The following production and blending plants were surveyed:

1. FERTILIZER PRODUCTION UNITS, PRODUCT RANGE, CAPACITY AND LOCATIONS.

Key: *: Details are not available F: Functional, NF: Non Functional

S/N	FERTILIZER PROD. UNIT	PRODUCT RANGE	INSTALLED CAPACITY (metric tonnes)	LOCATION	STATUS	YEAR OF ESTABLISHMENT
1.	Super phosphate Fertilizer Company (SFC)	NPK	180,000	Kaduna	F	1974
3.	Fertilizers & Chemicals Co	NPK Grades	300,000	Kaduna	F	
4.	TAK Agro and Chemicals ltd	NPK Grades	300,000	Niger	F	1989
5.	TAK Agro and Chemicals ltd	NPK	108,000	Katsina	F	
6.	TAK Agro and Chemicals ltd	Limestone Granules	300,000	Edo	F	
7.	Golden Fertilizer Company Ltd.	NPK	250,000	Lagos	F	1998
8.	Agro-Nutrients & Chemicals Co. Ltd.	NPK	100,000	Kano	F	
9.	Bauchi Fertilizer Company*	NPK	121,000	Bauchi	F	
10.	Gombe Fertilizer Company*	NPK	96,000	Gombe	NF	
11.	Borno Fertilizer company*	NA	120,000	Borno	NF	
12.	Edo Blending Plant*	NA	40,000	Edo	NF	
13.	Zamfara Blending Plant*	NPK	84,000	Zamfara	NF	
14.	Samrock Blending Plant*	NA	30,000	Sokoto	NF	
15.	Kebbi Blending Plant*	-	NA	Kebbi	NF	

16.	Adamawa Blending Plant*	-do-	-do-	Yola	NF	
17.	Crystal Fertilizer Blending Plan*	-do-	100,00	Kagara	NF	
18.	Scentum Al fertilizers*	NA	NA	Enugu	NF	
19.	Gaskiya Fertilizer Co*	NPK	54,000	Kano	NF	
20.	Sasisa Fertilizer Co*	-do-	20,000	Kano	F	
21.	Morgan Int. Ltd.	-do-	60,000	Lagos	NF	
22.	Jimco Nig. Ltd.	-do-		Lagos	NF	
23.	Yobe Fertilizer Co.			Yobe	NF	
24.	Albarka Agro Allied & Chemical Nig. Ltd.			Kano	F	
25.	Aweba (Nassarawa) Fertilizer Co.			Nasarrawa	NF	
26.	Plateau Fertilizer & chemicals Co.			Plateau	NF	
27.	Ebonyi State Fertilizer & Chemicals Co.			Ebonyi	F	
28	Kano Agricultural Supply Company (KASCO)	NPK	100,000	Kano	F	1989
29	Zungeru Fertilizer Company*	NA	20,000	Niger State	NF	
30.	Bauchi Kaolin Industry*			Bauchi	NF	
31	MBS*	NPK		Kaduna	F	
32	Continental fertilizer*	NPK	55,000	Kaduna	F	2013
33	Prime Gold Fertilizers*	NPK, Zinc Sulphate		Rivers	F	
34	ACTO Fertilizers*	NPK		Nassarawa	F	
35	Benue Fertilizer Company	NPK	108,000	Benue	NF	

36	Citizen blending plant	NPK	45,000	Kano	F	2005
37	HOE farmers ltd	NPK	65,700	Funtua	NF	2009
38	Diamond Fertilizer ltd	NPK	55,000	Kano	NF	2006
	TOTAL					

As at the time of this report these are the verified blending plants today in Nigeria. The total functional blending plants today have an installed capacity of about 2 million metric tons. The total installed capacity for blending today is estimated at about 3 million tons, this is enough to meet our present demand for soil specific NPK. The potential demand for NPK stands at about 8 million metric tons.

REASON FOR NON-OPERATIONAL BLENDING PLANTS.

The blending plants are largely non-operational for a myriad of reasons;

I. *STATE ENTERPRISES*: Most of the local blending plants are largely State Government owned enterprises that have become nonfunctional because they lack the funds to run them profitably. In addition, the inconsistent overall policies on fertilizer subsidies make it unattractive for investors to take up these plants and run them as profitable enterprises.

II. *LACK OF REGULAORY FRAMEWORK*: Apart from the issues around subsidies, the local blending industry is largely unregulated, which means that any player can set up and own blending sites and put out all manners of adulterated fertilizers, this is due largely to weak and almost nonexistent legislation on the quality control and regulations of fertilizers, an executive bill is presently before the National Assembly for consideration.

The few blending plants that are operational have been through sheer determination on the part of the private owners of these enterprises, except in the some cases where they are state run like in Kano and Ebonyi states.

C. <u>WHAT CAN BE DONE TO REVIVE THE PLANTS.</u>

The local price of fertilizers is dependent on a number of factors that are interconnected, dealing with one alone doesn't entirely bring about a drop in price therefore solutions to drop the price of fertilizers have to be a holistic approach that takes into cognizance these factors, understanding their interaction in a well-coordinated manner, however, the main factor that affects the pricing of fertilizer is the ineffective subsidy administration in Nigeria today at Federal and more at state government levels.

I. ***REVIEW SUBSIDIES***: these are supposed to be interim interventions on the part of the government or any other capable entity to assist farmers in purchasing a crucial commodity that will help boost overall productivity. The challenge however, is that it has become an endless intervention without a clear exit strategy making it an endless strain on scarce resources, which makes the farmer not to develop or scale up as intended by making him continually dependent on government.
The weak and ineffective distribution system of subsidized fertilizers has created a dual pricing system that distorts the market. This distortion discourages investment that will promote healthy competition to ultimately bring down the price. The corruption in fertilizer subsidy administration is well known in Nigeria and government has evolved several strategies to handle it, without much success. The price will therefore be drastically reduced if the subsidies can go as this will attract investment to the industry that will deal with the price and supply issues prevalent today.

Subsidies can be redirected to other areas in the system for example, output stabilization schemes, research, extension, feeder roads, access to cheaper funds for fertilizer producers, targeted input financing for farmers. The GES has helped in creating channels across Nigeria today, government exit will not have a negative impact, government has not had a major subsidy program at federal level for 2 years now yet fertilizer sales have boomed.

II. ***ADEQUATE FUNDING***: The cost of capital for the upstream and downstream sector of the fertilizer industry needs to be seriously reduced. A situation whereby a fertilizer manufacturer or blender is accessing funds at 27% to 30% interest for a 90 day cycle is only going to make fertilizer more

expensive, this is also the same challenge with importing raw materials at the exorbitantly high foreign exchange rate it is gotten for presently, in addition to the scarcity of the funds. At the downstream agro dealers have major challenges accessing funds at reasonable rates in order to buy from manufacturers who mostly insist on a cash and carry basis for transaction, the seeming success recorded by the Growth Enhancement Support Scheme (GESS) was as a result of the relative ease of access and cost of funds . Farmers also need to be able to access funds to make their purchases, although it is strongly recommended that farmers are not given cash but an input financing arrangement be put in place whereby the input is paid for directly by the financial institution to the fertilizer supplier after delivery. *Bring the cost of funding for manufacturers and blenders to a single digit interest rate, longer tenor of at least 3 years and make foreign exchange more accessible and affordable*. *The finance cost for agro dealers at single digit interest for at least 18 months and farmers at single digit interest for at least 1 year. It is therefore pertinent that a special intervention fund be structured for the fertilizer supply chain, as this will help in to engage the more upstream and downstream activities.*

III. ***LOGISTICS***: this accounts for up to 30% of the final cost of fertilizers to farmers in Nigeria this is largely because of the weak infrastructure available today. Fertilizer produced locally will need to be transported across the country, the cost of which is so high it is therefore pertinent that we fix our road network around the country, improve other forms of transport namely: rail and inland waterways, these will greatly assist in moving bulk products easily and is being exploited skeletally today and has proven to have serious potential.

Government should strongly consider creating policies that will attract private investments in the rail, road and inland waterway systems as government funding alone will not be able to cater for it, different approaches can be adopted from the Build Own and Operate (BOO),Build Operate Transfer (BOT), concessions e.t.c will help greatly move goods easier and cheaper.

IV. ***GAS AVALABILITY AND PRICING****;* Urea is a primary raw material for producing NPK blends that is mainly used on the farm for production, Nigeria is blessed with abundant natural gas that is needed to

produce it, the reviewed subsidy administration policy under the Growth Enhancement Support Scheme (GESS) of the previous attracted a $5 billion dollar investment by Indorama group and Dangote fertilizers, Indorama has completed it's plant in Eleme while that Dangote is ongoing , Notore chemicals which bought over the National Fertilizer company of Nigeria (NAFCON) is producing urea today. The challenge remains in the availability and pricing of gas in the production sites, this is made worse by internal security issues along the creeks and a weak distribution infrastructure for gas that doesn't extend beyond Kogi state.

There's a need to review for the GAS master plan to make gas more accessible and affordable as any positive impact on Urea will reduce the cost of urea which will reduce the cost of NPKs.