



FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative

GUIDE FOR SUBSIDY PROGRAMS

IMPROVING THE DESIGN AND IMPLEMENTATION OF FERTILIZER SUBSIDY PROGRAMS IN WEST AFRICA

Proposed Guidelines for Smart Subsidy Programs

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USAID
FROM THE AMERICAN PEOPLE



FOREWORD¹

In response to the 2007-08 food crisis, African Heads of State adopted the Abuja Declaration in June 2006 with the aim of increasing the use of fertilizers in Africa from 8 kg to 50 kg of nutrients per hectare of cultivated land by 2015. Pursuant to this objective, several governments in West Africa have increased the use of agricultural input subsidy programs within the framework of their policies and strategies to improve agricultural productivity, and food and nutrition security. Despite these efforts, agricultural productivity and fertilizer use remain very low in the sub-region. Several factors inherent to these subsidy programs impede their performance and do not optimize the significant public resources invested. These are, among others, targeting and reaching proper beneficiaries, transparency in the contracting process, devising an exit strategy, private sector participation and/or applying reasonable subsidy rates.

To create an enabling and inclusive environment for the development of the agricultural sector in the sub-region, the ECOWAS Commission has launched and implemented a Regional Agricultural Investment Plan and Food and Nutrition Security (RAIPFNS). One of RAIPFNS's objectives is to harmonize agricultural input subsidy programs in ECOWAS Member States by 2020. Within this framework and under the auspices of the Commission, IFDC, with the financial support of USAID through the West African Fertilizer Program (WAFP), carried out a critical review of subsidy programs in the sub-region and facilitated the development of a Regional Fertilizer Subsidy Program Guide to improve their efficiency. Following its review and validation by regional experts and relevant resource persons, this Guide was submitted to the ECOWAS Commission for endorsement and issuance of a directive strongly encouraging all Member States to comply with the guiding principles defined therein.

The Guide proposes a set of consensus-based principles that are easy to understand, adapt and apply. Its main purpose is to help the public authorities responsible for agriculture in ECOWAS-UEMOA-CILSS Member States make informed decisions regarding the design, implementation, monitoring and evaluation of “smart” fertilizer subsidy programs that will benefit all stakeholders involved, from fertilizer suppliers to farmers.

The ECOWAS and UEMOA Commissions and the Executive Secretariat of CILSS can rely on the availability and support of IFDC, through WAFP's successor project, Feed the Future “Enhancing Growth through Regional Agricultural Input Systems (EnGRAIS)”, and the West African Fertilizer Association (Wafa) for the dissemination of this Guide and the subsequent ECOWAS Directive throughout the three regional economic communities (RECs). EnGRAIS and Wafa also will provide or at least facilitate support to the RECs' Member States in implementing the principles the Guide and Directive convey to enable appropriate transformation of fertilizer subsidy programs across the region.

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¹ This foreword to the Regional Fertilizer Subsidy Program Guide was prepared by the Feed the Future Enhancing Growth through Regional Agricultural Input Systems (EnGRAIS) Project for West Africa, the successor project to the West Africa Fertilizer Program (WAFP), which ended on July 31, 2017.

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IMPROVING THE DESIGN AND IMPLEMENTATION OF FERTILIZER SUBSIDY PROGRAMS IN WEST AFRICA

PROPOSED GUIDELINES FOR SMART SUBSIDY PROGRAMS

1. INTRODUCTION

Most West African countries have been implementing fertilizer subsidy programs for many years, but no strong or credible evidence to this point indicates that these programs have brought about significant or sustained changes leading to the attainment of their key set objectives. Fertilizer use levels in West Africa, estimated around 12 kg of nutrient per ha, still remain far under the 50kg/ha objective of the 2006 Abuja Declaration set for 2015. Growth in crop productivity/yields and production has been sluggish. Food insecurity and poverty still affect millions of people, especially in rural areas. National fertilizer subsidy programs are very diverse across countries and, above all, costly in terms of scarce public resources used to implement high subsidy rates (40-50%), which almost coincide with the share of in-country costs of the total costs of procuring fertilizers from source to the domestic end users (IFDC, 2016).

ECOWAS has expressed concern about the poor performance of fertilizer subsidy programs in the region and voiced the need in its new Regional Agricultural Investment Program for Food Security and Nutrition (RAIPFSN, 2016 - 2020) to harmonize input subsidy policies across Member States in an attempt to improve their effectiveness. One of its main technical partners, the International Fertilizer Development Center (IFDC), has echoed this call and has conducted activities under its USAID-funded West Africa Fertilizer Program (WAFP) to review current fertilizer subsidy programs and make recommendations for their improvement.

Following an inclusive and participatory approach to this review, WAFP has, through surveys, technical meetings and workshops, consulted key stakeholders (private sector importers, producers, distributors, public policy, research and extension institutions, producer organizations, financial institutions, transporters associations, etc.) to share results and elicit their experiences and views on the current state of subsidy programs for better design and implementation. It clearly came out of these consultations that, though country subsidy programs will continue due to the current state of the agricultural sector, its main actors and beneficiaries, and political pressures for visible and immediate action, national-level programs need to be thoroughly revamped to, among other objectives, eliminate adverse or perverse effects, to consolidate strengths, and to build in sustainability for more effective and efficient use of the scarce public resources allocated to these programs.

From the direct sharing of rich and diverse experiences within ECOWAS and elsewhere to the review of the existing body of literature on agricultural input subsidy programs (Morris et al, 2007; Minde and Ndlovu, 2008; Wanzala-Mlobela et al, 2011; Takeshima et al, 2012; Jayne et al, 2016; etc.), there are some common features and rules that can guide on what has worked or not, providing principles, criteria, approaches or mechanisms that can be used or adapted by candidate countries to improve their domestic programs. More importantly, countries can converge on minimal standards and consensus guiding points, giving a regionally-harmonized set of principles of agreement across all countries with regard to design and implementation of input subsidy programs (ISPs)

A synthesis of these principles will constitute a guide whose main purpose is to provide tested, mutually-agreed, and validated guidelines to countries across the ECOWAS region for designing and implementing “smart” fertilizer subsidy programs. This guide will almost certainly be applicable to other agricultural inputs and its effective use is expected to bring about significant changes in fertilizer use, crop yields, and agricultural growth, hence contributing to improved food security and reduced poverty across West Africa.

2. METHODOLOGY

The approach used by WAFP consisted first of a thorough review of country subsidy programs. To do so, a simple and user-friendly tool, the fertilizer subsidy matrix, was developed and used in 8 countries (Benin, Burkina, Cote d'Ivoire, Ghana, Mali, Nigeria, Senegal and Togo) to get annual data over 3 years between 2012 and 2015. The matrix describes 36 features/characteristics of country-level subsidy programs in West Africa over the last three years, including subsidy mechanisms, volume of fertilizer targeted and distributed, distribution mechanisms used, percentage of price subsidized per season, targeted stakeholders, geographical coverage, types of fertilizer products, main players and roles, selection criteria for private sector players, subsidy expenditure by government, percentage expenditure on agricultural budget and others. Then a summary of each country's data was synthesized in the West Africa Fertilizer Subsidy Program Matrix or WAFSuProM (see table in annex). The WAFSuProM is one of the first known attempts to synthesize in simple form otherwise dispersed, scattered and incomplete data and information on national-level subsidy programs making it readily available and allowing for inter-country comparisons. It has a simple structure, providing a breadth of critical information, and can be regularly updated and adapted to cover other types of subsidy programs.

The data compilation and synthesis was then complemented by rapid appraisal surveys in the same countries to assess national programs against recommended practices for smart subsidies. These generated a regional program assessment matrix which is colored and provides a simple 'yes' or 'no' matrix of survey results showing how current country programs converge or diverge from selected recommended criteria for smart subsidy programs.

A review of the existing literature on the subject matter, enriched by multiple experiences from the continent and elsewhere, revealed successful approaches, suggested principles and recommendations for smart programs. It should be noted that while some have advised for a holistic system approach to ISPs (Jayne et al, 2016), others have devised various models for countries to apply in regard to the status of infrastructure (IT, banking, telecommunication, storages, road network, etc.; AGRA-IFDC, 2016), participation of private input chain actors, and policy frameworks (IFDC WAFP, 2017). Here we are opting for a simple and general approach that takes stock of the observed performances of ISPs, focuses on major issues, especially those related to increased private sector investments, draws on agreed principles that any country can adapt and apply to make its subsidy program smart and have them work more effectively and efficiently.

A stakeholder consultation was convened in the form of a regional workshop held in Bamako, Mali in February 2017 to share results, contrast experiences to identify best practices and approaches and mechanisms, and identify and discuss key principles, criteria, approaches and mechanisms that can be applied to current subsidy programs to transform them into smart ones (IFDC WAFP, 2017). All the aforementioned steps and activities described led to the development of a draft guide.

A final step consisted of a Technical Validation Meeting held in Abidjan in June 2017 during which key subsidy experts from across the region and IFDC headquarters thoroughly commented on the draft guide, revised it and validated the final version of the proposed document.

3. STATUS OF CURRENT FERTILIZER SUBSIDY PROGRAMS IN WEST AFRICA

3.1 The Fertilizer Subsidy Program Matrices

The current version of the WAFSuProM is presented in Annex 1 while the Country Fertilizer Subsidy Program Assessment Matrix referred to above is shown in Table 1 below.

Table 1. *Rapid Assessment of Country Fertilizer Subsidy Programs against Selected Recommended Approaches and Practices for Smart Subsidies*

(color legend: green = conforms with recommendation; red = deviates from recommendation)

CRITERIA/PRACTICES/APPROACHES	RECOM- MENDED Y=YES N=NO	COUNTRY PROGRAMS						
		BENIN	BURKINA	GHANA	MALI	NIGERIA	SENEGAL	TOGO
KEY ACTORS AND ROLES								
Involvement of Government in import and distribution of fertilizer?	N	Y	N	N	N	N	N	Y
Distribution system different for subsidized and commercial fertilizer?	Y	N	Y	N	Y	Y	Y	Y
Private sector (PS) involvement in program design?	Y	N	N	Y	N	N	N	Y
PS selected through tender system?	Y	Y	N	Y	Y	Y	Y	Y
Performance-based contracts with PS?	Y	Y	N	Y	N	Y	Y	N
Restricted to PS participation?	N	N	N	N	N	N	N	N
QUALITY FERTILIZER PRODUCT								
Are there quality issues with subsidized fertilizer (non-conformity of formulas and doses with technical specifications)?	N	Y	N	Y	Y	Y	Y	N
Is there quality control capacity in-country?	Y	N	Y	Y	Y	Y	Y	N
TARGETING								
Targeting mechanism: voucher, other?	Y	N	N	N	N	Y	N	N
Is program mainly targeting non-fertilizer users?	Y	N	N	N	N	N	N	N
PAYMENT OF IMPORTERS/EXPORTS								
Late payment problem?	N	Y	Y	Y	Y	Y	Y	Y
Are there measures to solve problem?	Y	Y	Y	Y	Y	Y	Y	Y
SUSTAINABILITY								
Exit strategy? (phasing out)	Y	Y	N	N	N	N	N	Y

Source: IFDC WAFP Surveys, 2016-17

The questionnaire response data used to prepare Table 1 above shows that the dominant observation, even of fertilizer subsidy program managers in multiple countries, was that most programs deviate significantly from recommended practices.

3.2 Major Characteristics of the Current Fertilizer Subsidy Programs in West Africa

Major characteristics of the current fertilizer subsidy programs in West Africa emerged as follows:

- The program design phase is characterized by the dominant role of the public sector, with little or no role for the private sector.
- Overall supervision and targeting and distribution systems are organized and managed by the government and its technical offices while procurement and field delivery of subsidized fertilizers are carried out mostly by the private sector.
- Selection of the private sector provider(s) is established through a government-managed tender system often plagued with transparency and competition issues.
- Most programs are of national scope and cover seeds, fertilizers and other complementary inputs jointly.
- Main targets are crop producers, particularly smallholders who produce food crops, but the targeting systems are generally poor or corrupted and do not ensure the inputs reach the intended beneficiaries.
- Late payment to importers, manufacturers and/or distributors is a common problem that discourages private investors by seriously impairing their capacity to provide the subsidized product on a sustainable basis and make smart business investment decisions, and often dissuades some of the best providers from being involved in the provision of subsidy programs.
- The fertilizers selected, procured and distributed for subsidy programs are often compounds (e.g., NPK 15-15-15) lacking appropriate micronutrients and are not tailored to the agro-ecological zone or crop(s); therefore, they have sub-optimal impact on yields/productivity even if delivered to the intended beneficiaries and applied correctly. This, coupled with poor access to soil maps or testing facilities, implies that some of these fertilizers are not appropriate for locations or crops they are applied on.
- Explicit exit strategies are absent in all programs which have no specific and clear time horizon.
- Formal evaluation of program performance and impacts is not done regularly, especially by external and independent entities.
- Lack of accessible and reliable data is a common problem, which is not conducive to fair and rigorous program evaluation.

4. KEY PRINCIPLES FOR SMART SUBSIDY PROGRAMS

4.1 Guiding Principles

Below are 13 broad guiding principles to follow and 36 proposed actions on how to apply them.

4.1.1 Inclusive Participation

Promote private sector development and participation.

- 1) Involve key stakeholders during the design of subsidy programs (public-private partnership).
- 2) Consult with all major actors or stakeholders during implementation to document challenges that arise and their potential solutions as the process evolves.
- 3) Promote private sector participation by making it easy to register² as a business and building their capacity.

4.1.2 Specialization

Roles of all participating actors should be defined and assigned on the basis of specialization and comparative advantage to achieve complementarity and exploit potential synergies.

- 4) Focus Government interventions on the sovereign roles of the State related to creating an enabling environment, setting relevant policy and regulatory frameworks, and coordinating program implementation.
- 5) Establish regular consultation forums with countries with common land borders to avoid adverse effects resulting from subsidy program implementation (e.g. subsidized fertilizer sold across borders for profit due to differences in prices resulting from different subsidy rates).
- 6) Leave production, importation and distribution of fertilizers to the private sector.

4.1.3 Fair Competition

Promote competition between private suppliers in order to drive down costs of delivering subsidized fertilizer and increase quality of services provided to farmers.

- 7) Establish fair, objective and transparent selection system (tender).
- 8) Eliminate any barriers to entry into market by new fertilizer businesses.
- 9) Design a tender selection process that incentivizes the development of West African suppliers (subregional, national and local) in a sustainable manner.

² In application of Article 1 (defining fertilizer ‘distributor’ and ‘licensing’) and Articles 11, 12, 13 and 14 (relative to functions of fertilizer producer, importer and distributor) of ECOWAS Regulation C/REG.13/12/12.

4.1.4 Efficiency

Use economic efficiency (cost reduction, profitability, economies of scale, etc.) as the basis for fertilizer promotion efforts.

- 10) Favor market-based solutions that do not undermine incentives for private investment.
- 11) Encourage linking delivery of subsidized fertilizers with the more efficient fertilizer and other input delivery systems associated with cash crops (cotton, cocoa, oil palm, coffee, etc.), so that (i) cash crop producers also receive fertilizer/inputs for their food crops and do not use those intended for cash crops and (ii) other nearby subsidy beneficiaries receive fertilizers at the lowest cost, ensuring higher productivity for all crops.
- 12) Establish results/performance-based and yearly assessed multi-year contracts with selected suppliers to ensure timely fertilizer production, importation and distribution at affordable costs.

4.1.5 Better Targeting (Equity)

In pursuit of equity, improve targeting by using a mechanism/approach involving village communities, local administration and authorities, farmer organizations that ensures right beneficiaries (producers, areas and crops) are properly identified and effectively reached.

- 13) Give priority to/target farmers not using fertilizers but potentially profitable (low credit but good fertilizer response), vulnerable producers and promising supply chains, especially for food crops. Reliable agricultural census data may be necessary.
- 14) Avoid/minimize displacement of commercial sales (crowding out) by subsidized fertilizers that distort fertilizer markets. Avoid areas with already established commercial private sector channels.
- 15) Avoid providing subsidy to areas with low fertilizer response rates; such areas require research and extension on relevant technologies more than subsidies.
- 16) Use of voucher systems and other ICT tools to reach proper targets is a workable option, through private sector participation.

4.1.6 Transparency

Ensure transparency in overall targeting and distribution system.

- 17) Monitor field distribution of subsidized product with the involvement of village communities, local administration, representatives of target farmers: compared to the current mainly manual systems, many new ICT-based ones can more easily and better track field delivery of products to targeted producers, if properly implemented and adapted.

4.1.7 Timeliness

Rigorously plan and implement program early enough to avoid delays in timely delivery of subsidized fertilizers at affordable costs, to reduce uncertainty and unpredictability with subsidy programs;

- 18) Plan ahead the full program based on the crop calendar, and not on, as is often the case, political considerations, and respect and enforce deadlines from program design to implementation. The early adoption of national budget, including that of agriculture, is a favorable step.

- 19) Publish information on subsidy timing, amounts of fertilizers, and subsidy rates to be adopted well ahead of the season; publish delivery dates and time in advance of the season.
- 20) Clearly state and announce tender process and rules early enough, especially announcement of subsidy well before planting time.

4.1.8 Appropriate and Quality Products

The formulations and quality of subsidized fertilizer should meet requirements established by the relevant research recommendations and regional fertilizer regulations, respectively.

- 21) Ensure that the most updated fertilizer recommendations by crop and agro-ecological zone exist for areas where the program will operate and that the existing fertilizer private sector can produce/procure appropriate formulations before tendering for fertilizers to be furnished by the program. Support for the development of soil fertility³ and fertilizer recommendation⁴ maps is necessary to determine these formulations.
- 22) Put in place conditions for adopting and enforcing ECOWAS fertilizer regulations so that subsidized fertilizers meet quality (types, formulations, weight, labelling, etc.) specifications.
- 23) Encourage balanced nutrition including micronutrients as reflected in the products that are imported and/or blended for subsidy.

4.1.9 Proper Incentives

Favor market-based measures that do not undermine incentives to private sector investments. For example delayed payment to suppliers affects i) private sector investment in markets ii) farmer participation in fertilizer markets and hence iii) yields and area planted

- 24) Consider options, including guarantee funds, to avoid late payment to importers/distributors of the subsidized portions of the fertilizer prices.
- 25) Establish an “escrow” account where funds are set aside before the season strictly to be used to pay importers and distributors in a timely manner; these funds should be protected from withdrawal other than for the intended purpose.
- 26) Use IT to better track allocated fertilizer to ensure it goes to intended beneficiaries, for real time verification, reconciliation and reporting of sales by distributors so that payment can be made on time to suppliers.

4.1.10 Complementary Inputs

Promote fertilizer product as part of a wider strategy that includes complementary inputs (and strengthening of markets).

- 27) Associate fertilizer with appropriate complementary inputs (seeds, equipment, irrigation, integrated soil fertility management [ISFM], etc.) in a package to be promoted, along with provision of proper information and training.

³ cf. ongoing initiatives in some countries in the region with AGRA, OCP, etc.

⁴ For example, the fertilizer recommendations in West Africa map or FeRWAM (IFDC WAFP)

4.1.11 Exit

Devise a clear exit strategy to limit the time period of public interventions.

- 28) Embed clear time and objective-bound exit strategy that gradually moves the program from current to future beneficiaries (producers, areas, crops) in real need for subsidy until the program is completely phased out, since public funds are limited and have competing needs.

4.1.12 Sustainability

To emphasize sustainability of gains in input use and crop yields as the goal when designing the program, tie it to other public investments to support current beneficiaries and product suppliers.

- 29) Link program to public investments that:
 - a. ensure access to other yield-enhancing inputs to research and advisory services that maximise the efficiency and profitability of fertilizer use;
 - b. encourage savings schemes, and remove barriers to access finance/loans by input dealers; and
 - c. improve physical infrastructure (irrigation, transport, storage, processing, and marketing) that increases the profitability of fertilizer distribution and use and adds value to farm produce.
- 30) Fund program with domestic resources to improve efficiency and encourage phasing out and eliminating unneeded subsidy programs.
- 31) Encourage increased participation of private sector in subsidy programs for sustainability of system.
- 32) Ensure that government provides regulatory and quality control oversight.
- 33) Encourage development of regional (ECOWAS) market for both produce and inputs.

4.1.13 Accountability

Impacts of the use of public resources in subsidy program should be objectively and rigorously studied and established.

- 34) Establish regularly updated farmer/crop databases from reliable agricultural censuses and continuous farm surveys.
- 35) Monitor program for reliable and accessible data on the basis of specific indicator variables.
- 36) Conduct evaluations of entire program after each season to gather lessons learned for improvement; possibly establish an independent technical committee involving the public and private sector and the civil society to carry out the impact assessment studies. This will assess performance/impacts against measurable benchmarks (productivity, adoption, private sector involvement, efficiency, etc.). M&E or cost-benefit analysis will reveal the true costs of subsidy and deter over-invoicing on procurement, transport etc. This exercise may lead to encourage private sector participation especially if public funds are limited or constrained.

4.2 Basic Assumptions

Basic assumptions include, but are not limited to the following:

- Stable political system and open economy;
- Appropriate and affordable fertilizer recommendations/formulations available and disseminated;
- Regional fertilizer regulations⁵ adopted and enforced; and
- Operational private sector in the agricultural sector.

4.3 Illustrative Example

An illustrative application of the use of these principles is provided in the summary table below: for each of the selected major issues to address, it determines the relevant principles, proposes operational approaches and mechanisms to apply these principles, lists major stakeholders to be involved and indicates expected results. Note that several principles can be combined to apply to a single issue, hence the proposed remedial actions.

Table 2. Illustrative use of guiding principles to address subsidy program design, implementation and management issues

Program Issues	Guiding Principles	Mechanisms Approaches to Apply Principles	Stakeholders to be Involved	Expected Results
Absence or weak participation of private sector in program design	Inclusive participation Specialization	Stakeholder consultation forum (open) Public-private sector technical meeting (restricted)	Regional institutions and country-level importers, distributors, FO, Ministries of Ag., and financial institutions	More practical design of program taking into account all stakeholders' interests and experiences Less misunderstanding (frictions) between public and private sectors
Limited access to Finance	Sustainability Efficiency	Implement appropriate financing mechanisms	Public, donors, input suppliers, and agro-processors	Improved access to finance
Non-leveled playing field for all actors	Fair competition Specialization	Develop a policy and regulatory framework with guidelines and rules	Public and private sector actors	Increased private sector participation Improved market Increased accessibility

⁵ ECOWAS Regulation C/REG.13/12/12 relating to Fertilizer Quality Control in the ECOWAS Region and its implementing regulations.

Program Issues	Guiding Principles	Mechanisms Approaches to Apply Principles	Stakeholders to be Involved	Expected Results
Limited funds for too big a program	Proper targeting efficiency Exit Sustainability	Focus on priority crops, or certain value chains of comparative advantage Phase out subsidy program gradually Search for additional funds	Public and private sector actors	More efficient subsidy program management
Program costs not known, nor under control	Efficiency	Conduct studies on program operation and fertilizer cost structures and levels Hold result-sharing stakeholder meeting Support research to develop cultivars highly responsive to fertilizer	Public and private sector actors, FOs	Program and fertilizer cost structure is known and areas for cost reduction identified More efficient program management
Poor appropriateness and/or quality of distributed fertilizer products	Appropriate and quality products Sustainability	Ensure appropriate fertilizer recommendations are available and used Align national system to the ECOWAS fertilizer regulations (labelling, quality control) Improve quality control labs Recruit/train inspectors	Public and private sectors and donor agencies	Improved efficacy and quality of fertilizer products in the market
Right beneficiaries are not being served	Better targeting Transparency Accountability	Create reliable database of beneficiaries Target farmers not using fertilizers, vulnerable producers and promising supply chains Establish local farmer selection committees renewed regularly and with clear operating rules	Public and private sectors	Efficient use of scarce resources Enhanced performance of the subsidy program Transparent farmer selection
Late payment of fertilizer suppliers	Proper incentives	Escrow account in an independent bank	Government, banks, importers, agro-dealers	No delayed payment to suppliers Private sector confidence boosted

Program Issues	Guiding Principles	Mechanisms Approaches to Apply Principles	Stakeholders to be Involved	Expected Results
Incomplete input packages	Complementary inputs	Apply/use package approach to subsidy program design	Public and private sector	Increased productivity Enhanced income
Absence/lack of implementation of exit strategy	Exit Sustainability	Embed comprehensive and explicit exit plan into program	Public and private sector	Private input market well developed Increased accessibility of inputs
Lack of performance indicators at the government, farmer and dealer levels	Efficiency Accountability	Conduct external and internal periodic impact assessment Do continuous monitoring Share results of impact assessment	Public and private sector actors	Increased accountability, transparency and efficiency.
Late delivery of inputs	Timeliness, Competition, Efficiency	Liberalize input market Provide incentives for more participation Early award of contract to suppliers	Public and private sector	Timely delivery of inputs Reduced costs of program

Source: Compiled from group work results at the Bamako regional workshop in February 2017

5. CONCLUSIONS

In sum, 13 guiding principles have been formulated to provide standardized guidelines for countries to apply in order to improve the performance of their domestic fertilizer subsidy programs. These principles are also applicable to other major agricultural inputs targeted for subsidies, namely seeds, equipment, etc. These principles and accompanying analysis resulted from a rich and broad cross-pollination of expertise, experiences and lessons learned across the region and around the world. They are not exhaustive, nor unique as others may be defined and added or proposed to meet country-specific characteristics. However, overall they constitute a set of common, consensus principles that are easy to understand, adapt and apply, providing ECOWAS with a reference tool or guide to not only orient and advise, but also to oversee and even assess subsidy policies in its Member States.

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ANNEX 1. THE WEST AFRICA FERTILIZER SUBSIDY PROGRAM MATRIX (WAFSuProM)

WEST AFRICA FERTILIZER SUBSIDY PROGRAM MATRIX

CHARACTERISTICS	COUNTRIES							
	BURKINA 2013 to 15	GHANA 2012, 13 & 15	MALI 2013 to 15	NIGERIA 2012 to 14	SENEGAL 2013 to 15	BENIN 2013 - 15	TOGO 2013 to 15	CI 2013 - discount'd
Program administered by	National Government	National Government	National Government	National Government	National Government	National Government	National Government	National Government
Body responsible for program administration	Ministry of Agriculture & Water Infrastructures (MAAH) /DGPV	Ministry of Food and Agriculture/Crop Services Division	Ministry of Agriculture (MA) (/National Directorate of Agriculture (DNA))	Federal Ministry of Agriculture and Rural Development (FMARD)	Ministry of Agric & Rural Equipment (MAER)/Direction of Agriculture (DA)	Ministry of Agriculture, Livestock & Fisheries (MAEP) & Interministerial committee	Ministry of Agriculture, Livestock & Hydraulicqs (MAEH)/CAGIA	Ministry of Agriculture and Rural Development (MINADER)
Legislation backing program (if any)	None	***	Ag Orientation Law, N° 06-045 of 5/9/06, Title IV, Chapters 7-8	***	MAER / DA Circular N° ... of April-May	***	***	***
Quantity of subsidized fertilizer/year	Targeted: 16,644 MT Distributed: 14,261 MT	Targeted: 177,667 MT Distributed: 170,281 MT	Targeted: 373,107 MT Distributed: 344,834 MT	Distributed: 445,433 MT	Distributed: 90,417 MT	Distributed: 84,564 MT	2015: Targeted: 49,149 MT Distributed: 45,047 MT	Distributed: 114 245 MT
% of subsidy (per type/product if different)/year	Urea: 36% ; NPK: 27% ;	Urea: 31% NPK Compound Types: 31.5%	Urea: 33% DAP: 45%	Urea: 50% NPK: 50%	Urea: 48% DAP: 48% 6-20-10: 48% ; NPK types: 15-15-15: 49% ; 15-10-10: 50% ; 9-23-30: 49% ; 10-10-20: 47%	Urea: 6% NPK: 29%	Urea 46% N: 28% NPK 15-15-15: 28% ;	Urea: 19% NPK: 19%
	DAP: 43%.	Ammonium Sulfate: phased out	Cereals compound: 42% ; Cotton compound: 33%					
Crop-specific targeting	Maize, rice, cowpea.	Maize, rice, sorghum and millet	Rice, maize, millet, sorghum, cotton	Cereals, roots & tubers, fruit crops, palms and pulses	Rice, maize, sorghum, millet, fonio, groundnuts, sesame, onion, tomato and watermelon	Cotton	Maize, rice, sorghum, soybean, cowpea	Cotton
Targeted beneficiaries	Individuals and organized smallholder maize, rice and cowpea farmers Priority given to producers who have adopted BPAs (Good Agricultural Practices)	1. Smallholder farmers = food growers 2. Verified outgrowers registered under nucleus farmers/companies 3. Each woman farmer entitled to fert inputs for <=2 ha	All producers of targeted crops	1. Smallholder farmers 2. Agro dealers and distributors	All agricultural production recognized by the DRDRs, which is generally small-scale family production	All cotton producers	All producers of targeted crops	All producers
Geographic coverage	Countrywide	Countrywide	Countrywide, except Kidal region	Countrywide	Countrywide	Countrywide	Countrywide	Centre, North & North west
Distribution Targeting System (vouchers?)	No vouchers	No vouchers	No vouchers	Vouchers prior to 2012, but not countrywide	No vouchers	No vouchers	No vouchers	No vouchers
% targeted beneficiaries that received subsidized fertilizers	More than 95% of farmers with this mechanism	***	***	70% of registered farmers, and fertilizer redemption recorded	70-80%, according to official estimates	***	***	NPK 96%, Urea 95%

CHARACTERISTICS	COUNTRIES							
	BURKINA 2013 to 15	GHANA 2012, 13 & 15	MALI 2013 to 15	NIGERIA 2012 to 14	SENEGAL 2013 to 15	BENIN 2013 - 15	TOGO 2013 to 15	CI 2013 - discount'd
Principal public & private sector actors and roles	MAAH (public): Program administration	GoG: Program Management	DNA and affiliate bodies: Program administration	Importers/manufacturers/blenders: importation, production & blending	MAER: Organization and supervision and fixing of quotas and prices DA: Supervision and delivery of quotas to distributors in the field DRDRs: Receipt and dispatching of fertilizers to the regions. Private Suppliers: Import and delivery of allocated quotas	MAEP: organize call for tenders; draw contracts with selected importers/distributors through the tender system Inter ministerial committee receives products & instructs SONAPRA to deliver them on the field	MAEH/Regional Offices: data collection on fertilizer needs by producers & data sent to CAGIA; fert sales to producers	GoCI and relevant Ministries (MINADER Ministry of Economics and Finances, etc.): set subsidy annual amount, make payments Banks: provide funds to cotton companies
	MEF (public): collection of financial contributions of beneficiaries ;	Private Sector players (Importers, Distributors & Retailers): Distribution:	CMDT + Offices Dével (OHVN, ON, ORM, ORS, OPIB) + Producer Orgs + affiliate bodies of DNA: Facilitation, oversight technical and monitoring;	Agrodealers/distributors-ensure outlets and inputs available at specified retail quantities	Local Commissions: Supervision and control of disposal operations Producer Orgs: Receipt of fertilizers after downstream payment or after cash settlement	Private importers/distributors: import fertilizer products to bring them to Cotonou port SONAPRA: delivers products in all departments of the country based on acreage plans	CAGIA: compile and analyse producers' fertilizer needs - simulate price (CIF, total & sale price) & make propositions on sale price - manage tender process; - develop and implement distribution program - deliver fert to warehouses	Cotton & Cashew Council (CCA): price setting, hire audit cabinet Audit cabinet (ACE CI): monitor field distribution APROCOT: tender system Cotton companies: need assessment, price negotiation, distribution monitoring
	Producer Organizations: identification of beneficiaries and monitoring of fertilizer distribution		Producers, importers, resellers: Distribution	ICT Company Cellulant- provide electronic platform for the GES Supply Chain Managers- manage logistics for the GES	Individual Producers: Purchase at subsidized price Financial Institutions: Receipt of payment from producer organization or downstream payment transfer	Office National de Soutien des Revenus Agricoles: recovers input loans (fertilizer, pesticides & ag equipment) during cotton sales	Importer: Order and deliver fertilizer to port; Individual Producers: Purchase at subsidized price	Importer: Order and deliver fertilizer to port; Producer org and individual farmers: express needs, purchase at subsidized price
Principal importers and distributors involved	Importer: Tropic Agro Chem 100%; Distrib: Agrodia 97%	CHEMICO, AFCOTT, AMG, WA, YARA and Olam	TOGUNA, SOMADECO, GNOUMANI, DPA and SOGEFERT	Notore, Golden, TAK, WACOT Springfield, and Elephant	***	Not identified; only quantities delivered to State program	Elisée Cotrane (100% NPK15 15 15)	***
Total Avg Cost of Program (local currency & US\$)	FCFA 6,560 356 250 (US\$ 13,1 million)	GHC 75,480,667 (US\$ 20 million)	FCFA 36,507,432,828 (US\$ 73 million)	Naira 22,911,058,330 (US\$ 112.3 million)	FCFA 16,625,000,000 (US\$ 33,2 million)	FCFA 5,490,745,143 (US\$ 11 million)	FCFA 3,592,673,750 (US\$7,2 million)	FCFA 7 billion (US\$ 14 million)
Avg prog cost per kg of subsidized fertilizer (\$/kg)	0.92	0.12	0.22	0.25	0.37	0.13	0.16	0.12
% Subsidy volume covered by imports	More than 95%	***	***	***	70%	100 %	62% in 2015	***
% cost of program of natl agriculture sector budget	***	26%	16%	***	10%	8% in 2014 (0.46% of natl budget as 2014 & 2015 average)	11%	***
Sources of funding: state, donor & others	Government	Government	Government	Government	Government	Government	Government	Government
Exit Strategy?	No explicit exit strategy	No explicit exit strategy	No explicit exit strategy	No explicit exit strategy	No explicit exit strategy	No explicit exit strategy	No explicit exit strategy	Not explicit: obj was to set an input fund
Timing of payment to importers/producers?	Usually late	Late payment for several months depending on availability of funds	Usually late	2014 payment still outstanding & estimated at around N 38 bn	Usually late	***	Usually late	***
Program impact assessment	No formal; DGPV DGESS annualreports	No formal; 2015 USAID/IFDC/IFPRI/AFAP/MoFA study	Yes 2013 IER study of Impact of input subsidies	Yes, GES assessment report 2013	No formal; MAER annual reports	No	No	Internal with ACE CI

Source: compiled by IFDC WAFP from country fertilizer subsidy program offices &/or documents, 2015-2016 & surveys 2017. Notes: figures are average over last 3 years of available data (2012 or 2013 to 2015) *** Info not available; exch rate: \$1=500 fcfa, GhC3.78; N 204)

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