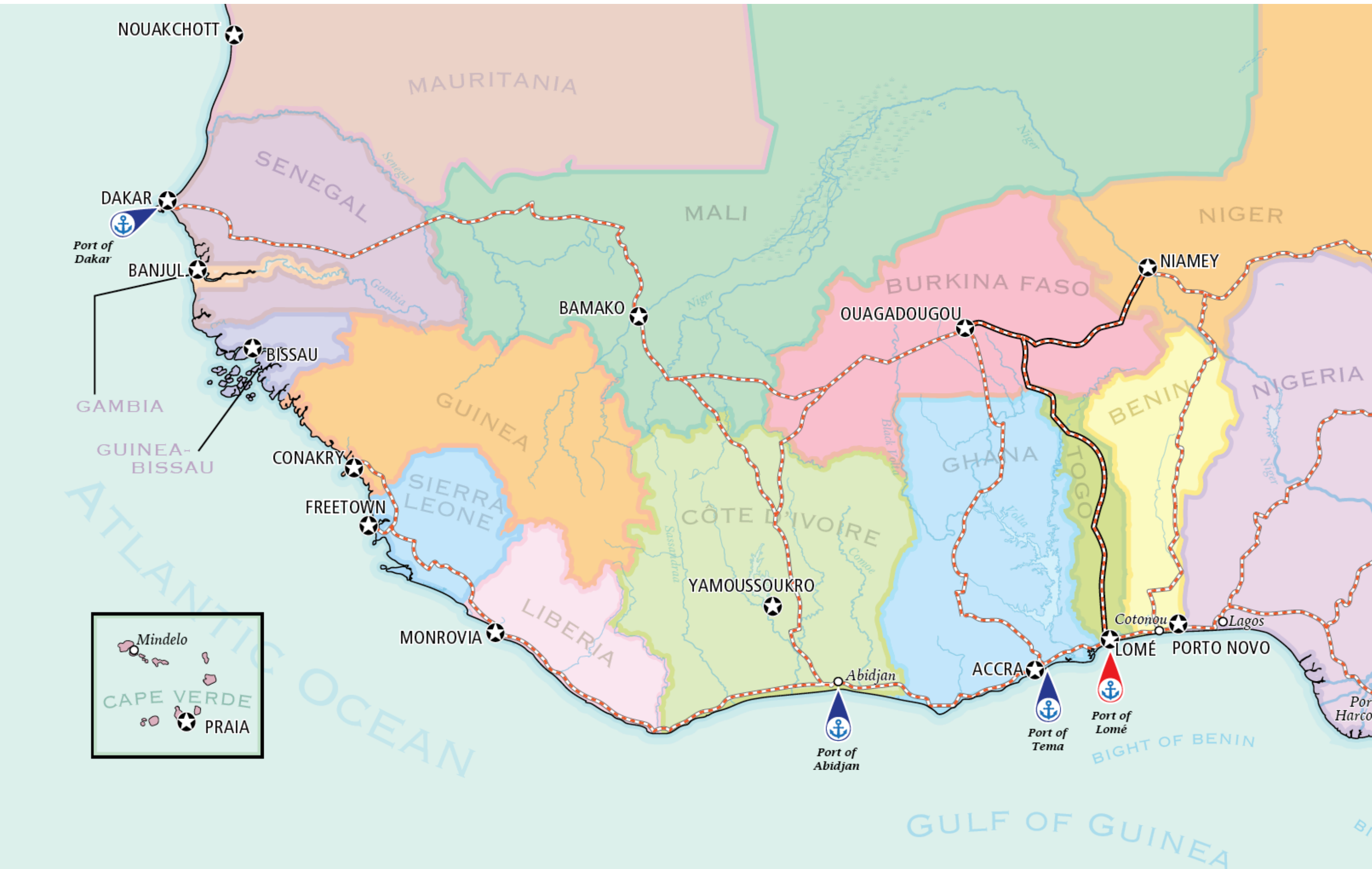
FEED THE FUTURE
The U.S. Government's Global Hunger & Food Security Initiative

ENHANCING GROWTH THROUGH REGIONAL AGRICULTURAL INPUT SYSTEMS (ENGRAIS) PROJECT FOR WEST AFRICA



FERTILIZER COST BUILD-UP AND PROCESS MAPS IN WEST AFRICA

PORT OF LOMÉ

August 2019 | Dakar – Abidjan – Tema – Lomé

USAID
FROM THE AMERICAN PEOPLE

nitidæ
landscapes & value chains

IFDC
Developing Agriculture from the Ground Up

ENHANCING GROWTH THROUGH REGIONAL AGRICULTURAL
INPUT SYSTEMS (ENGRAIS) PROJECT FOR WEST AFRICA

FERTILIZER COST BUILD-UP AND PROCESS MAPS IN WEST AFRICA

PORT OF LOMÉ

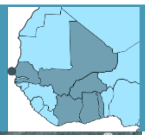
August 2019 | Dakar – Abidjan – Tema – **Lomé**

USAID Cooperative Agreement No. 720624181000001

The Feed the Future Enhancing Growth through Regional Agricultural Input Systems (EnGRAIS) project for West Africa is one of the many assistance programs supported by the American people through the United States Agency for International Development (USAID).

This overview 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 and nitidæ, and do not necessarily reflect the views of Feed the Future or the United States Government.

Lomé Port Authority (PAL)

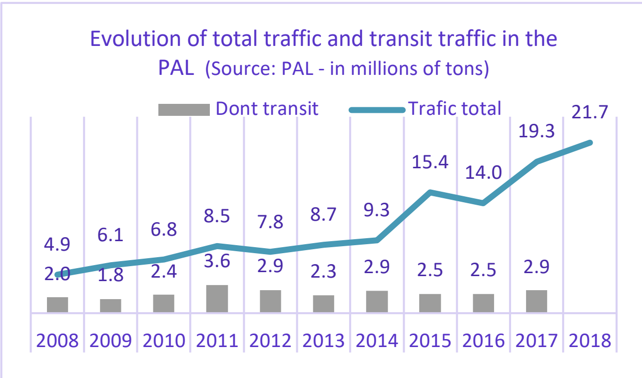


Map	1	2	3	4	5	6
Type of Dock	**Bulk + RORO**	Container	Container	**Bulk**	Tanker	Fishing
Products	**General + RORO**	General	General	**Minerals**	Oil	Fish
Length of Dock (m)	**366.5**	390	1,050	**210**	250	60
Draft (m)	**9.5**	11 and 12	16.6	**11.5**	13.5	4.5
Max Bulk Carrier (tons)	**Handysize 30,000**			**Handymax 60,000**		

Key Data	Storage Area	Bonded Warehouse	Bulk Carrier Anchorage Time (days)	Bulk Carrier Berthing Time (days)
	200,000 m²	110,000 m²	Average: 2.4 Min: 0.1 – Max: 26.5	Average: 4.45 Min: 0.1 – Max: 22.2

Lomé Port Authority (PAL) is ranked third in West Africa, behind the ports of Lagos and Abidjan, based on total traffic of merchandise. However, a large part of this traffic consists mainly of trans-shipments (transfer of goods from ship to ship), which in 2017 accounted for 12.2 million tons of 19.3 million tons. Therefore, it is clear that this port is, above all, a logistics platform for shipping companies.

However, in addition to these trans-shipment activities, the port of Lomé is also the most important in terms of transit operations to the sub-region. In 2017, with 2.9 million tons of goods in transit, it surpassed Dakar (2.8 million tons), Abidjan (2 million tons), and Tema (1.1 million tons). It is not only the main port for vehicle importation in the sub-region but also the first for imported goods from Burkina Faso and, since the Ivorian crisis of 2011, the main exit border for Burkina Faso exports.



Fertilizer Imports via Lomé Port Authority (in thousands of tons)

	2016	2017	2018
Lomé customs clearance	75	136	ND
Hinterland transit	70	36	ND
Total	145	172	ND

The increase of total traffic in the PAL is the highest of the four ports, with 16.5% per year average annual growth over the last 10 years. Ignoring the growth in trans-shipments and considering only freight traffic to and from Togo and the sub-region, this growth falls to 5% per year, which remains a quite remarkable growth rate, though it is lower than that of the ports of Tema (8.6% per year) and Dakar (+6.9% per year).

Strengths of Lomé Port Authority

The port of Lomé is the only deep-water port in West Africa, with a more than 16.5 meter (m) draft (depth) for the Lomé Container Terminal (#3 on the map) in the West African sub-region. Although this does not apply to bulk, there is still a draft of more than 9 m, which allows Handy size (up to 35,000 tons/vessel) and even Handymax (up to 60,000 tons/vessel) vessels to dock. This advantage is not insignificant in achieving economies of scale on freight; however, most of the large actors that use Handymax vessels operate mainly from other ports in the sub-region. There is, therefore, an opportunity for any new operator wishing to set up in the sub-region or to change location.

A particular feature of the PAL is a large free zone that facilitates storage as well as processing activities before customs clearance. The blending plant of the agricultural inputs firm *Compagnie des Intrants Agricoles du Togo* (CIAT) is located in this free zone, which allows companies and those who subcontract blending operations to carry out on-site processing and storage before customs clearance. The main advantage of these free zone operations is the possibility of importing end products into neighboring countries (notably Burkina Faso) by paying only 2.5% in customs duties at the land border. Unfortunately, the customs formalities for conducting these operations (which can lead to weight loss) within the free zone are complex, and administrative burdens tend to limit the use of this option in importing fertilizers to Burkina Faso.

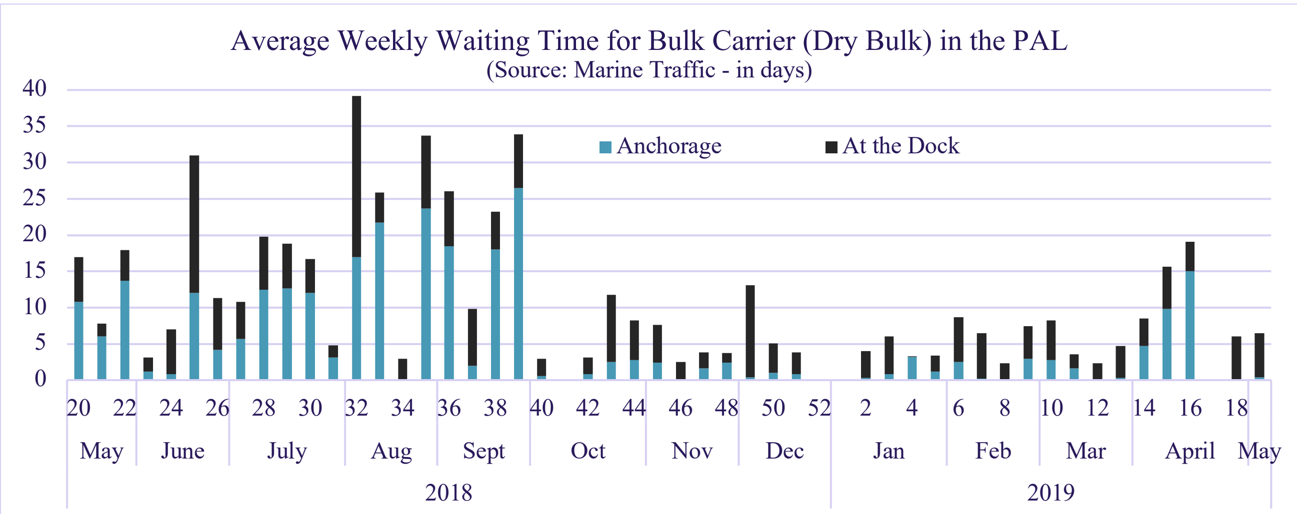
The third advantage of the Lomé Port Authority is its geographical proximity to Ouagadougou and Eastern Burkina Faso, where important agricultural lands (cotton, cereals, and sesame) are located. A good quality road allows faster and cheaper delivery to Ouagadougou than from the port of Tema, which is slightly closer.

Finally, another asset of the PAL is the availability of land within the port area and the free zone, which remains important even though the city of Lomé surrounds the port. Because of this, the cost of storage is slightly lower than in Dakar and Abidjan and relatively close to that of Tema.

Distance to Hinterland Cities (in km)			
Burkina Faso		**Mali**	
Bobo-Dioulasso	Ouagadougou	Sikasso	Bamako
1,308	**952**	1,485	1,829

Weaknesses of the Lomé Port Authority

The main weakness of the port of Lomé is that it was primarily designed for container traffic and these two bulk terminals are significantly smaller and offer fewer berths than other ports in the sub-region. Considering these conditions, port congestion for the berthing of bulk carriers can occur significantly more often than in Tema and Dakar and closer to the congestion in Abidjan, with many bulk carriers needing to berth at the same time.



Fertilizer Importing Procedures via the PAL

The following diagram summarizes the main steps in the import process. Depending on what the importer chooses, all or only some of these steps can be delegated to freight forwarders.

Before Signing the Import Contract

1.1 Annual Importer Card (CCIT[1])
In person - 15,000 or 38,500 FCFA/year

1.2 Supplier quotation
Online

1.3 Pre-Declaration of Import (DPI) to Customs via SEGUCE[3]
Online - 5,000 F/350 tons

Preshipment

2.1 Import contract signature
In person, by broker or via bank

2.2 Contract with maritime carrier+insurance[4]
In person or online

2.3 Conformity check before boarding by Bureau Veritas (BIVAC)[3] and issuance of a Certificate of Conformity (ADV)
Service Provider - 1% of FOB

Maritime Transport

3.1 Transmission of ADV via SEGUCE
Online - Free of charge

3.2 Issuance of e-cargo tracking slip (e-CTS) from CNCT[5]
Online - 25 or 100 EUR/BL[6]

3.3 Contracts with freight forwarder[7] and port handler
Online or in person - Negotiated rates

3.4 Local insurance for goods
Online or in person - 0.15% to 0.3% of CIF

3.5 Transmission of transit notice via SEGUCE by consignee[8]
At the expense of the shipowner

Unloading

4.1 Berthing by consignee
At the expense of the shipowner

4.2 Onboard handling (unloading), issuance of VAQ in SEGUCE
At the expense of the shipowner

4.3 Bill of lading (BL) exchange from consignee to freight forwarder; issuance of approval slip (BAD) in SEGUCE
In person and via SEGUCE - HAD

4.4 Land handling (transport, bagging, storage, truck loading, etc., in port
Handling fees

Customs Clearance or Transit

5.1 Direct import (Togo customs clearance)
Declaration by the forwarder via Syndonia[9] → Obtain BAED[10] → Generation of a DFU[11] in SEGUCE → Payment of the DFU
Online + in person - customs fees + HAD[12]

National Market

5.2 Direct transit (BF customs clearance)
EX3000/T1 declaration (customs Togo+BF) via SEGUCE → Transit warehouse storage[13] → RGF payment[14] → BSTR+CTS[15] payment → GPS slip or escort installation → BAS[16]
Online + in person - 500 F/truck+0.5% CIF + 12,500 F/truck

Hinterland Market

Ex-Port and Delivery

6.1 Designation of carrier for port exit → obtain Good to Load Carrier (BACT) → obtain Good to Exit (BAS) → Import delivery
In person - Negotiated transport cost

6.2 BF delivery: the freight forwarder manages the transport to the importer's warehouse and pays customs duties at the land border
In person - Cost included in freight forwarding service

Notes on the Import Process

1. CCIT: Chamber of Commerce and Industry of Togo.
2. SEGUCE: Single Window for Foreign Trade (*Société d'Exploitation du Guichet Unique pour le Commerce Extérieur*), a subsidiary of the Bureau Veritas (BIVAC)/SOGET consortium, which has been awarded the management of the Single Window in Togo by tender since 2013. https://www.segucetogo.tg.
3. Bureau Veritas' (BIVAC) branch was granted the monopoly on verifying the conformity of imported products via a call for tenders.
4. If the import contract is an FOB contract, the transport and marine insurance are the responsibility of the exporter (supplier); if it is a CIF contract, then the responsibility lies with the importer to contract for transport and insurance.
5. CNCT: *Conseil National des Chargeurs du Togo* (Togolese shippers authority) is a consular structure that brings together the various actors in maritime and air transport in Togo. In particular, it is accountable for coordinating and regulating import and export activities via the port of Lomé through the delivery of an Electronic Cargo Tracking Slip (e-CTS). The process is entirely dematerialized. https://cnct-togo.com.
6. CTS (Container Tracking Slip): Tariffs may vary depending on the origin of the imported product. For imports from European Union and African Union, the cost of the CTS is EUR 25 for a maximum of five containers or for 300 tons of bulk, while it is 100 EUR for a maximum of five containers or 300 tons from other origins.
7. Freight forwarder: The company representing the importer at the port to carry out all or some of the procedures at the port and with customs. Under contracts signed with importers, the freight forwarder can only manage the administrative formalities with the consignee, port authority, and customs or supervise part of the handling and goods transfer to the importer's warehouse. This is particularly the case during transit to hinterland countries, where the freight forwarder will supervise transport and customs clearance at least to the land border with Mali or Burkina Faso.
8. Consignee: The company representing the charterer (shipowner) for all the procedures to be carried out in the port. The transfer of product liability between the charterer (carrier) and the importer and the end of the contract of carriage is materialized by the exchange of bills of lading (also called BL exchange) between the consignee and the freight forwarder representing the importer.
9. Syndonia: Syndonia World is a customs management system developed and maintained by UNCTAD in Geneva for all customs officers worldwide who wish to use it. The system facilitates the entry and processing of trade statistics (imports, exports, transit, etc.). Authorized customs forwarders must enter their Customs declaration (information on the type of product, in particular their HS code, quantity, and value) in Syndonia World. Once the declaration is validated by Customs, it is automatically transmitted to the SEGUCE platform to obtain a Final Removal Order.
10. BAED: The Final Removal Order is sent by customs to the freight forwarder via SEGUCE after validation and liquidation of the customs declaration made in Syndonia World. Contrary to its name, it is not the document that allows the product to leave the port but only one of the documents in the file that allows you to obtain an Exit Order (BAS) to take the product out of the port.
11. DFU: The Single Fee Document is automatically generated by the SEGUCE platform by integrating port royalties and various customs fees. Customs duties are practically homogeneous in the ECOWAS area (Common External Tariff) and consist of a Community Levy (CL) of 0.5% of the CIF value, a Solidarity Levy (SL) of 0.5% of the CIF value, and a Statistical Royalty (SR) of 1% of the CIF value. Customs duties (CD) up to 5% of the CIF value are also levied on already formulated NPKs but not on other types of fertilizers and commodities. In addition to these ad valorem charges, there is also the Additional Work Fees (AWF) paid to Customs up to 20,000 FCFA per customs declaration. In the specific case of the import of a container, an additional fee called the Inspection Fee is charged for scanning the container (0.75% of the CIF value).
12. HAD: Authorized Customs Fees are the fees of the "Customs-approved" freight forwarder for carrying out transit formalities with the consignor, the International Trade Organization, the Port Authority, and Customs. These costs vary by freight forwarder, the assigned tasks, and the volume processed. The HADs vary between 1 and 2 USD/ton plus any handling and transport costs paid in advance by the freight forwarder.
13. Transit warehouses: These are managed by the Burkinabe Warehouses of Togo (EBT). This unit is under the supervision of the Chamber of Commerce and Industry of Burkina Faso (CCI BF) and levies a Transport Activities Coordination Royalty (RCAT) of 500 FCFA/ton on the product in transit.

[14] RGF: The Road Guarantee Fund is a guarantee fund managed by the Chamber of Commerce and Industry of both the country in which the port is located and the country of destination. It is used to cover possible damage, theft, and damage during transit between the port and the land border. The amount levied is 0.5% of the CIF value of the goods in transit.

[15] BSTR and BSC: The Road Cargo Tracking Slip is paid to Burkina Shippers' Authority (CCB) for the product in transit to Burkina Faso, but a Cargo Tracking Slip (CTS) is also paid to the Togolese Shippers' Authority (CNCT). There is, therefore, double invoicing in Togo for the monitoring of goods in transit by the shippers' authorities of both countries.

[16] BAS: The Removal Order is the final document that allows the product to be released, whether it is intended for local consumption or for transit. To obtain the BAS, the importer and the forwarder must send all the documents previously designated to SEGUCE (ECB, BAD, BAED, DFU payment receipt, BACT which is added in case of transit, and the payment receipts for RGF, BSTR and BSC).

Process duration: from the supplier's quotation to delivery of the goods, from 3 weeks to 3 months

Before Signing the Contract

Obtaining importer's card: about a week before the import season
DPI: Immediate, only declarative

Preshipment

From contract signing to ship loading: 5 to 10 days

Maritime Transport

Shipping time: depending on origin, from 6 days (Morocco) to 30 days (Black Sea, China)

Unloading

From arrival of ship to unloading: 3 to 38 days, depending on traffic congestion

Ex-Port and Delivery

Local consumption: from unloading to removal from port, 3 to 5 days	**Transit**: from unloading to removal from port, 5 to 8 days, plus exit from port and delivery to Burkina, 3 to 9 days

Import Charges via the PAL

The following table shows the most common case,[1] bulk import with in-port packaging. However, for blending near the port city, the product is transported in bulk to the factory, which significantly reduces port fees. Sales prices in Togo are estimated for the northern part of the country (Sokode area). Sales prices in Burkina Faso are estimated for the east and central production zones, where the port of Lomé offers a competitive supply (Pouytenga region, Fada N'Gourma, and Ouagadougou). However, due to a lack of blending plants in Burkina Faso at this time, products are transported to the operational plants in Bobo-Dioulasso, which supplies Southwest Burkina Faso.

Values in USD/ton	**Simple Product** (import Urea, DAP, MAP, etc.)	**Complex Product** (import NPK formulated at source)	**Formulation in the Lomé Free Zone** (import 90% of ingredients)	**Formulation in Burkina Faso** (import 90% of ingredients via PAL, with blending in Bobo-Dioulasso)
FOB reference price	**300**	**300**	**260**	**260**
Sea freight (bulk carrier) + insurance	41	41	36	36
CIF reference price	**341**	**341**	**296**	**296**
Port charges	36	36	20	30
Road transit *(Lomé→Bobo-Dioulasso)*				**70**
Customs clearance	8	22	7	7
Storage and handling costs of the importer	9	9	30	25
Administrative and financial costs of the importer	25	25	32	30
Importer profit	30	30	30	30
Price ex-warehouse importer/blender	**449**	**463**	**415**	**488**
Transport to the distribution area	→Togo: 20 →BF Central: 58	→Togo 20 →BF Central: 58	→Togo: 20 →BF Central: 58	→BF Southwest: 5 →BF Central: 10
Administrative and financial costs of the distributor	10	10	10	10
Distributor profit	15	15	15	15
Price from warehouse to distributor production area	**Togo: 494** **BF Central: 532**	**Togo: 508** **BF Central: 546**	**Togo: 460** **BF Central: 498**	**BF Southwest: 518** **BF Central: 523**
Price ex-warehouse distributor production area in FCFA/50-kg bag	Togo: 14,350 BF Central: 15,450	Togo: 14,750 BF Central: 15,850	Togo: 13,350 BF Central: 14,450	BF Southwest: 15,000 BF Central: 15,200

[1] The data presented are only averages and do not cover all import processes. A comparison matrix produced during the study allows more complex comparisons to be made by port, final market, and import modality. It also gives the minimum and maximum values per step according to the costs specific to each importer, the storage period, the loan interest rate, and the purchase price of the raw material. All values should be considered orders of magnitude that may vary according to the international input market, exchange rates, transport supply and demand in national markets, and supply chain congestion, including unloading at the port.

Note: While blending in the Lomé free zone makes supply competitive in Central and Eastern Burkina Faso, importing ingredients through the port of Lomé to supply the blending factories in Bobo-Dioulasso costs almost the same as imports through the port of Abidjan to supply these same factories.

Projects and Developments of the PAL

1) Development to facilitate truck traffic and reduce road congestion in port the area:

   Recently, the PAL has undertaken major developments to reduce road congestion in and around the port area. A 20,770 m² parking area has been designated near the port; trucks can only remain in the port area for a maximum of 48 hours; and the container unloading area has been moved from the container terminal to a new 30,000 m² area nearby. The PAL has also implemented a system called ESCAM (Truck Entry/Exit) to identify and modulate truck entry into the port, in order to improve traffic and parking of heavy trucks. Because of these developments, the port of Lomé is now one of the ports in our study zone where road congestion is the most limited and the time required for the exit of goods after arrival is the shortest.

2) Safety improvements in the port:

   Lately, after cases of theft in the port and free zone areas, the PAL has made tremendous investments in security by increasing lighting and setting up a major video surveillance and security system. Thus, it now complies with the standards of the International Ship and Port Facility Safety (ISPS) Code.

3) Facilitation of transit to the sub-region:

   The PAL has provided Burkina Faso, Mali, and Niger with space to promote the development of transit, and representatives of the three countries have also been integrated into its Board of Directors. The road corridor to Burkina Faso has also been improved, with construction of bypasses in the bottleneck areas of Alédjo Fault and Défalé Pass and reduction of roadblocks along the Lomé-Cinkasse route.

Recommendations for Importing Fertilizer via PAL

General Recommendations

1) Reduce waiting times for fertilizer vessels (reduce vessel demurrage costs):

   Berthing of fertilizer ships should be prioritized for a given period, regardless of whether they are destined for Togo or Burkina Faso.

2) Avoid double invoicing:

   The Cargo Tracking Slip (CTS) fee to CNCT for goods in transit should be eliminated, and national guarantees need to be encouraged to set up a single payment for the Guarantee Fund in Lomé.

3) Speed the Togolese and Burkinabe Customs interconnection project:

   Currently, only fuels benefit from an efficient interconnection. Fertilizers also should be prioritized to reduce transit burdens at the land border.

Specific Recommendations

1) WAFA should design a port logistics monitoring system:

   The West African Fertilizer Association (WAFA) should commission an internal/external analyst to draft a monthly report on the logistics situation by combining the data analysis on the cost of sea freight (initially based on Argus data and then gradually expanding to freight brokers for a full comparison of West African ports) with data on ship port passage time (www.marinetraffic.com). This report would make it easy for importers to anticipate logistics costs and risks. It could also help importers to better organize group negotiations in the event of a common risk or problem.

2) WAFA should facilitate order consolidation to utilize the Handymax capacity of PAL:

   Although it is the only one of the four ports currently able to accommodate Handymax vessels with a payload of up to 60,000 tons, this capacity of the PAL is underused due to the limited number of large operators collaborating with the port of Lomé. Currently, of the 10 importers operating in Lomé, only two are members of WAFA. By integrating other importers and facilitating collaboration among Togolese and Burkinabe importers, WAFA could facilitate an increase in order quantity, allowing substantial savings (5 to 10 USD/ton) for importers involved in these group orders.

www.feedthefuture.gov