

## **IFA Africa Forum**

### Position Paper on Fertilizer Policy in Africa

#### ***FERTILIZER POLICIES***

Overall, African countries' fertilizer policies should be workable, facilitate entrepreneurship, and provide a stable and predictable business environment. They should also promote fair competition at the national and international levels, encourage and/or strengthen the private sector, and prevent monopolies.

In the short term, fertilizer policies in Africa should provide incentives for local fertilizer bulk blending and lime production units. In the long term, where raw materials are available and as national and regional markets grow to a size that makes national and/or regional fertilizer production economically viable, these policies should encourage fertilizer production which will enable countries to mitigate the effects of world fertilizer availability and price fluctuations.

More specifically, governments or appropriate bodies at the regional or country levels should partner with the fertilizer industry in order to:

- Upgrade port handling facilities, storage capacities, railway infrastructure (linking ports and the main agricultural production areas) and rural roads to reduce the costs of handling fertilizers and thus their farm-gate prices;
- Establish a guarantee fund for fertilizer importers and agri-input dealers;
- Strengthen fertilizer market information systems to stimulate fertilizer supply and demand;
- Assess the potential for and benefits of importing straight fertilizers in bulk and blending them to meet farmers' crop- and site-specific needs;
- Carry out feasibility studies to assess the technical and economic potential for national or regional fertilizer production; and
- Carry out experiments to evaluate fertilizer management practices, and develop an efficient fertilizer recommendation system.

#### ***FERTILIZER QUALITY STANDARDS AND QUALITY CONTROL***

Appropriate, science-based quality standards need to be established and their implementation enforced. African countries' quality standards should be based on successful experience in other countries, including some countries in Africa. While these standards must protect consumers and the environment, over-regulation that would interfere with a well-functioning market should be avoided.

To trigger the adoption of quality standards, it is critical to ensure the delivery of quality fertilizers to farmers. This will require thorough quality control at production, importation and distribution sites. Inspection agencies and quality control laboratories must have well-trained staff and appropriate equipment if quality standards are to be properly enforced.

Appropriate bagging practices and rules (including bag quality, size, sealing and labelling) that preserve the integrity of fertilizer products and meet farmers' expectations need to be enforced at every stage of the distribution chain.

### ***FERTILIZER DISTRIBUTION***

Strengthening of market linkages through the creation of national and/or regional agri-input dealer associations and cooperatives, and of market information systems, should be encouraged.

Agri-input dealer associations and cooperatives can play a critical role in increasing professionalism through informal or association-led certification mechanisms, as well as in improving last-mile delivery to farmers. Certification schemes that encourage dealers to sell quality inputs and provide adequate advice concerning their use should be promoted.

### ***FERTILIZER TAXES/CUSTOMS DUTIES***

Where appropriate, taxes and customs duties applying to fertilizers should be abolished in view of fertilizers' strategic role in ensuring food security. This would include, for instance, eliminating tax breaks for local fertilizer manufacturing and/or blending companies. Regional or trading blocs should be encouraged to grant, where appropriate, tax exempt status for all agricultural inputs including fertilizers and lime. Tax and customs policies should however strive to promote and preserve fair competition.

### ***FERTILIZER SUBSIDIES***

In certain circumstances, there may be a need to consider the use of fertilizer subsidies to facilitate the adoption of fertilizers by farmers. However, subsidies are unlikely to be effective if the broader policy-enabling environment is not sufficiently supportive of agricultural development.

Recognizing the high costs of fertilizer subsidy programmes, particular attention should be given to these programmes' financial sustainability, including due consideration of a phasing-out plan at their inception or of sustainable funding mechanisms when it is expected that they will be maintained. To reduce the burden of fertilizer subsidy programmes on a country's budget, subsidies may specifically target smallholder farmers.

Subsidy schemes should be market-friendly and contribute to the strengthening of agri-input dealer networks and of delivery efficiency. They should also encourage efficient and balanced fertilizer use, in addition to fertilizer availability. Subsidies should not provide arbitrage opportunities to farmers since this tends to discourage use and fertilizers may instead be traded. Possible approaches include subsidies based on crop production (for instance, guaranteeing a fair price for staple food crops) and subsidization of the distribution network (agro-dealers or agricultural cooperatives).

## **HARMONIZATION AT REGIONAL AND SUB-REGIONAL LEVELS**

Fertilizer policies and regulations should be harmonized to the extent possible (or at least be made compatible) at the level of the Regional Economic Communities (RECs) in order to facilitate intraregional fertilizer trade and make the most efficient use of scarce resources.

Policies at the regional and sub-regional levels should consist of general guidelines on good practices that facilitate regional trade. This would allow national policies that meet specific national objectives and interests, and recognition of the existence of different crops and farming practices within regional groupings.

Quality control standards should be harmonized at the level of the RECs to facilitate the intraregional flow of fertilizers. To optimize resource management, quality control laboratories should be established at the level of the RECs rather than at country level. For instance, international laboratories could be established at the entry points of agricultural growth corridors.

## **MONITORING**

Any fertilizer legislation should provide an effective monitoring mechanism for both agreed measures and quality control. This is currently a weak link in the fertilizer chain, resulting in the use of unsuitable fertilizers with possible negative effects on food production. Monitoring can be performed at the national level, but under the supervision of the RECs.

## **IMPLEMENTATION OF THE ABUJA DECLARATION**

Fertilizer policies should strive to implement the provisions of the Abuja Declaration on Fertilizers. More specifically, the fertilizer industry anticipates:

- Liaising with the African Union, the New Partnership for Africa's Development (NEPAD) and the African Development Bank (AfDB) to mobilize resources for the African Fertilizer Financing Mechanism (AFFM) from countries and development partners;
- Cooperating with NEPAD, the International Fertilizer Development Center (IFDC) and the Alliance for a Green Revolution in Africa (AGRA) in organizing policy advocacy workshops for policymakers and parliamentarians, in order to build capacity to advocate for implementation of the resolutions of the Abuja Declaration; and
- Cooperating with NEPAD to review and share best practices and lessons learned, and to encourage the scaling-up of successful initiatives, approaches and policies in the implementation of the Abuja Declaration.

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### **About the IFA Africa Forum**

*The IFA Africa Forum was established in November 2007 by the Executive Committee of the International Fertilizer Industry Association (IFA).*

*This IFA regional body provides a platform for its members to exchange views and expertise on key issues. It facilitates effective communication of the interests and positions of the fertilizer industry to key interlocutors with regard to African issues. It is expected to contribute to greater awareness of the positive role fertilizers can play in Africa's development and, ultimately, to increased fertilizer use by African farmers, in line with agronomic recommendations.*

*The Forum is composed of IFA members with a long-term interest in developing fertilizer use to improve soil fertility, agricultural production and human nutrition and alleviate poverty in Africa.*