

African Fertilizer Agribusiness Partnership (AFAP)

Opportunities for Collaboration

May 2011



AFAP Objectives & Metrics

Objectives

1. Increase **affordability, accessibility** and **incentive** for fertilizer use among African smallholders
2. Facilitate development of **sustainable, competitive fertilizer markets** in Africa

Target Scale of Impact

- Increase use by **at least ~15% of total farmers** in target countries in 5 years
- Increase **total usage by 1.5-2x** in target countries in 5 years

Metrics for Success¹

Demand

- **Increased fertilizer use** in target countries
- **Increased number of smallholders** using fertilizer

Supply

- **Reduction in cost** difference between farm gate price and world market price
- **Increase in availability** at the right time in the planting cycle
- **Reduction in distance** from smallholder to fertilizer source

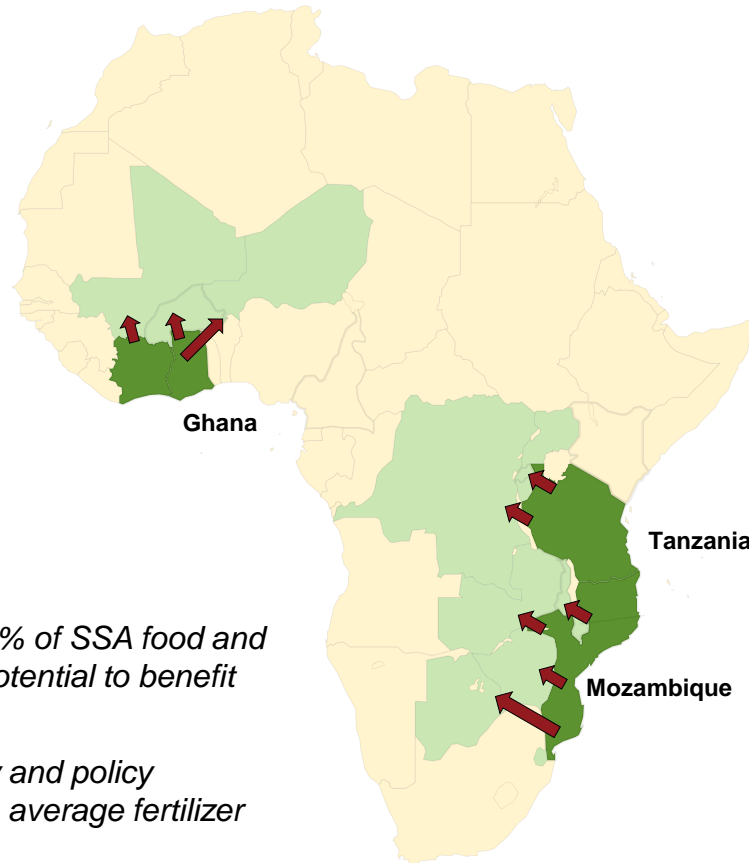
Quality

- Link fertilizer use to **farmer income and crop yield**

Initially targeting 3 countries, that act as gateways to 11 others

In total, the 3 countries represent:

- 11% of SSA fertilizer use
- 11% of SSA arable land and permanent crops
- 10% of SSA subsistence and cash crops
- 13% of SSA population



Ghana

- **Major Ports:** Tema, Takoradi
- **Other Countries Served:** Mali, Niger

Tanzania

- **Major Ports:** Dar es Salaam
- **Other Countries Served:** Zambia, Uganda, Malawi, Burundi, Rwanda, DRC

Primary Selection Criteria

- *Impact Potential: Population, % of SSA food and cash crop output, crop mix, potential to benefit other countries*
- *Impact Feasibility: Regulatory and policy environment, functional ports, average fertilizer usage*

Mozambique

- **Major Ports:** Beira, Maputo, Nacala
- **Other Countries Served:** Botswana, Swaziland, Zimbabwe, Malawi

Barriers to Fertilizer Affordability & Access

Fertilizer usage in SSA is limited by a number of factors including farmer demand and economics, output market demand, and fertilizer accessibility and affordability.

- Fragmented, inefficient importation – high FOB and freight costs
- Poor port infrastructure – high freight and port costs
- Limited importer competition
- Unavailability on a timely basis

- Poor inland transport infrastructure (road & rail) – high transport costs
- Limited distributor competition
- Limited and expensive credit; stringent collateral needed – constrains supply
- Warehouse shortages – constrains supply

- Limited credit for small farmers – constrains affordability
- Subsidies have limited reach and often misused – constrains affordability
- Poor farmer awareness and knowhow – constrains demand



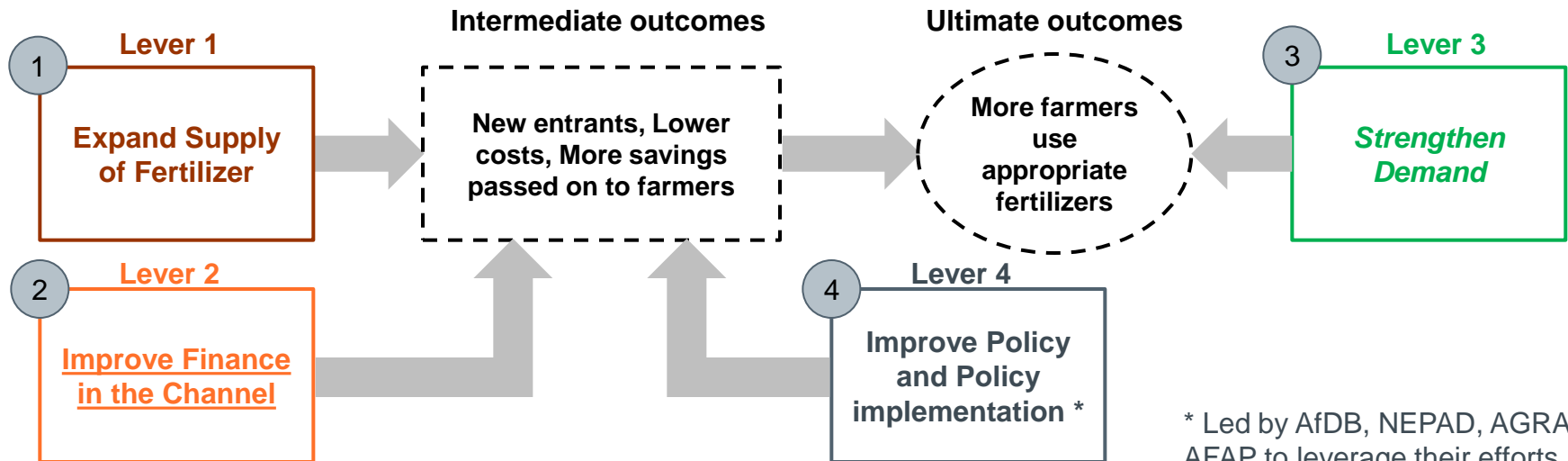
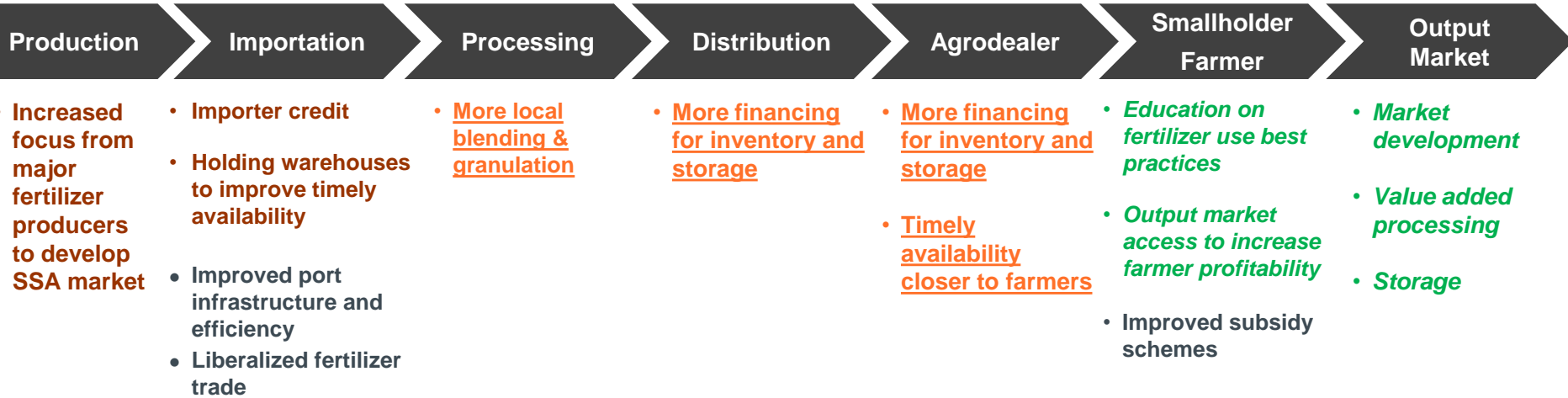
- Niche, over-engineered blends imported at higher costs – few scale economies

- Limited dealer network and reach – limits access and supply
- Low retailer margins vs. other inputs – limits supply and access
- Limited and expensive credit; high collateral requirements – constrains supply
- Fertilizer not available in sufficient quantity at the right time in the planting cycle – limits usage

- Limited access to stable and competitive output markets, especially for staples – constrains affordability

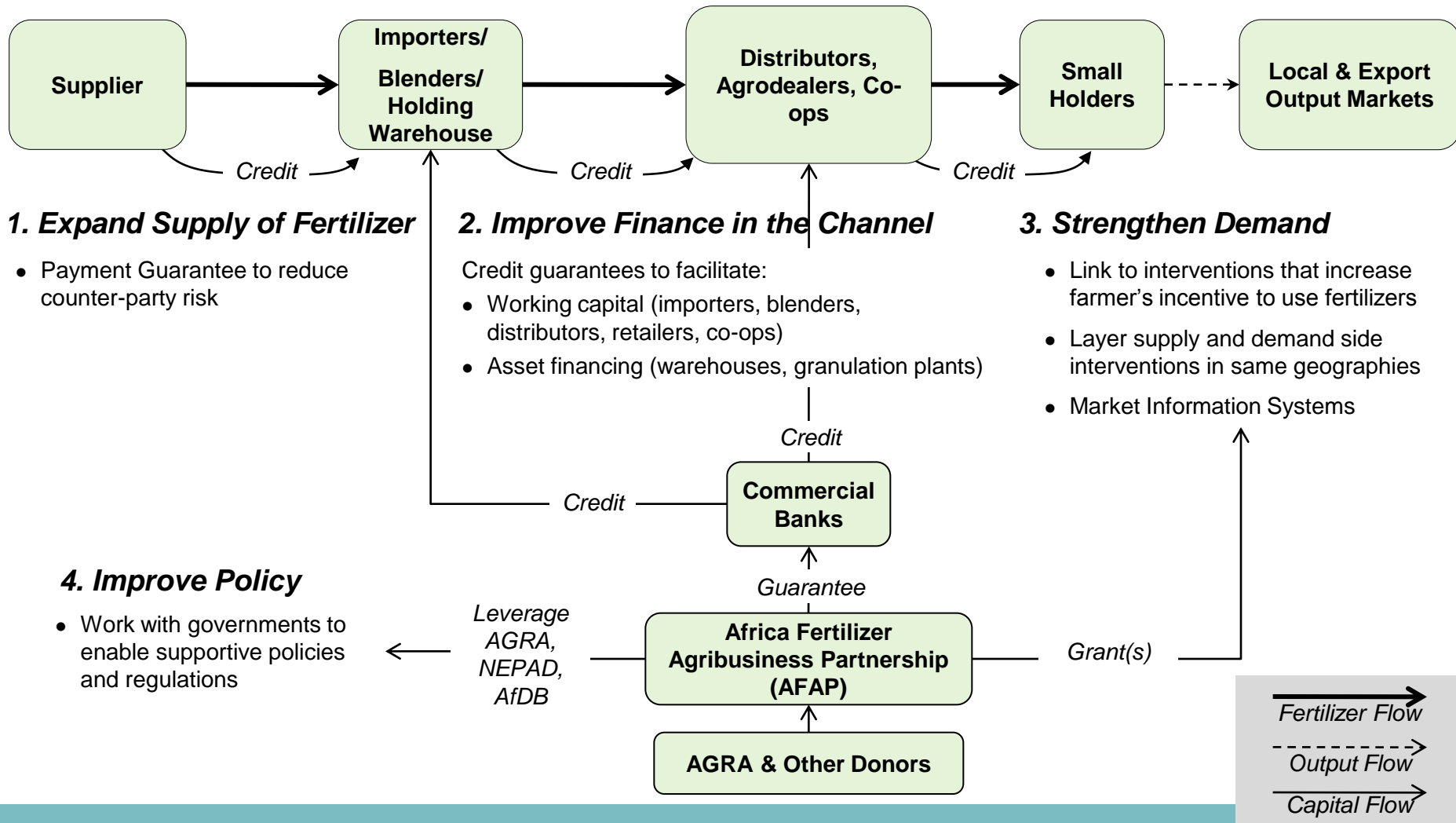
Conditions for Change & Key Levers

To increase affordability & access and stimulate markets, AFAP must address the following:



* Led by AfDB, NEPAD, AGRA – AFAP to leverage their efforts

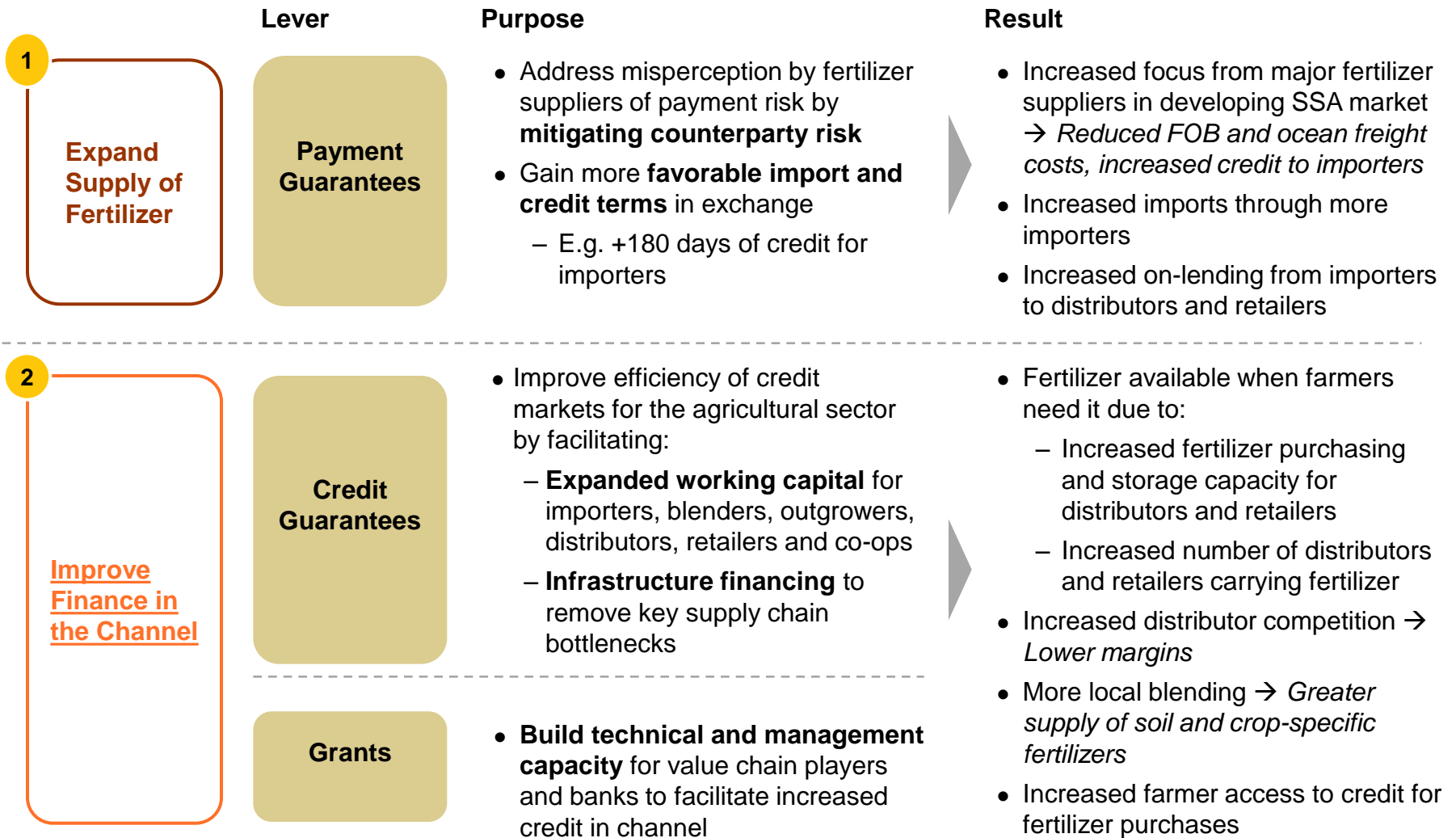
Systemic Approach to Improve Affordability & Access



Opportunities to Expand Supply & Improve Finance

DRAFT

These levers will be coordinated through Agribusiness Partnership Contracts (APCs)



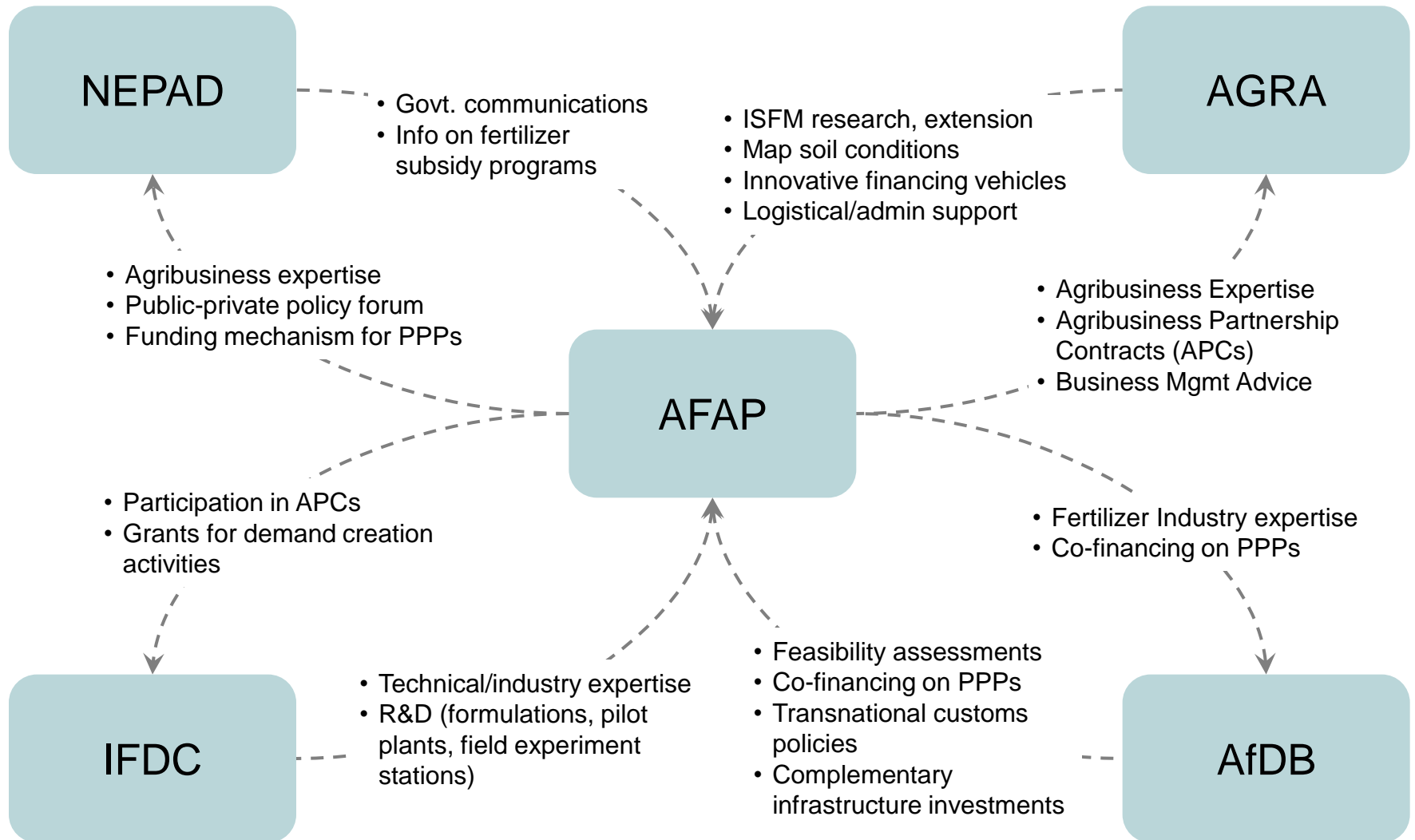
Opportunities to Strengthen Demand & Improve Policy DRAFT

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	Lever	Purpose	Result	
3	<div style="border: 2px solid green; border-radius: 15px; padding: 10px; width: fit-content; margin: auto;"> <p style="color: green; margin: 0;">Strengthen Demand</p> </div>	<div style="background-color: #d9c88e; border-radius: 15px; padding: 10px; width: fit-content; margin: auto;"> <p style="margin: 0;">Grants</p> </div>	<ul style="list-style-type: none"> • Link with existing output market value chain programs to improve access and incentives and reduce risk for fertilizer use among small holders • Expand programs that promote more efficient fertilizer use 	<ul style="list-style-type: none"> • Increased willingness by farmers to invest in fertilizer • Improved access to value-added processing and post-harvest storage • Increased access to stable and competitive output markets • Increased farmer education on fertilizer use best practices
4	<div style="border: 2px solid blue; border-radius: 15px; padding: 10px; width: fit-content; margin: auto;"> <p style="margin: 0;">Improve Policy</p> </div>	<div style="background-color: #d9c88e; border-radius: 15px; padding: 10px; width: fit-content; margin: auto;"> <p style="margin: 0;">Grants, PPP Dialog, Advocacy *</p> </div>	<ul style="list-style-type: none"> • Address ineffective policies, e.g. that limit competition, through policy analysis and advocacy to support development of efficient and stable fertilizer markets 	<ul style="list-style-type: none"> • Supportive policies and regulations that encourage competitive markets and enable incentives along the value chain, as well as for fertilizer use
	<div style="background-color: #d9c88e; border-radius: 15px; padding: 10px; width: fit-content; margin: auto;"> <p style="margin: 0;">Mkt Info Systems</p> </div>	<ul style="list-style-type: none"> • Improve transparency through information systems that provide visibility across the supply chain 		
Program Management	<div style="background-color: #d9c88e; border-radius: 15px; padding: 10px; width: fit-content; margin: auto;"> <p style="margin: 0;">Program Admin, M&E</p> </div>	<ul style="list-style-type: none"> • Monitor to assess impact on farmgate prices and fertilizer use • Manage and coordinate overall program to ensure coherence across multiple interventions 	<ul style="list-style-type: none"> • More effective intervention • Greater impact on smallholders 	

* Leverage AfDB, NEPAD, AGRA

AFAP Partnerships



AFAP Governing Principles

- Private Sector Investment
- Competition and Efficiency
- Demand Driven Activities
- Research In-to-Use
- Value Added/Additionality
- Sustainability
- Donor Coordination and Leveraging
- Bottom Line Results