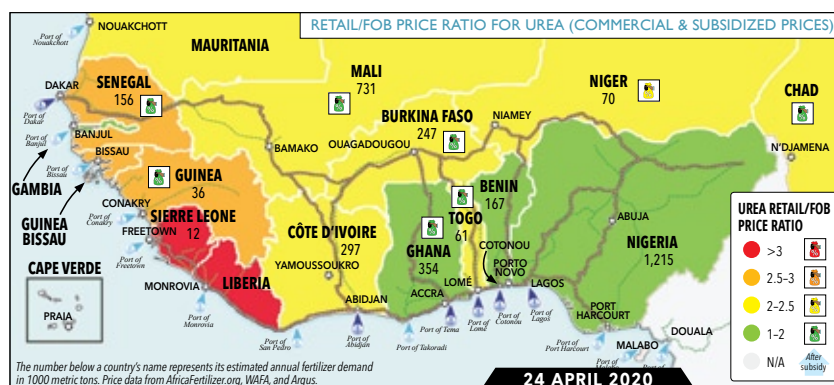
ENCOURAGE FERTILIZER USE ON FOOD CROPS

WAFA members recognize themselves as essential actors in reaching the SDG 2 of zero hunger. Thus, they find it encouraging that 53% of fertilizers consumed in West Africa are used on food crops. However, the region still lags behind the rest of the world in fertilizer consumption per hectare and productivity. To remedy this situation, especially considering the urgency of maintaining food security during the COVID-19 outbreak, WAFA urges governments to invest in **supporting farmers to use more fertilizers on their food crops**.



MAINTAIN LOW TAXES & DUTIES ON FERTILIZERS

WAFA **commends the governments** in the region for their stances toward taxation on fertilizers and other agro-inputs in general. Indeed, The Common External Tariff (CET) is followed by most West African countries in general. This means **fertilizer is duty free** while seeds and pesticides are taxed only at 5%. WAFA calls on Burkina Faso and Niger, where fertilizer is taxed at 5%, to align with the CET. In Niger there is also 19% VAT assessed on fertilizer.



PASS FAVORABLE GLOBAL FERTILIZER PRICES TO FARMERS

While global fertilizer prices are on the low side, retail prices are usually 2 to 2.5 times FOB prices. Subsidy programs and public interventions usually lower this multiplier below 2. WAFA urges countries to pay attention to the different **subsidy rates** for programs in surrounding countries in setting their own to **avoid smuggling** of fertilizer from one country to another. Governments and financial institutions' **support in fertilizer investment and supply** will go a long way toward **reducing prices** in West Africa.