

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.

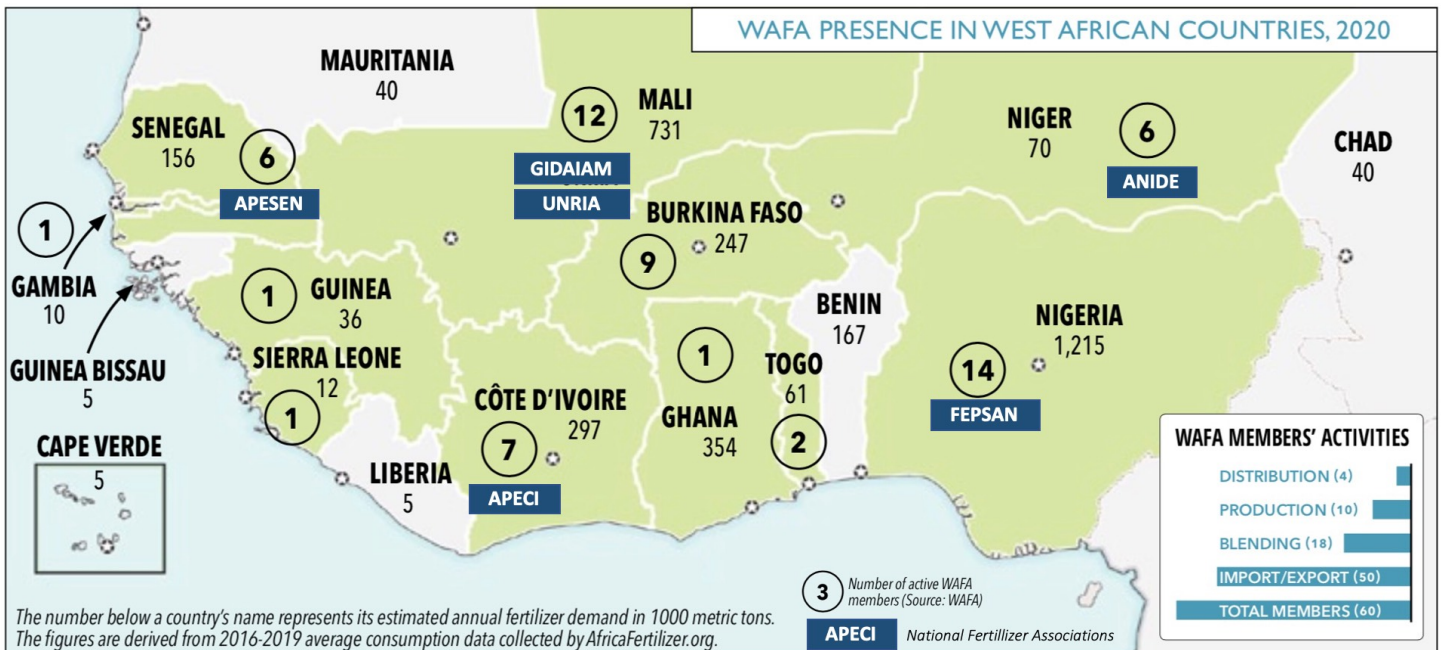
Wafa was a key partner to ECOWAS in designing the new Integrated Regional Strategy for Sustainable Management of Agro-Inputs in West Africa and the Sahel. It proposes to address **immediate COVID-19-related challenges and longer-term, structural challenges** affecting the fertilizer sector; in 7 key 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	Red	Yellow	Green	Green	Green	Green	Green	Green	
BURKINA FASO	Green	Yellow	Green	Green	Green	Green	Green	Green	
CAPE VERDE	Yellow	Yellow	Green	Green	Green	Green	Green	Green	
CHAD	Red	Yellow	Green	Green	Green	Green	Green	Green	
CÔTE D'IVOIRE	Yellow	Yellow	Green	Green	Green	Green	Green	Green	
GAMBIA	Green	Yellow	Green	Green	Green	Green	Green	Green	
GHANA	Yellow	Yellow	Green	Green	Green	Green	Green	Green	
GUINEA BISSAU	Yellow	Yellow	Green	Green	Green	Green	Green	Green	
GUINEA	Yellow	Yellow	Green	Green	Green	Green	Green	Green	
LIBERIA	Yellow	Yellow	Green	Green	Green	Green	Green	Green	
MALI	Yellow	Yellow	Green	Green	Green	Green	Green	Green	
MAURITANIA	Red	Yellow	Green	Green	Green	Green	Green	Green	
NIGER	Yellow	Yellow	Green	Green	Green	Green	Green	Green	
NIGERIA	Yellow	Yellow	Green	Green	Green	Green	Green	Green	
SENEGAL	Yellow	Yellow	Green	Green	Green	Green	Green	Green	
SIERRA LEONE	Red	Yellow	Green	Green	Green	Green	Green	Green	
TOGO	Red	Yellow	Green	Green	Green	Green	Green	Green	

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
Green	Stable	No impact &/or improvement	80% +	< 30%	80% +
Yellow	< 25%	Limited impact	50 - 80%	30 - 50%	50 - 80%
Orange	25% - 50%	Moderate impact	30 - 50%	50 - 80%	30 - 50%
Red	> 50%	Strong impact	< 30%	80% +	< 30%
Grey	No data	No data	No data	No data	No data



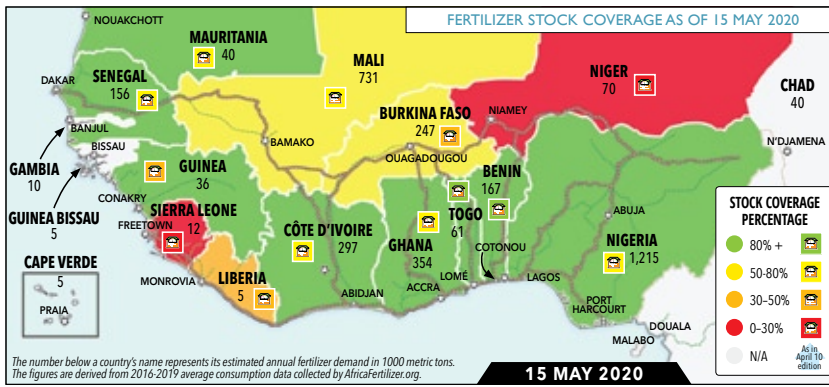
The number below a country's name represents its estimated annual fertilizer demand in 1000 metric tons. The figures are derived from 2016-2019 average consumption data collected by AfricaFertilizer.org.

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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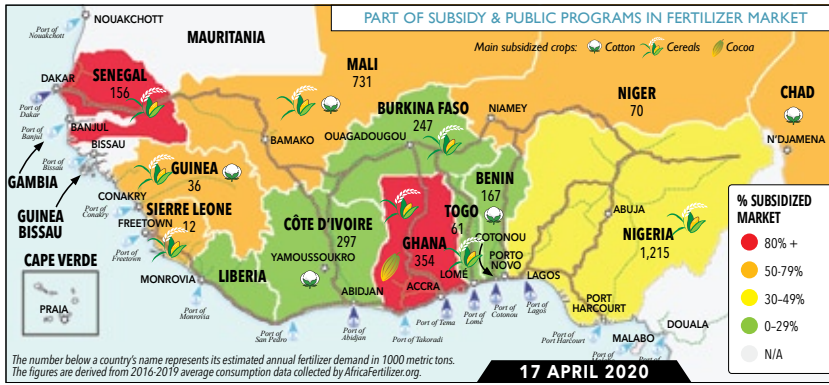
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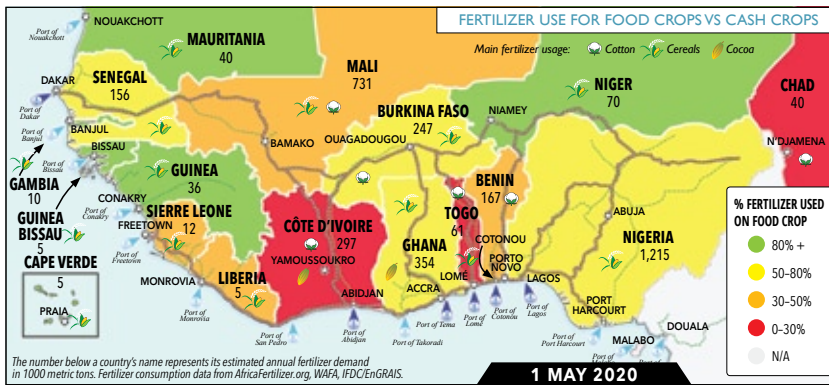
FERTILIZER STOCK BUILT UP

WFA 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. WFA **aims to put mechanisms in place to consolidate this type of stockpiling in the future.**



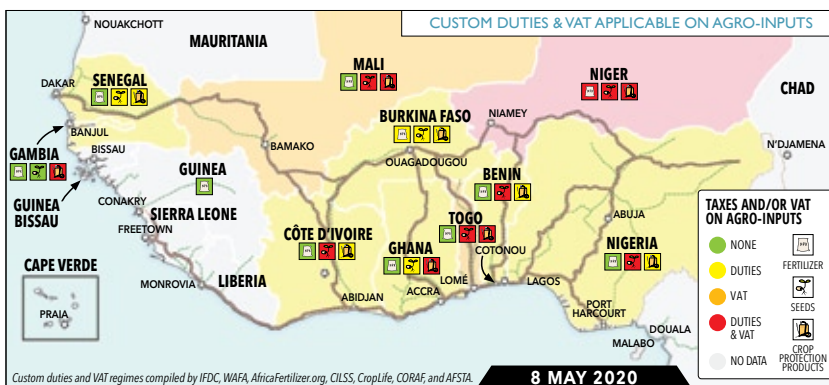
SUPPORTING SUBSIDY PROGRAMS

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**, WFA is calling on policymakers to ensure **timely payments** to private suppliers and distributors involved in these programs to ensure their sustainability.



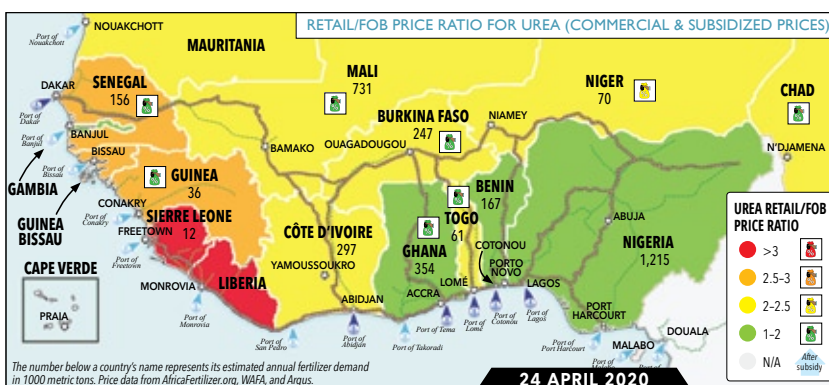
ENCOURAGE FERTILIZER USE ON FOOD CROPS

WFA 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, WFA urges governments to invest in **supporting farmers to use more fertilizers on their food crops.**



MAINTAIN LOW TAXES & DUTIES ON FERTILIZERS

WFA 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%. WFA 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. WFA 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.