Implementation of the Abuja Declaration on Fertilizers for an African Green Revolution

A Progress Report
By
Dr. Maria Wanzala
IFDC/NEPAD

Outline of Presentation

- Background
- Progress at the regional level
- Progress at the country level
- Recommendations

Background

Background

- June 2006: AU/NEPAD convened the Africa Fertilizer Summit to address the fertilizer crisis facing Africa
- Key outcomes
  - 30 countries and 4 RECs developed country and regional fertilizer strategies
  - Abuja Declaration on Fertilizers for an African Green Revolution
- Resolution 12 requested the AU and NEPAD to establish a mechanism to monitor and evaluate progress in implementation and report to the AU Summit every 6 months.
  - Since June 2006, 4 biannual progress report have been prepared by NEPAD and submitted to the AU

Participating Countries and RECs (Jan – June 2008)

Respondents	Countries by Region (18)	
RECS (6)	Region	Countries
EAC, ECCAS, ECOWAS, SADC, COMESA, IGAD	Southern Africa (7)	Namibia, Swaziland, Angola, Mozambique, Madagascar, Seychelles, Lesotho
	East Africa (5)	Burundi, Uganda, Djibouti, Tanzania, Kenya
	Central Africa (1)	Cameroon
	West Africa (3)	Nigeria, Togo, Mali
	North Africa (2)	Egypt, Algeria

Progress at the Regional Level

Three Regional Level Resolutions

- Harmonization of legislation and trade policy
- Regional Fertilizer Procurement
- Promotion of fertilizer production and intra-regional fertilizer trade

Harmonization of Legislation and Trade Policy (Jan – June 2008)

- An ECOWAS-UEMOA initiative to adopt a regional framework to harmonize national fertilizer regulations
- IGAD submitted a concept note for a 1 year regional fertilizer policy study to the AfDB.
- ECCAS submitted a concept note to develop options for regional trade to AGRA
- Conclusion: Little concrete progress with respect to regional policy development and harmonization

Regional Fertilizer Procurement (Jan – June 2008)

- COMESA
- August 2007: Establishment of a Regional Joint Procurement Working Committee for Fertilizers
  - Committee laid the groundwork for a pilot project involving 3 member states (Tanzania, Zambia and Malawi)
  - BUT: initiative has stalled (Lack of finances and strong reservations among stakeholders)
- Conclusion: Very little progress with respect to regional procurement

Regional Fertilizer Production (Jan – June 2008)

- SADC: Commissioned a study on existing and potential fertilizer production opportunities in the region
  - Phase 1: Examine the (technical and economic) potential for fully utilizing the existing fertilizer production capacities in SADC Member States.
  - Phase 2: Analyze the (technical and economic) potential of establishing new fertilizer plants that can make use of the available raw materials in the SADC region.
  - Progress: SADC Secretariat has signed an agreement with IFDC to carry out this study. Phase 1 of the study has been completed. A regional stakeholders workshop will be held July/August 2009. After the workshop, Phase 2 will commence.
- EAC: Submitted a proposal to conduct a feasibility study for regional fertilizer production to the AfDB
- Conclusion: Limited but reasonable progress on regional fertilizer production

Intra-regional Trade (Jan – June 2008) (1)

- COMESA and EAC: have signed an MOU with IFDC to implement the Strengthening Trade at the Regional Level in Agricultural Inputs (STAR) project in the region.
  - June 2008 COMESA and IFDC convened a policy workshop on strengthening trade in agricultural inputs in E&S Africa.
  - Key outcome: An agreement to establish a Fertilizer Association of Africa
- 0% external tariffs (duties and border taxes) on all fertilizers imported into a region: ECOWAS and COMESA (in progress) and EAC (already in place).

Intra-Regional Trade (Jan – June 2008) (2)

- COMESA additional initiatives:
  - In process of establishing one-stop border posts to expedite clearance of fertilizer across borders.
  - Implemented a fast-track clearance system for fertilizer
  - Differential axle weight limits for haulage trucks have been replaced by harmonized transit charges or haulage trucks traveling within the region
- Conclusion: Substantive progress on initiatives to enhance intra-regional trade, particularly by COMESA

Progress at the Country Level

Increase Fertilizer Use to an Average of 50kg/ha by 2015 (Jan – June 2008)

- Some countries have made substantive improvements in fertilizer consumption since June 2006:
  - Madagascar: 3kg/ha to 15 kg/ha
  - Nigeria: 6 kg/ha to 13 kg/ha)
  - Algeria: 12 kg/ha to 24 kg/ha
  - Angola: 3 kg/ha to 25 kg/ha
  - Tanzania: 6 kg/ha to 9 kg/ha;
- But: In the majority of cases consumption still remains significantly below the target of 50kg/ha
  - 19 countries each consume < 15kg/ha
  - 7 countries each consumed 20 – 35 kg/ha (Angola, Malawi, Senegal, Algeria, Kenya, Tunisia, Zimbabwe)
  - 2 countries consume between 40 – 55 kg/ha (Libya, RSA)
  - 3 countries consume > 100 kg/ha (Mauritius, Seychelles, Egypt)

Harmonization of Legislation and Trade Policy (Jan – June 2008)

- Formal regulatory framework (39% or 7 countries)
- Fertilizer inspections for quality control at the point of sale (39% or 7 countries; 4 countries have < 10 inspectors)
- Tariffs/import taxes on fertilizers (28% or 5 countries)
- VAT and other type of taxes on fertilizers (44% or 8 countries)
- Conclusion: Limited progress. More substantive action needed on developing and implementing national laws to regulate fertilizer trade and quality control

Development of Agrodealer Networks (Jan – June 2008)

Indicator	Ideal Situation	Actual Situation
Number of agrodealers	>1000	29% or 4 countries have > 1000 agrodealers 43% or 6 countries have < 10 agrodealers
Distance traveled	2 – 5 km	73% or 11 countries farmers travel > 10km
Market Size	100,000 tons	56% or 10 countries have market size < 100,000 tons
Bag size	All sizes available (50kg, 25kg, 10kg, 5kg, 2kg)	Only 17% or 3 countries reported fertilizer is available in bag sizes < 10kg

Targeted Fertilizer Subsidies (Jan – June 2008)

- 61% or 11 countries have fertilizer subsidies
  - All of them have a subsidy on price, and 4 also have a subsidy on transport
- But: With respect to the distribution mechanism:
  - Only 2 countries use input vouchers (Tanzania and Namibia); and 1 country has a fertilizer for work program (Angola)
  - Problems with majority of subsidy schemes: Expensive so difficult to sustain; results in establishment of two parallel systems for input distribution; crowds out the private sector; are not targeted as called for by the Abuja Declaration

Establish National Financing Facilities for Input Suppliers (Jan – June 2008)

- 61% or 11 countries have established national financing facilities for input suppliers
  - Credit guarantee funds: 4 countries
  - Government sponsored programs: 4 countries
  - Donor sponsored programs: 3 countries
- Substantive progress has been made but these programs need to be expanded

Fertilizer Production and Blending Plants (Jan – June 2008)

Operating Fertilizer Production Plants	(8 countries) Algeria, Kenya, Nigeria, Togo, Mali, Cameroon, Egypt, Tanzania
Operating Fertilizer Blending Plants	(8 countries) Algeria, Mozambique, Kenya, Swaziland, Nigeria, Cameroon, Egypt, Tanzania

Inter-regional and Intra-Regional Trade (Jan – June 2008)

Inter-REC Trade

AMU
(Tunisia, Egypt), Manufacturers

EAC
(Tanzania)

Intra-REC Trade

SADC

South Africa (60% imported; 40% manufactured)

Botswana, Namibia, Lesotho, Swaziland

Farmer Access to Complementary Inputs, Market Information and Extension Services (Jan – June 2008)

- A high percentage of the countries (> 80%) report that their farmers use fertilizers, hybrid seeds, and crop protection products. But the degree of use varies.
  - For example, all 18 countries who responded said their farmers use chemical fertilizers, but of these: 3 countries < 10% of farmers; 5 countries (10 – 50%); 8 countries (50-100%)

Farmer Access to Complementary Inputs, Market Information and Extension Services (Jan – June 2008)

- Market information and extension services
  - A high percentage of countries (> 80%) said the Ministries of Agriculture engages in market information services but again the incidence is low.
  - Some countries reported over 100 trials and demonstrations (e.g. Kenya reported 300 trials and 5000 demonstrations),
  - But the majority reported very low numbers (only 2-3 fertilizer trials and 1-2 fertilizer demonstrations)

Establishment of the AFFM by the AfDB (Jan – June 2008)

- March 15, 2008: Board of Governors approved the establishment of the African Fertilizer Financing Mechanism (AFFM).
- Governance and operational structure:
  - August 2008: Bank retained consultants to draft the AFFM operational documents (Operational Strategy, Program, and the Manual on the Rules of Procedures).
  - The AfDB has developed TORs and advertised for the position of Coordinator of the AFFM and support staff.
  - The AfDB is in the process of forming the Governing Council. The first meeting is scheduled to be held in July 2009. NEPAD will be represented on the GC by the Head of the Agriculture Unit, Prof. Richard Mkandawire
- However:
  - The AfDB Board of Governors has not approved the facility to become operational because the funds are still below the US$10 million threshold stipulated by the legal instrument

Recommendations (1)

- (1) There is an urgent need for accurate and up-to-date data on fertilizer consumption levels in Africa to enable countries to track their progress vis-à-vis achieving the national consumption target set by the *Abuja Declaration on Fertilizer*.
  - At the present time, two sets of data are collected at the country level using different methodologies; one by the country (MoA) and one by the FAO which makes it impossible to establish a reliable baseline and track progress.
- (2) Regional Procurement:
  - Countries see the benefits of regional procurement but have strong concerns and reservations that must be addressed if this initiative is to have any success.
  - There is need for a concerted effort to raise awareness among stakeholders (particularly the private sector) and achieve a critical mass of buy-in regarding this concept if it is to be implemented successfully
- (3) Establishment of the AFFM
  - AU and NEPAD to work with AfDB to bridge the $2.5 million gap
  - AU, NEPAD and AfDB hold joint missions to key countries and external donors to generate contributions
  - AfDB convene a Partner's Pledging meeting in 2009

Recommendations (2)

- (4) A significant number of the respondents have fertilizer subsidies in place.
  - However, there is little detail provided with regards to the types of subsidies and how they are being implemented.
  - There is an urgent need for a comprehensive study on the different types of fertilizer subsidies in Africa which will provide a blueprint for how to implement them in a targeted, sustainable and market-friendly manner.
- (5) There is a need to capacitate the Ministries of Agriculture to:
  - Deepen their engagement in technical skills transfer to farmers and awareness raising activities;
  - Improve the quantity and quality of data and information provided for the M&E instrument distributed by NEPAD (there are often data gaps and poor quality in terms of interpretation of the instrument).

Recommendations (3)

- (6) Countries must be assisted to draft and implement new laws to govern the fertilizer subsector.
  - This would improve the performance of their fertilizer sub-sector and also improve the prospects for the development of regional markets.
- (7) The number of countries that still have direct and indirect taxes on fertilizers is of concern.
  - There is a need to raise awareness among policymakers regarding the negative impact of this practice on farmers and to assist them in the identification of alternative sources of revenue.
- (8) Countries must be assisted to build their capacity to carry out fertilizer inspections at the point of sale and to implement this practice more broadly and effectively.
- (9) Fertilizer trade in Africa should be encouraged.
  - Countries and RECs should quantify and valuate this trade to improve the knowledge base regarding how much fertilizer trade is already taking place on the continent and to promote this trade.


Thank You