West Africa Fertilizer Financing Forum

Learnings, Outcomes & Recommendations

In Partnership with: West African Fertilizer Association

October 2019
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EXECUTIVE SUMMARY

The Africa Fertilizer Financing Mechanism (AFFM) is a special fund hosted at the African Development Bank with the purpose to support the development of the fertilizer value chain across the continent. In line with its strategy and work program 2019, AFFM organized the “West Africa Fertilizer Financing Forum” from 30th September to 1st of October, 2019 at the Bank’s headquarters in Abidjan, in with support of AfDB’s departments as AHAI, PITD, PIFD, FIST and AHFR. The Forum was also organized in collaboration with the West African Fertilizer Association (WAFA).

This successful forum brought together over 170 participants from fertilizer sector key stakeholders and decision makers such as governments, development finance institutions, regional commercial banks and the fertilizer private sector to learn and debate about fertilizer sector financing.

The WAFFF led to the identification of following key bottlenecks:

- West Africa (WA) has a straight fertilizers production surplus while fertilizer remains largely unavailable and unfordable to West-African smallholder farmers;
- The major financing bottleneck of the West African fertilizer sector is at importer, blenders and distributors level, mostly constituted by SME;
- AfDB financing tools do not support directly the SMEs.

Hence, following recommendations are formulated:

- AfDB should consider AFFM as the preferred mechanism through which the Bank can provide financing and risk mitigation facilities to the fertilizer SMEs;
- AfDB could collaborate more with AFFM on projects to enhance agricultural productivity;
- AfDB to support the development of infrastructures enabling fertilizer trade
- AfDB should explore and use the opportunities offered by the African Continental Free Trade Area and support projects that promote intra Africa trade.
1 INTRODUCTION

1.1 ABOUT AFFM

2006-2017 – Operationalization of AFFM

The “Africa Fertilizer Financing Mechanism” (AFFM) is a special fund located in the African Development Bank’s Department of Agriculture and Agro-industry (AHAI). The mechanism was created in 2006 during the Abuja African Green Revolution Summit, by the African Union Member States, to serve as an initiative to improve agricultural productivity by providing financing required to debottleck the use of fertilizers. The Abuja summit set the target to reach fertilizer use of 50kg nutrients per hectare by 2015.

AFFM became operational in 2015, when the required initial seed capital of 10 million Euro to start the operations was met. After the reception of the first pledge, a Coordinator was recruited in November 2017, along with other staff of the secretariat in 2018 to start the operations.

African Union member states committed to contribute into AFFM, but currently, only Tanzania and Nigeria pledged and contributed into AFFM (euro 0.18 million and euro 5.2 million respectively). The Bank contributed UA 5 Million and AGRA USD 1 million. AFFM has received euro 12.1 million, which represents 67% of pledges, and has currently committed 54% of the funds.

2018 – Setting the scene for AFFM projects:

Prior to developing projects, AFFM started by reviewing its strategic orientation, developing its Operational Procedures Manual, conducting different initial studies such as the baseline study and the feasibility study on the use of credit guarantee to inform the AFFM programs.

To ensure its sustainability and commencement of its activities to respond to actual needs of the fertilizer value chain, AFFM developed a “Strategy Brief” which provides the strategic orientation for the Mechanism. The key area of focus consist of (i) supporting the provision of credit guarantees and other financial solutions along the fertilizer supply chain, and as appropriate, at growth leverage points in the agricultural output value chains; and (ii) supporting policy advocacy and targeted technical assistance to governments committed to addressing key obstacles in the fertilizer value chain growth and efficiency.

2019 onwards – Launch of projects and the need to mobilize resources:

AFFM initiated the process for the implementation of a four million Euro (€ 4M) Trade Credit Guarantee to backstop the financing of fertilizer distribution in Nigeria and Tanzania. The two projects are being executed through an implementing partner with whom the Banks has signed grant agreements totaling € 735,000 for the management of the two guarantees.
1.2 OVERVIEW OF THE WEST AFRICA FERTILIZER SECTOR
Despite the commitment made by African leaders during the 2006 Africa Fertilizer Summit in Abuja to increase fertilizer consumption from 8kg/ha to 50kg/ha within ten years, fertilizer use in the region remains the lowest globally with an average below 20kg/ha. Consequently, agricultural productivity remains low such that the region continues to depend on food imports to meet its growing food and agricultural products deficits which is further compounded by its rapidly growing population. There is therefore an urgent need to reverse this trend if the sub-region is going to stem the growing poverty level and realize its potential for regional food security.

Today the fertilizer sector in West Africa has more transparent markets, and stronger networks. To fully develop the fertilizer sector, several issues must be addressed simultaneously, including limited access to finance, lack of data and information, lack of transparency, underdeveloped logistics, and rudimentary standards of quality control. Other issues include lack of proper regulations & compliance and absence of linkages between farmers and markets. According to the West African Fertilizer Association (WAFA), access to financing is one of the major bottlenecks to the growth of the fertilizer industry in Africa.

1.3 IMPACT OF FERTILIZER SECTOR DEVELOPMENT ON AFDB HIGH 5S
The fertilizer value chain from manufacturer to farmer impacts three of the Bank’s High5 priorities.

Feed Africa

- **Produce locally**: Currently Africa is a net food importer and has a food trade deficit while majority of the labor force works in agriculture. To ensure food security for its growing population, Africa must produce enough food to feed its people. For that to happen agricultural productivity has to be increased drastically through efficient farming methods and the appropriate application of the right fertilizer to the soil.

Industrialize Africa

- **Large Scale fertilizer production**: Africa has large reserves of mineral and gas resources needed to produce diverse fertilizers locally, large scale projects are ongoing across the continent to produce straight fertilizers as urea.
- **Small Scale fertilizer production**: The fertilizer blending industry must be developed to ensure that the necessary blended or compound fertilizers are produced. This industrial layer remains underdeveloped as the SMEs operating in this segment aren’t organized and supported.

- **Agro-processing and food processing industries**: Fertilizer use increases agricultural productivity therefore it enables the production of raw materials (as sugar for the confectionary industry or maize for the beer industry) which are essential elements in the food processing industries.

**Improve the quality of life for the people of Africa**

- **Increase farmers revenues**: The large majority of Sub-Saharan farmers are subsistence and smallholder farmers, hence the use of fertilizers and seeds which are the major agri-inputs to increase their agricultural productivity would have a tremendous impact on their revenues. Access to quality and affordable is essential to improve the life for the people of Africa.

The Bank’s support to smallholder farmers and SMEs can be channeled through AFFM and commercial banks involved in agriculture financing.

1.4 **THE FORUM PREPARATION**

1.4.1 *Knowledge of the West African Fertilizer Market*

Prior to launching the Forum, AFFM had gathered information via baseline study and an assessment of the West Africa fertilizer sector.

The evidence proved that fertilizer financing remains a bottleneck in addition to trade barriers and regional policies.

a) **Building relationships with the key stakeholders**

As a result of the intense networking the key fertilizer stakeholders honored the AFFM’s invitation to participate to the West Africa Fertilizer Financing Forum.

For the same reasons, the Economic Community of West African States (ECOWAS) and the West Africa Fertilizer Association (WAFA) chose the Forum to sign their Memorandum of Understanding (MoU).
Signature of the MoU between ECOWAS and WAFA.

Mr. SANGARE the ECOWAS Commissioner for Agriculture, Environment and Water Resources

and

Mr. DIABATÉ the President of WAFA.

b) Support to the West Africa Fertilizer Association

The West African Fertilizer Association (WAFA) was formed in 2016 as an umbrella of all private sector players in the fertilizer industry. The association currently has 42 members and accounts for over 90% of fertilizer production and supply in the West African sub-region region with an annual turnover in excess of $1 billion. WAFA’s members include manufacturers, blenders, importers and major distributors. Its investments range from hundreds of thousands of USD to over a billion USD, operating in 10 of the 15 ECOWAS member states. WAFA’s mission is to promote access to (availability, affordability, and timing) and efficient use of quality and appropriate fertilizers among the farming population of West Africa.

AFFM provided technical support to WAFA in identifying their financial needs and developing the project concept notes and WAFA proposal to the AfDB. As a result, a pipeline of projects for West Africa was developed, which is way beyond available financial resources within AFFM.

c) Build cross-department relationships

In view of the Pipeline of project for West Africa fertilizer sector, AFFM approached different AfDB departments such as Financial Sector Development (PIFD), The Rural Infrastructure Development Division (AHFR), Industrial and Trade Department (PITD) to explore the possibility of increasing the financing to the sector. During various interactions, the AFFM highlighted the importance of the forum for all partners and the added value of using the Africa Fertilizer Financing Mechanism to de-risk Fertilizer SMEs.
2 OVERVIEW OF THE WEST AFRICA FERTILIZER FINANCING FORUM (WAFFF)

In line with its mandate and work program, the AFFM launched the first ever West Africa Fertilizer Financing Forum (WAFFF) at the African Development Bank on 30th September and 1st October 2019, with the main theme: “Fostering Fertilizer’s Future”.

2.1 WAFFF OBJECTIVES

1. To create the linkages between private sector players in the fertilizer industry in West Africa and the various financing instruments within the arsenal of the AfDB and other financial institutions that will lead to increased access to affordable finance and improve farmers’ access to fertilizers.

2. Identify viable fertilizer SMEs projects and possible scope of work for AFFM and the Bank’s departments.

3. Supporting the West Africa Fertilizer Association which represents up to 90% of the fertilizer traded in West Africa in understand AfDB’s requirements for corporate and project finance.

All speakers at the opening emphasized the importance of the fertilizer sector, and the need to join efforts for the development fertilizer sector of the region and Africa in general. This importance was demonstrated by the response of high level delegates to the WAFFF invitation.
Opening ceremony- From left to right: Ms. Toda – AfDB Director AHFR; Mr. Diabaté – WAFA President; Hon. Toure – Minister of Rice promotion; H.E. Amb. Sacko – AUC Commissioner in-charge of agriculture and rural development; Mr. Guislain – AfDB VP Private Sector; Ms. Bewa – international moderator.

H.E. Josepha Sacko, AUC commissioner

VP Private Sector, Mr. Pierre Guislain, AfDB

Opening ceremony group picture
2.2 FORUM PARTICIPATION REVIEW

2.2.1 Key stakeholders’ presence

West Africa fertilizer sector key stakeholders contributed to the WAFFF success:

- 96 participants from the fertilizer industry: CEOs and high-level managers of major fertilizer manufacturing and blending companies, importers, distributors and agro-dealers.
- 33 internal participants, mainly from PITD, PIFD, AHAI, AHFR, FIST.
- 30 participants from regional commercial banks and 16 participants from Development Finance Institutions involved in financing agriculture: CEO and high-level managers.
- 32 delegates from influential Non-Governmental Organizations working on the fertilizer and agriculture sectors.
- 21 delegates from Government authorities: Ministers of Agriculture for Sierra Leone, Mali, and Côte d’Ivoire, Minister for the promotion of rice for Côte d’Ivoire, Vice-Minister of Agriculture for Liberia and Permanent Secretary in the Federal Ministry of Agriculture of Nigeria.
- 4 delegates from African Union and regional bodies: Agriculture commissioners, advisors and others sector experts from Regional Economic Commissions.
- 17 delegates from other organizations and 10 delegates from the Media.
2.2.2 Decision makers participation

Decision makers participation shows the high level of engagement and of expectations towards the outcome of the Forum.

2.2.3 AfDB participation

The different entities of the Bank contributed to making the West Africa Fertilizer Financing Forum a success.

2.2.4 Participants gender parity

AfDB was the entity closer to the gender parity.
2.3 OVERVIEW OF KEY SESSIONS

PIFD Panel discussing the “The Role of the Banking Sector in Financing the Fertilizer Value Chain”. Afrexfimbank Manager, IFC investment officer; UBA Group Head FMCG, Banque Atlantique Director and Orabank Managing Director. Moderated by Mr. NALLETAMBY – AfDB Director PIFD.

Presentation on Digitalization of the African Agriculture.
“The Role of technology to boost food productivity & fertilizer use”.

By Mr. Mabaya, AfDB, Division Manager Agribusiness Development AHAI.
PITD Panel about a concrete example of “AfDB Financial Products Available to Strengthen the Fertilizer Value Chain” with
Mr. Anouar LOTFI – Director of Finance, OCP Group;
Mr. Abdu Mukhtar – AfDB Director PITD
Moderated by Mr. JAOUI – AfDB Macroeconomist.

Presentation of AfDB Financing instruments,
By
Ms. Nana Efua Spio Garbarah, AfDB Chief Financial Analyst FIST.
Round Table discussions- Highly appreciated

**PITD** – Mr. Haidara, Division Manager PITD about “Building effective PPP’s to finance fertilizer manufacturing & blending”.

**PIFD** – Mr. Drammeh, Chief Trade Finance Officer about “Financing fertilizer via AfDB backed commercial banks”.

**Société Générale Cote d’Ivoire** – Mr. N’dri, Head of Coverage Trade & Agri food about “Financing SMEs for fertilizer importation and distribution”.

**Injaro** – Mr. Parkes, Injaro CEO about “Investment in SMEs via private equity”.
3 FORUM KEY LEARNINGS & OUTCOMES

3.1 IDENTIFICATION OF WEST AFRICA FERTILIZER SECTOR KEY BOTTLENECKS

The rapporteurs of the WAFF presentation consolidated the following key issues that came up during the presentations, panels, roundtables and Q&A.

3.1.1 Issue 1: West Africa (WA) has a straight fertilizers production surplus while fertilizer remains largely unavailable and unfordable to West-African smallholder farmers

MAIN REASONS:

- West Africa (including Morocco as they have a clear focus on West Africa) currently produces two (N & P) of the three essential macro-nutrients for agricultural use. West Africa’s current installed production capacity and upcoming production capacity could fulfill the totality of the African continent demand.

Example of the nitrogen nutrient (N) which is used to feed the soils and crops through the urea:

<table>
<thead>
<tr>
<th>Urea fertilizer</th>
<th>Quantity²</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>WA 2017-2018 urea market / apparent consumption</td>
<td>1 million</td>
<td>Major markets are Nigeria, Mali, Burkina Faso and Ivory Coast</td>
</tr>
<tr>
<td>(2018-2019 figures not yet validated)</td>
<td>tons</td>
<td></td>
</tr>
<tr>
<td>WA 2018 urea installed production capacity</td>
<td>2 million</td>
<td>The regional installed capacity is twice the current regional consumption</td>
</tr>
<tr>
<td>Sub-Saharan Africa 2017-2018 urea market / apparent</td>
<td>2,6 million</td>
<td>West Africa is the major Sub-Saharan Africa regional consumption area (36%</td>
</tr>
<tr>
<td>consumption</td>
<td>tons</td>
<td>total consumption)</td>
</tr>
<tr>
<td>WA 2021 urea installed production capacity</td>
<td>6,5 million</td>
<td>West Africa produces enough urea fertilizer to spur the African green revolution</td>
</tr>
<tr>
<td></td>
<td>tons⁴</td>
<td></td>
</tr>
</tbody>
</table>

MAJOR CONSEQUENCES:

- Subsistence and smallholder farmers low agricultural productivity: fertilizers are mainly used either by cooperatives affiliated to large companies as CMDT in Mali or

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¹ Patrice Annequin, IFDC presentation and Innocent OKUKU, WAFA vice-president presentation during the WAFF.
² All figures are estimates from IFDC, Argus or Africa.org publications.
³ 2 million tons: Notore : 500,000 t. / Indorama: 1,500,000 t.
⁴ 6,5 million tons : Notore : 500,000 t. / Indorama : 3,000,000 t. / Dangote : 3,000,000 t.
SOFITEX in Burkina Faso or by large agri-producing companies as SIFCA or Olam in Ivory Coast

- *West African farmers have access to low quality imported fertilizers*: The region produces high quality fertilizers, which are exported, while the fertilizers imported are often of lower quality standards.

- *Low capacity and quality of locally blended fertilizers*: This situation impacts the quality and quantity of fertilizers used which reduces the agricultural productivity.

- *Limited private market*: Fertilizer is not available in rural areas throughout the year and is available at high cost in season.

- *African non-renewable and fossil resources do not benefit to the African people*. For instance, Nigerian natural gas is used to produce urea fertilizer which is mainly exported to international markets such as Brazil to develop their agriculture.

**MAJOR OPPORTUNITIES:**

1. Promote intraregional and intracontinental trade in line with the African Continental Free Trade Area (AfCFTA).
2. Develop the local blending industry and fertilizer private market.
3. Enhance use of locally produced fertilizer through regulations and policies incentives
4. Finance the project aiming at improving the logistics around the fertilizer importation and distribution (transport tools like boats).

**3.1.2 Issue 2: West Africa underdeveloped and inefficient fertilizer value chain contributes to West Africa being a net food importer**

**MAIN REASONS:**

- Fertilizers are used mainly for cash crops and much less on food crops which mostly needed to feed the population;
- The lack of access to improved seeds, fertilizers and pesticides as well as the knowledge to use them effectively and efficiently affects agricultural productivity;
- Lack of continuous and suitable agricultural raw materials discourages the development of agri-processing and food manufacturing industries.

**MAJOR CONSEQUENCES:**

- Persistent food insecurity particularly in remote rural areas and reliance on food imports.
- Part of the state budgets are diverted to food imports.
MAJOR OPPORTUNITIES:

1. Produce food locally and consume locally to Feed Africa.
2. Develop African food processing industries.

3.1.3 Issue 3: The major financing bottleneck of the West African fertilizer industry value chain is at importer, blenders and distributors level, mostly constituted by SME

MAIN REASONS:

- Lack of access to financing: Large producers as OCP, Indorama and Dangote could develop their fertilizer manufacturing businesses thanks to several combined favorable factors such as strategic location to serve international markets, national regulations incentives and large investments supported by reputable international financial institutions. However, at the next lower level of the fertilizer value chain, which is made of local importers of raw materials, blenders and distributors don’t have the same competitive advantages. They are mainly SMEs, less organized and perceived as risky business entities so they are not supported by attractive financing to develop their businesses.

MAJOR CONSEQUENCES:

- Low competition and concentration of fertilizer businesses. There are only few companies and it is often the same company that imports, blends and distributes. Therefore, they split their limited resources across all the activities and have a low turnaround.

- Blended fertilizers are imported instead of being blended locally which would result in adequate blend formulas, possibility to monitor the fertilizers quality and higher agricultural productivity.

- Constant low availability and frequent periods of fertilizers’ shortage: Fertilizer importers have limited funds and collaterals to mobilize input; this weakness forces them to import just before the peak season. Due to diverse factors such as shipments delays, ports congestion, lack of trucks to move the fertilizer to the farming areas, the fertilizers are often unavailable when needed for application. Fertilizer application is seasonal and can’t wait for late delivery.

MAJOR OPPORTUNITIES:

1. Finance fertilizer SMEs to increase fertilizer availability and affordability.
2. Support fertilizer blending champions that would produce quality blended or compound fertilizers.

3.1.4 Issue 4: AfDB financing tools do not support directly the Fertilizer SMEs

MAIN REASONS:
- AfDB financed large scale fertilizer projects such as manufacturing plants, which ensure production of straight fertilizers. However, the production needs to be traded across West African countries where different nutrients could be blended and distributed. Therefore, the current financing need is at importers, distributors and local blender’s level. Those levels, who are SMEs, often face difficulties when they apply for finance access financing either with the AfDB or commercial banks.
- Lines of credit given by the AfDB to the commercial banks are not sector specific. As such, the regional commercial banks are not obligated to allocate the funds only for the fertilizer sector.

MAJOR CONSEQUENCES:
- Commercial Banks have a limited appetite for the agricultural sector and particularly for the fertilizer sector. These sectors are traditionally perceived as risky and commercial banks don’t have the technical expertise to assess the fertilizer industry profitability.

MAJOR OPPORTUNITIES:
1. To support the commercial banks through specific lines of credit, credit guarantees and technical assistance to increase their knowledge and on-lending to the agricultural and fertilizer sectors.
2. To develop synergies with diverse partners as agriculture commodities off-takers to mitigate the risks linked to on-lending to the agricultural sector.

3.2 IMMEDIATE OUTCOMES FOR AFDB AND AFFM

3.2.1 Identification of potential industrial projects within the fertilizer industry
WAFA members discussed with the Bank’s departments as PITD, PIFD and AHFR their projects to develop West Africa fertilizers blending capacity in order to develop the regional fertilizer value chain.
3.2.2 Development of projects with internal and external partners

Internal Partners:
- There are ongoing discussions with AHAI, PITD and PIFD to think and develop joint-projects to strengthen the fertilizer value chain.
- For instance, following the initial joint discussions and meetings of PIFD and AFFM with Rokel Bank, PIFD is currently exploring the possibility of issuing a trade finance line of credit to Rokel Commercial Bank- Sierra Leone. AFFM would co-finance or co-guarantee with PIFD the transaction and a possible grant for technical assistance could be packaged. Same synergies are being built with other commercial banks such as UBA.

External Partners:
- Discussions with Development Finance Institutions -such as Afreximbank-lead to the identification of potential synergies around common projects for the upcoming year. Concepts notes will now need to be developed to decide on the terms and scope of the intervention.
- Discussions with the banking sector, particularly with regional commercial banks as Coris Bank in Burkina Faso, Société Générale in Ivory Coast and Rokel Commercial Bank in Sierra Leone.
- AFFM gained an increased visibility and credibility within AfDB and actors in fertilizer sector in West Africa.

3.3 IMMEDIATE OUTCOMES FOR THE WEST AFRICAN FERTILIZER INDUSTRY

3.3.1 Awareness of the AfDB Financial Tools
Importers, blenders and distributors were informed about the eligibility criteria to access financing from the Bank and the requirements to build bankable projects

⇒ Following the Forum, WAFA decided to engage an international financial consultancy in order to develop bankable projects to be further submitted to the commercial banks and to AfDB.
⇒ Based on technical assistance provided to WAFA, different members presented initial concept notes to finance Opex and Capex (fertilizer lending and distribution); individual companies will be discussing them with the bank (see annex 2).
3.3.2 Relationship building
The lack of organization, transparency and information contributes to develop mistrust within the fertilizer value chain. Meanwhile WAFFF has been able to build relationships and trigger discussions for deals between producers and distributors at regional scale.

4 KEY RECOMMENDATIONS

Based on the WAFFF’s learnings, outcome, and AFFM’s market knowledge, four (4) recommendations are formulated.

4.1 RECOMMENDATION 1: AFDB SHOULD CONSIDER AFFM AS THE PREFERRED MECHANISM THROUGH WHICH THE BANK CAN PROVIDE FINANCING AND RISK MITIGATION FACILITIES TO THE FERTILIZER SMES

Why – AFFM can be the Bank’s financing vehicle for fertilizer SMEs because:

- It gained the required expertise and experience to identify the fertilizer SME’s, to conduct a risk analysis and due diligence on the SME. AFFM has the ability to provide Technical assistance in developing small and large scale projects for fertilizer manufacturing, blending, importation and distribution.
- It developed credit guarantees that are innovative and appropriate financing instruments to fit the fertilizer value chain needs.
- It has a flexible fund that is adaptable to the specific needs of fertilizer SME’s.

How – Through cross-departmental collaboration and resources mobilization.

As mentioned previously, the WAFF was the result of a cross-departmental collaboration between PITD, PIFD, AHFR, FIST, AHAI and AFFM. In line with AfDB’s strategy, conceiving Bank’s projects in a value chain manner, and using AfDB’s diverse financing products (and customizing them as needed), could increase financing to the fertilizer sector.

Option 1: PITD and AFFM

- Both entities could collaborate on joint-projects aimed at developing fertilizer production and trade through a co-financing model for fertilizer SME’s.
b) AFFM could be PITD’s channel to financing fertilizer SME’s, through its innovative credit guarantees (with suppliers, importers, off takers, etc.), and other lines of credit. The local blending industry is key to producing adequate fertilizers for the regional varieties. For instance, after the presentation by FIST of AfDB’s financial product term sheet, OCP’s Director of Finance, jointly with the Director PITD, showcased AfDB’s financing for large scale fertilizer projects during the panel “AfDB financing products available to strengthen the fertilizer value chain”.

**Option 2: PIFD and AFFM**

a) PIFD is supporting SME’s through commercial banks, therefore in support to PIFD instruments as lines of credit and Risk Participation Agreement, AFFM could provide technical assistance, capacity building, and complementary credit guarantees to the commercial banks to support them on on-lending to the fertilizer SME’s.

**Option 3: AFFM and Commercial Banks**

a) The Commercial Banks as Société Générale that leaded a roundtable about “Financing SME’s for fertilizer importation and distribution” highlighted the diversity of projects and the need to better understand the fertilizer business to be able to lend them at better conditions. It has been also discussed that the interest rates applied to the agricultural sector remain high due to the risk perception. Therefore AFFM expertise and credit guarantees would help mitigate the risks involved and foster fertilizer financing.

b) For such model resources mobilization will be required as AFFM doesn’t have enough funds to develop such collaboration.

### 4.2 RECOMMENDATION 2: AFDB COULD COLLABORATE MORE WITH AFFM ON PROJECTS TO ENHANCE AGRICULTURAL PRODUCTIVITY

**Why** – The appropriate use of inputs, as crop and soil specific fertilizers is a condition sine qua none to increase productivity. AFFM’s mandate is to support the financing of the fertilizer sector in order to increase availability and affordability of right fertilizer at farmers level. AFFM implementing partner (AFAP) has demonstrated that credit guarantees increase the availability of fertilizers at farm gate level.

**How** – AFFM to be included in AHAI projects aiming to increase agricultural productivity.
To finance the fertilizer sector in order to boost the fertilizers availability and use of fertilizers is crucial for food production and food security in Africa. During their panel the ministers of Agriculture highlighted that “it is urgent to reduce food imports by producing locally and consuming locally produced crops and that to develop agriculture into viable agri-businesses would attract young people to this sector and reduce unemployment”.

Agriculture ministers’ panel discussing the topic “West African Countries Initiatives to Enhance Fertilizer Use”. From left to right: Minister Sierra Leonne, Minister Mali, V. Minister Liberia, Permanent Secretary Nigeria; moderated by AFFM Coordinator

4.3 RECOMMENDATION 3: AFDB TO SUPPORT THE DEVELOPMENT OF INFRASTRUCTURES ENABLING FERTILIZER TRADE

Why? – Currently West Africa production of straight fertilizers as Urea is enough to meet its demand, however regional producers tend to export oversees (mainly to Latin America) instead of exporting to neighboring countries. The manufacturers reached those business decisions solely due to the high cost of logistics and intra trade Non-tariff barriers resulting from the inadequate regional and local infrastructures.

How? – AfDB to prioritize investments in fertilizer importation and distribution infrastructures that will lower the logistic costs. In fact, local blenders and manufacturers chose to export their produce because it is more cost effective and profitable compared to selling in the West Africa region. Hence improved logistics and additional local production would help increase regional trade and economies of scale. Investing in logistic infrastructure would address the following bottlenecks:
- Port congestion which often forces the ships to be on hold for few days and incur demurrage penalties.
- Low Unloading rate under 3000 tons per day which increases unloading time and cost.
- Low availability of equipment as cranes for unloading or bagging machines to bag it at port.
- Low water depth and limited quay size.
- Low availability of warehouses to stock fertilizers before the season.
- Underdeveloped railway which would lower the transportation cost.
- Poor road infrastructures.

4.4 RECOMMENDATION 4: AFDB COULD TEST THE AFRICAN CONTINENTAL FREE TRADE AGREEMENT THROUGH AFFM

Why – Fertilizer is a major African locally produced commodity

How – AFFM to collaborate with the relevant fertilizer value chain stakeholders.

With the existing relationships, AFFM has established itself as a legitimate intermediary to lead discussions with multilateral organizations, and collaborate with the private sector regarding the application of the AfCFTA for the fertilizer production, importation, and distribution. Below are a few facts, which occurred during the Forum to further bolster AFFM position in the fertilizer value chain:

- The Malian Minister for Agriculture and the Ivorian Minister for promotion of Rice, in their respective allocutions called for a regional harmonized initiative to locally produce staple foods such as rice to feed the population and reduce food imports.
- The ECOWAS Commissioner for Agriculture, Environment and Water Resources while signing the MOU with WAFA appealed to regional governments to join hands to support the fertilizer industry.
- The African Union though its expert on Fertilizer Policy highlighted the harmonization work and ongoing trade regulations to support fertilizer trade.
5 CONCLUSION

The West Africa Fertilizer Financing Forum met its objectives and kickstarted new synergies in between AFFM, AfDB’s departments and the private sector that now need to be materialized into concrete projects. As a result, AFFM will need internal and external support for resources mobilization.

AFFM through its pipeline, ongoing projects and organization of the WAFFF, demonstrated its capability to mobilize the key stakeholders of the fertilizer value chain in order to create transformative impact. Therefore, AFFM is working toward fulfilling its mission to foster fertilizer future.

AFFM could be the engine to develop the fertilizer value chain across Africa in order to positively impact AfDB’s High5 priorities.

Closing remarks by Dr. M. FREGENE Director AHAI, AfDB and Hon. K.K ADJOUMANI, Minister of Agriculture and Rural Development, Ivory Coast.
Closing Forum group picture

**AFFM secretariat thank you for your collaboration**

Left to right: Jerry LEMOGO, Communication Consultant; Sandrina GOMES, Business Development Consultant and Forum Focal Point; Marie Claire KALIHANGABO, AFFM Coordinator; Yaovi DJISSENOUN, Investment Consultant; Benjamin ASARE, Consultant; Amel JENDOUBI, Team Assistant; Pierre BRUNACHE, Jr., Fertilizer Value Chain Consultant.
ANNEX 1. PARTICIPANTS SATISFACTION LEVEL ABOUT THE FORUM

The below statistics are based on the satisfaction questionnaire filled by the participants.

<table>
<thead>
<tr>
<th>Participants level of satisfaction</th>
<th>Participants have been informed about financing products for the fertilizer industry</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Satisfied</strong></td>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td><strong>Very Satisfied</strong></td>
<td><strong>To some extent</strong></td>
</tr>
<tr>
<td><strong>Not Satisfied</strong></td>
<td><strong>No</strong></td>
</tr>
<tr>
<td>75%</td>
<td>53%</td>
</tr>
<tr>
<td>25%</td>
<td>41%</td>
</tr>
<tr>
<td>0%</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Will this Forum help them to develop their business?</th>
<th>Will they attend future Forums?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yes</strong></td>
<td><strong>Most likely</strong></td>
</tr>
<tr>
<td><strong>No answer</strong></td>
<td><strong>Likely</strong></td>
</tr>
<tr>
<td><strong>No</strong></td>
<td><strong>Don't Know</strong></td>
</tr>
<tr>
<td>94%</td>
<td>71%</td>
</tr>
<tr>
<td>4%</td>
<td>25%</td>
</tr>
<tr>
<td>2%</td>
<td>4%</td>
</tr>
</tbody>
</table>
### SESSIONS REVIEW

✓ **MOST USEFUL PRESENTATIONS AS PER THE PARTICIPANTS**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Title</th>
<th>Discussion topics</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AfDB Financing products available to strengthen the fertilizer value chain (private sector and public sector)</td>
<td>1. AFDB departments financing instruments 2. Eligibility criteria and beneficiaries</td>
<td>Nana-Efua SPIO-GARBRAH, Chief Financial Analyst, FIST, AfDB</td>
</tr>
<tr>
<td>2</td>
<td>Assessment of the West African fertilizer sector financing needs</td>
<td>1. Overview of WAFA strategies 2. WAFA members financing needs 3. Proposed financing tools</td>
<td>Innocent OKUKU, Vice-President WAFA; Jason SCARPONE, President &amp; CEO, AFAP</td>
</tr>
</tbody>
</table>

✓ **MOST USEFUL PANELS AS PER THE PARTICIPANTS**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Title</th>
<th>Discussion topics</th>
<th>Moderator</th>
<th>Panelists</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PANEL 3: The role of the banking sector in financing the fertilizer value chain</td>
<td>1. Matching financial instruments to the fertilizer value chain financing needs 2. Overview of current schemes and projects</td>
<td>PIFD Director, Stefan NALLETAMBY</td>
<td>Abah OFON, Manager-Research and International Cooperation, African Export-Import Bank, Egypt; Musonda I. CHIPALO, Investment Officer Manufacturing and Services Sector, IFC; Stephen UNWAN, Head FMCG, UBA Group, Nigeria; Arsène COULIBALY, Managing Director, Banque Atlantique, Ivory Coast; Guy Martial AWONA, Managing Director, Orabank, Togo</td>
</tr>
<tr>
<td>2</td>
<td>PANEL 2: AfDB Financing products available to strengthen the fertilizer value chain (private sector and public sector)</td>
<td>Showcase of the Bank’s success in financing fertilizer industry</td>
<td>Fadel JAOUI, Macroeconomist, AfDB</td>
<td>Abdou MUKHTAR, Director, PITD, AfDB; Anouar LOFTI, Director Finance, OCP Group</td>
</tr>
</tbody>
</table>
OTHER INTERESTING SESSIONS

<table>
<thead>
<tr>
<th>Rank</th>
<th>Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Round table discussions</td>
</tr>
<tr>
<td>2</td>
<td>Bilateral meetings</td>
</tr>
</tbody>
</table>

PARTICIPANTS MAIN RECOMMENDATIONS

<table>
<thead>
<tr>
<th>Rank</th>
<th>Which topic would you like to see covered in the next Forum?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SMEs Financing</td>
</tr>
<tr>
<td>2</td>
<td>How to support smallholder farmers to access financing</td>
</tr>
<tr>
<td>3</td>
<td>Information about risk assessment for fertilizer companies</td>
</tr>
<tr>
<td>4</td>
<td>Talk about micro-finance and farmers</td>
</tr>
<tr>
<td>5</td>
<td>Study on the impact of fertilizers on the agricultural productivity and food security</td>
</tr>
<tr>
<td>6</td>
<td>Technical Assistance in trade finance</td>
</tr>
<tr>
<td>7</td>
<td>Specific financing linkages for acquiring raw materials for the blending plants</td>
</tr>
<tr>
<td>8</td>
<td>Present more case studies</td>
</tr>
<tr>
<td>9</td>
<td>Financing of R&amp;D to develop sustainable agriculture</td>
</tr>
<tr>
<td>10</td>
<td>Funding of fertilizer raw materials</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>#</th>
<th>How could we better organize the Forum?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Increase the duration of the sessions</td>
</tr>
<tr>
<td>2</td>
<td>Provide contact details of the participants</td>
</tr>
<tr>
<td>3</td>
<td>Participants should break into sectorial groups to articulate their concerns to the speakers of the plenaries</td>
</tr>
<tr>
<td>4</td>
<td>Quality and readable material may be improved</td>
</tr>
<tr>
<td>5</td>
<td>To distribute the presentation materials to the audience ahead of time for them to be fully prepared</td>
</tr>
<tr>
<td>6</td>
<td>Reduce the number of panelists or presentations to allow more time for questions</td>
</tr>
<tr>
<td>7</td>
<td>To have deal rooms or meeting rooms for participants to discuss</td>
</tr>
</tbody>
</table>
## ANNEX 2. SUMMARY OF WAFA PIPELINE PROJECTS

<table>
<thead>
<tr>
<th>#</th>
<th>Country</th>
<th>company</th>
<th>Project Amount $</th>
<th>Financing Need $</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Burkina Faso</td>
<td>ETW Agri Invest</td>
<td>$1,534,483</td>
<td>$1,051,724</td>
<td>Financing</td>
<td>Rice Transformation</td>
</tr>
<tr>
<td>2</td>
<td>Burkina Faso</td>
<td>CGIA</td>
<td>$22,341,379</td>
<td>$19,640,086</td>
<td>Expansion</td>
<td>Purchase Equipment to expand Distribution Network</td>
</tr>
<tr>
<td>3</td>
<td>Cote d’Ivoire</td>
<td>AgroWest Africa</td>
<td>$74,057,906</td>
<td>$64,418,738</td>
<td>Expansion</td>
<td>Blending Plant, Trucks and fertilizer stock for Production</td>
</tr>
<tr>
<td>4</td>
<td>Mali</td>
<td>Toguna</td>
<td>$37,594,828</td>
<td>$24,922,414</td>
<td>Financing</td>
<td>Construction Siège + hangars</td>
</tr>
<tr>
<td>5</td>
<td>Mali</td>
<td>Great Quest Fertilizer</td>
<td>$32,348,614</td>
<td>$19,409,168</td>
<td>Financing</td>
<td>Phosphate Mining and NPK Production</td>
</tr>
<tr>
<td>6</td>
<td>Mali</td>
<td>SOCIETE AFRICAINE DE DISTRIBUTION SARL</td>
<td>$41,379,310</td>
<td>$41,379,310</td>
<td>Financing</td>
<td>Blending Plant, Trucks and fertilizer stock for Production</td>
</tr>
<tr>
<td>7</td>
<td>Mali</td>
<td>GNOUMANI INDUSTRIE SA</td>
<td>$76,940,236</td>
<td>$53,384,143</td>
<td>Expansion</td>
<td>Blending Plant, Trucks and fertilizer stock for Production</td>
</tr>
<tr>
<td>8</td>
<td>Mali</td>
<td>Carrière et Chaux du Mali</td>
<td>$46,410,326</td>
<td>$36,077,611</td>
<td>Expansion</td>
<td>Limestone Production</td>
</tr>
<tr>
<td>9</td>
<td>Mali</td>
<td>SANGOYE SA</td>
<td>$24,250,978</td>
<td>$21,825,880</td>
<td>Expansion</td>
<td>Blending Plant, Trucks and fertilizer stock for Production</td>
</tr>
<tr>
<td>10</td>
<td>Mali</td>
<td>DPA-Industrie</td>
<td>$44,820,664</td>
<td>$38,786,873</td>
<td>Expansion</td>
<td>Blending Plant, Trucks and fertilizer stock for Production</td>
</tr>
<tr>
<td>11</td>
<td>Niger</td>
<td>SOAPAM</td>
<td>$21,048,000</td>
<td>$18,287,000</td>
<td>Blending Plant for Production</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Nigeria</td>
<td>Intrio-Synergy Limited</td>
<td>$13,410,000</td>
<td>$11,685,000</td>
<td>Blending Plant and service to Farmers</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Nigeria</td>
<td>Notore</td>
<td>$6,820,000</td>
<td>$6,820,000</td>
<td>Marketing</td>
<td>Extension services</td>
</tr>
<tr>
<td>14</td>
<td>Sierra Leone</td>
<td>Mangara</td>
<td>$6,600,000</td>
<td>$5,000,000</td>
<td>Expansion</td>
<td>Blending Plant, Trucks and fertilizer stock for Production</td>
</tr>
<tr>
<td>15</td>
<td>Niger</td>
<td>Agri Tech Dev</td>
<td>$1,365,086</td>
<td>$948,276</td>
<td>Greenfield</td>
<td>Numeric platform for fertilizer distribution</td>
</tr>
<tr>
<td>16</td>
<td>Niger</td>
<td>Société MANOMA.SA</td>
<td>$23,717,672</td>
<td>$21,206,897</td>
<td>Financing</td>
<td>Phosphate Mining and NPK Production</td>
</tr>
</tbody>
</table>

Total: $474,639,482  $384,843,120