

Africa: Challenges, Opportunities and Progress

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Outline

- **What are the challenges faced by**
 - **African farmers**
 - **Fertilizer traders and distributors**
 - **Policymakers and development partners**
- **What are the opportunities?**
 - **Market environment**
 - **Commitment to development and commercialization of agriculture**

Outline

- **What progress is being made?**
 - **Poverty reduction**
 - **Milestone commitments**
 - **Trade and market development programs**

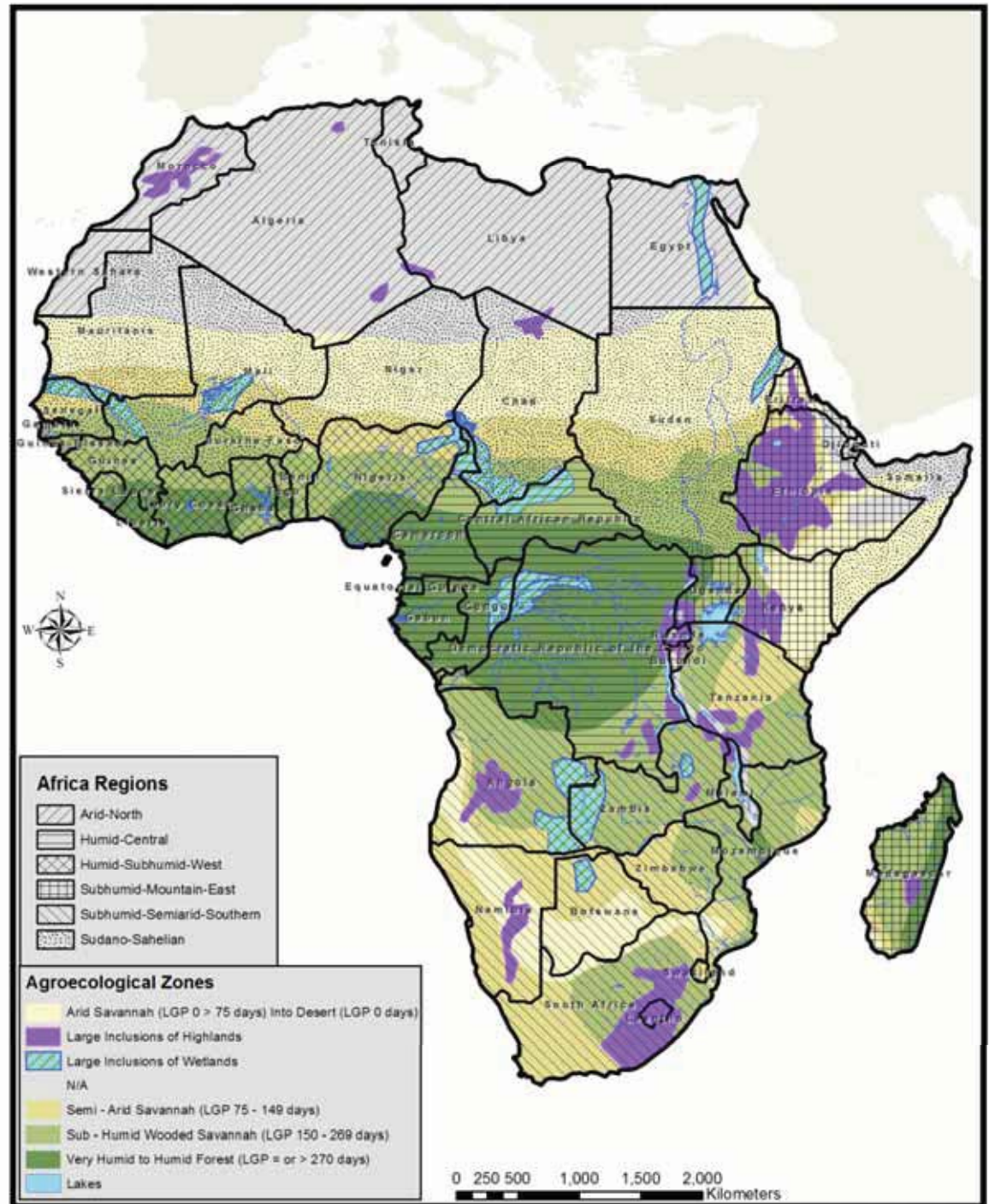
The Enormity of Africa



The Diversity of Africa

- 950m people
- 53 countries
- 2,000 ethnic groups
- 800 languages
- Climatic diversity

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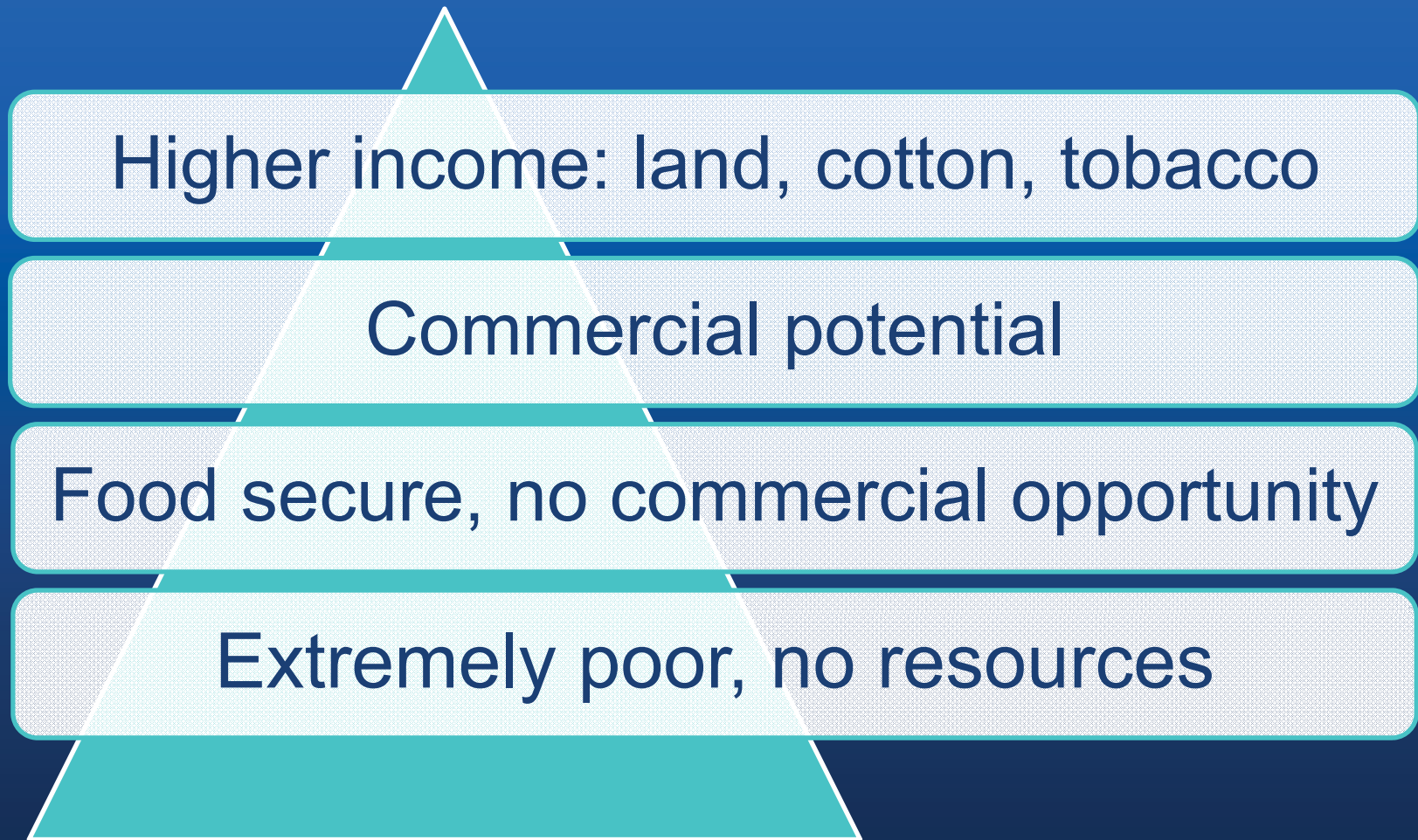


Challenges in African Agriculture: Farm Size

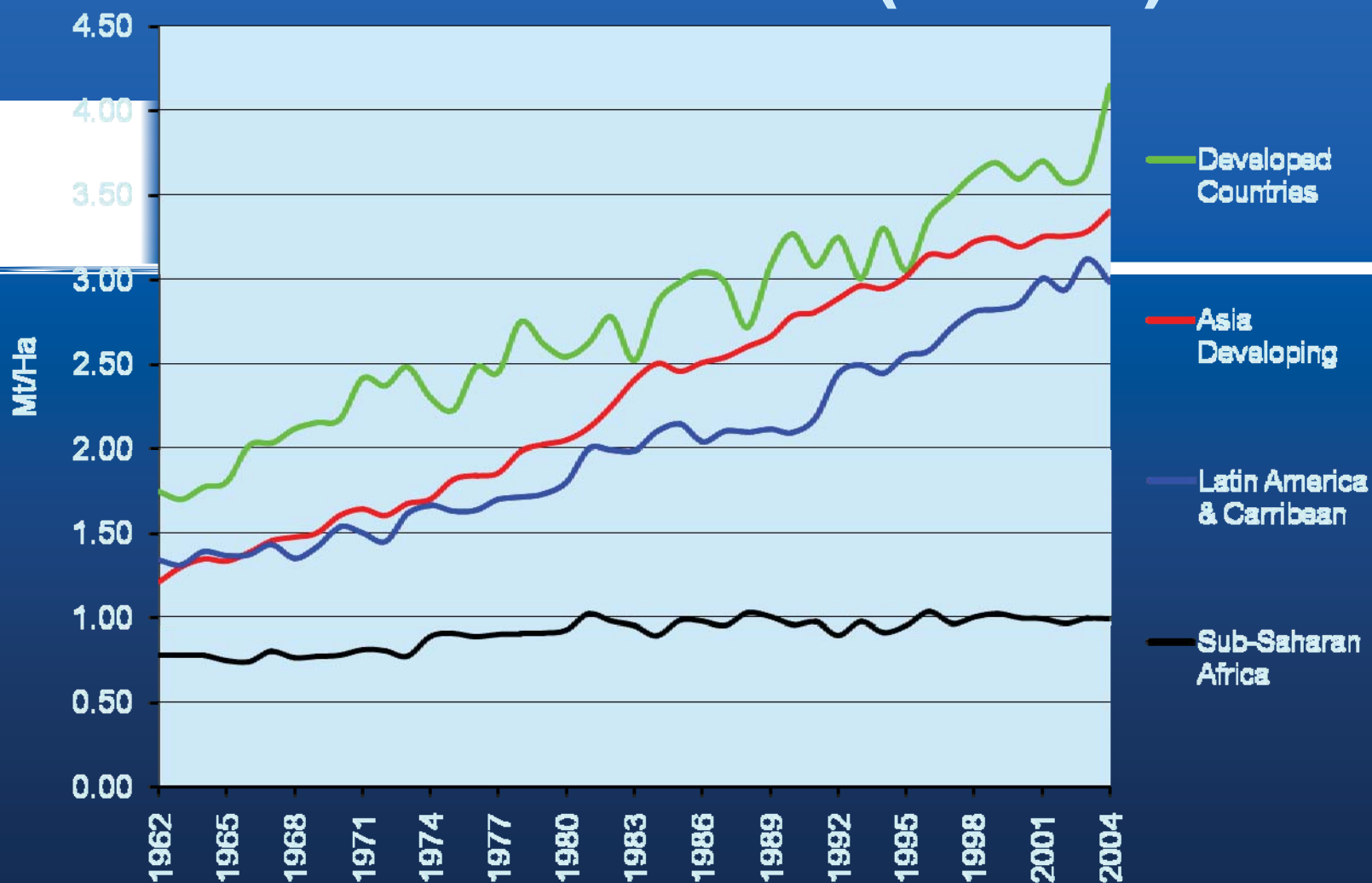
World Region	Average Farm Size (ha)
Africa	1.6
Asia	1.6
Latin America and Caribbean	67
Western Europe	27
North America	121

Source: von Braun, 2005

Challenges in African Agriculture: Diversity among farmers

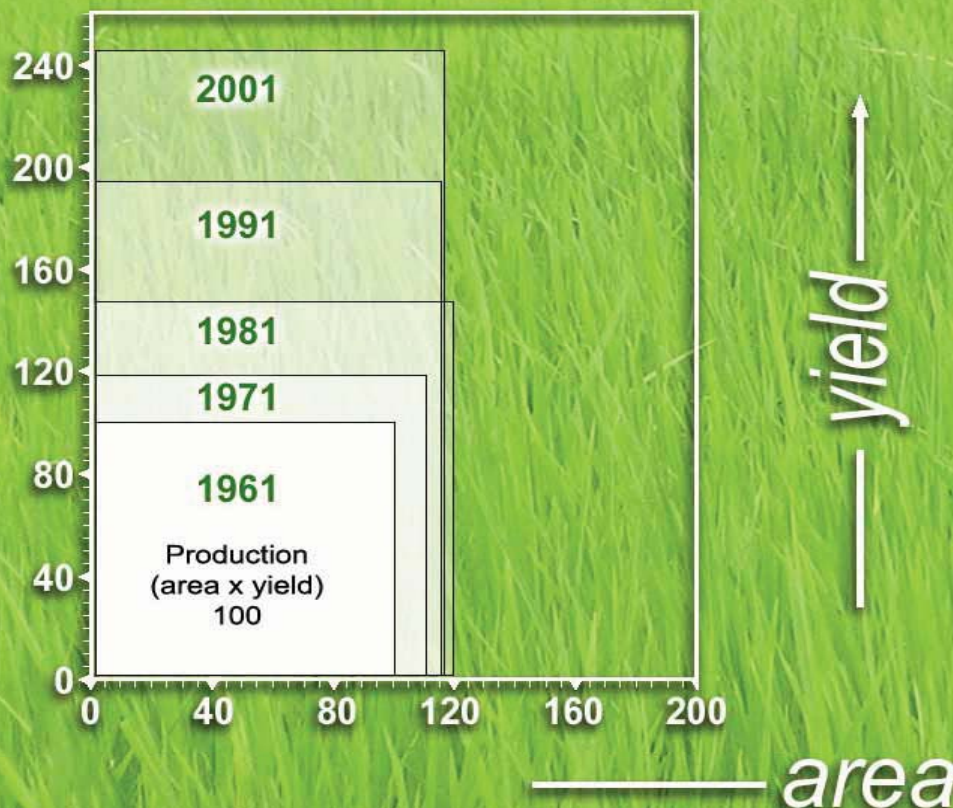


Challenges in African Agriculture: Cereal Yields (mt/ha)

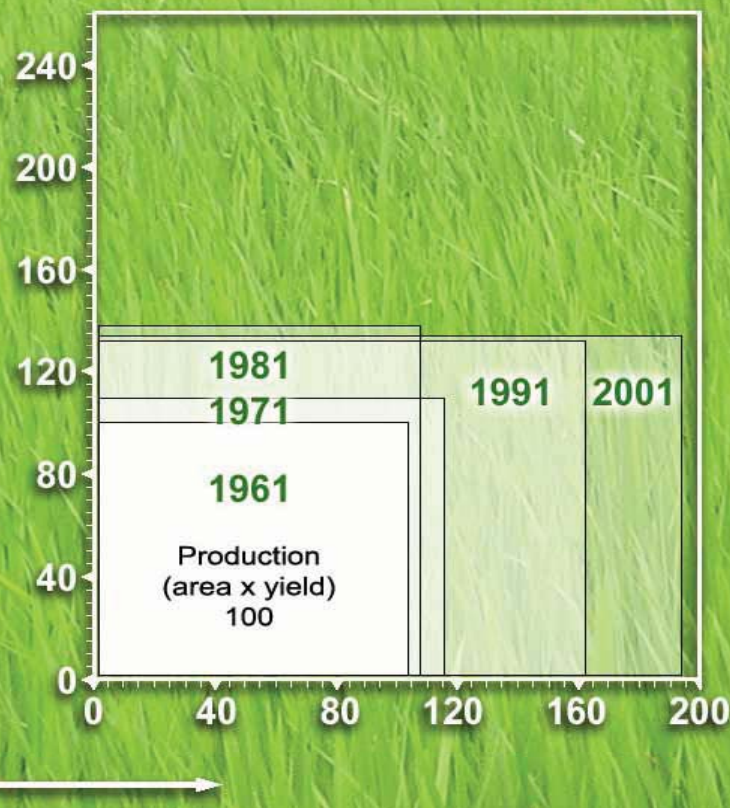


Challenges in African Agriculture: Productivity

South Asia

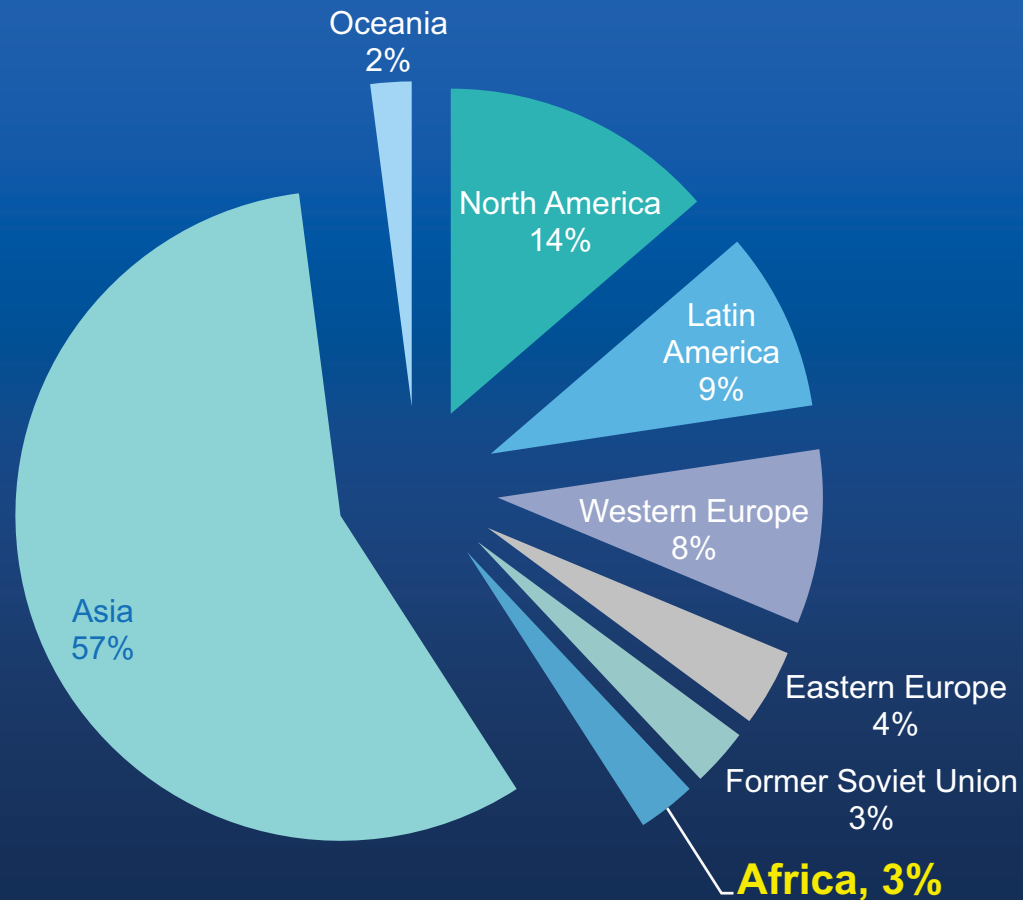


Sub-Saharan Africa

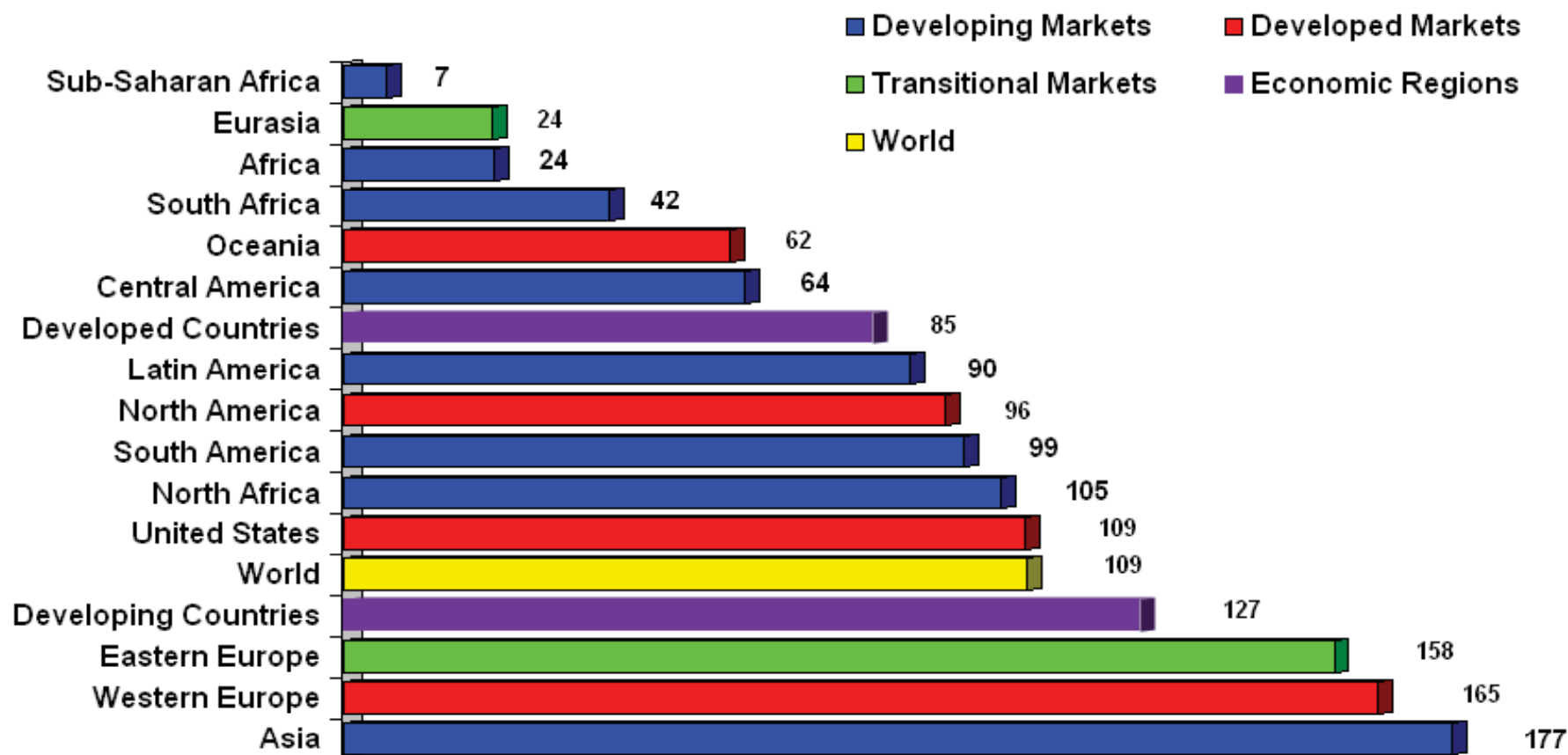


Challenges in African Agriculture:

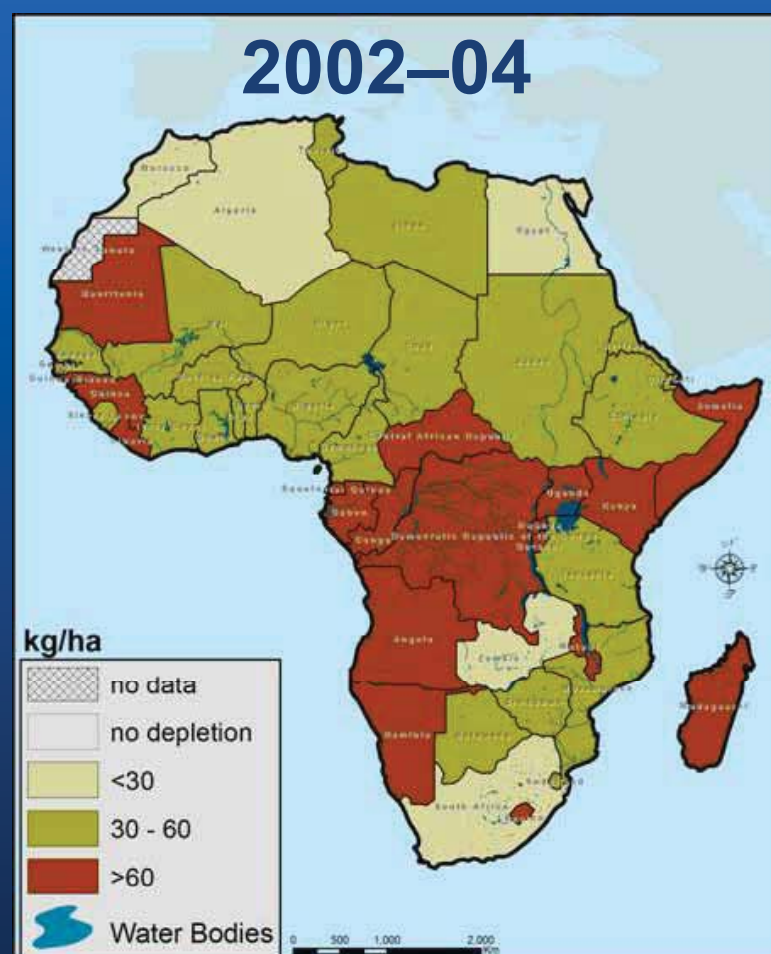
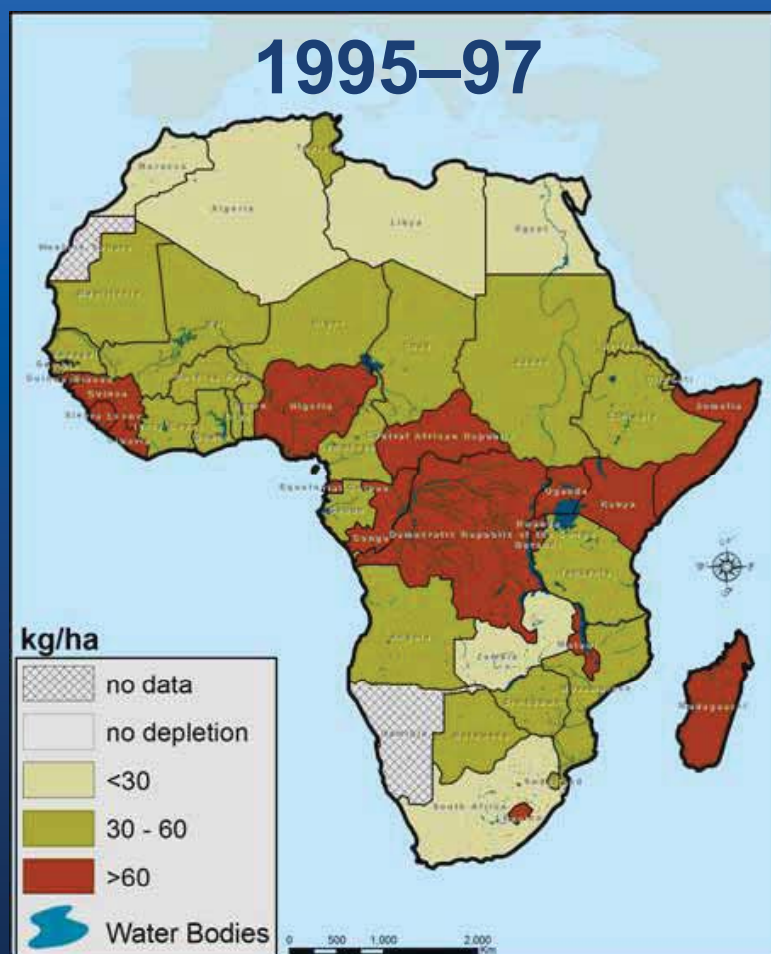
Share of Fertilizer Consumption by Region
2005/06 ('000 nutrient tons)



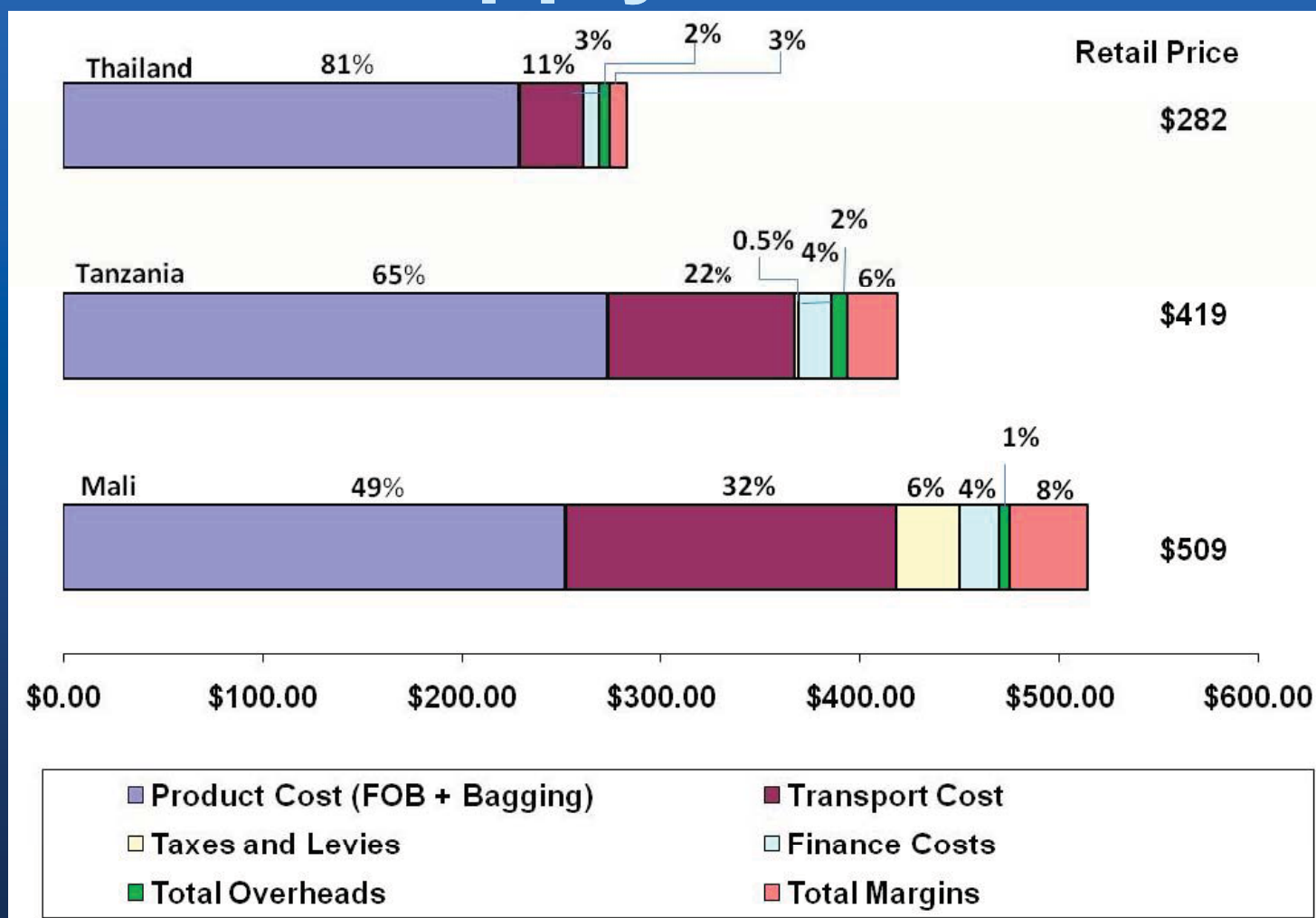
Challenges in African Agriculture: Fertilizer Use (kg nutrients/ha)



Challenges in African Agriculture: Soil Fertility



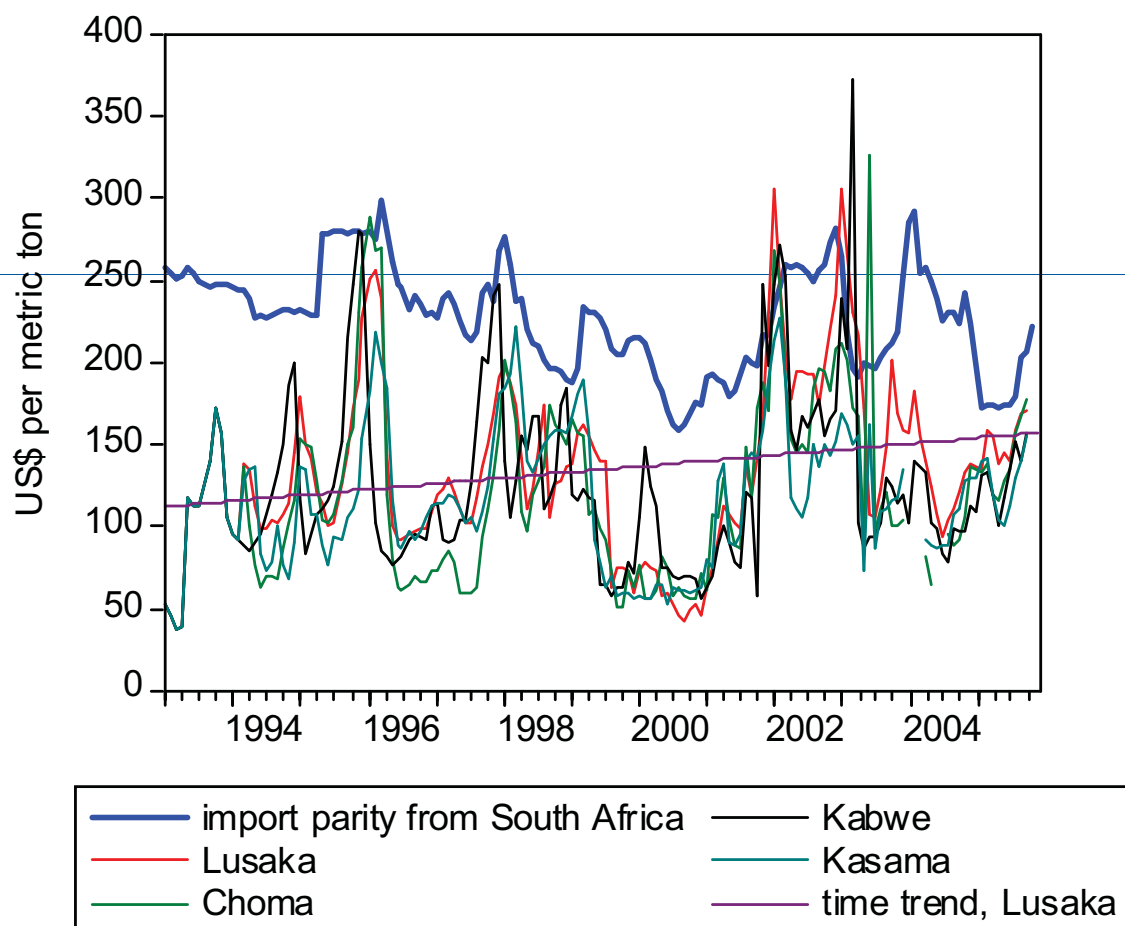
Challenges in the Fertilizer Supply Chain



Challenges According to the Private Sector

- **Policy issues:**
 - Tariff and non-tariff barriers
 - Government market interventions
 - Private sector not trusted
- **Infrastructure**
 - Ports
 - Rail
 - Road
- **Finance**

Challenges in Local Commodity Markets, e.g. Zambia



Source:
Michigan State
University

Challenges for Policymakers:

- All of the above, as it translates into poverty and food insecurity

Agriculture is the engine of
economic growth

- How to increase agricultural productivity?

Challenges for Policymakers:

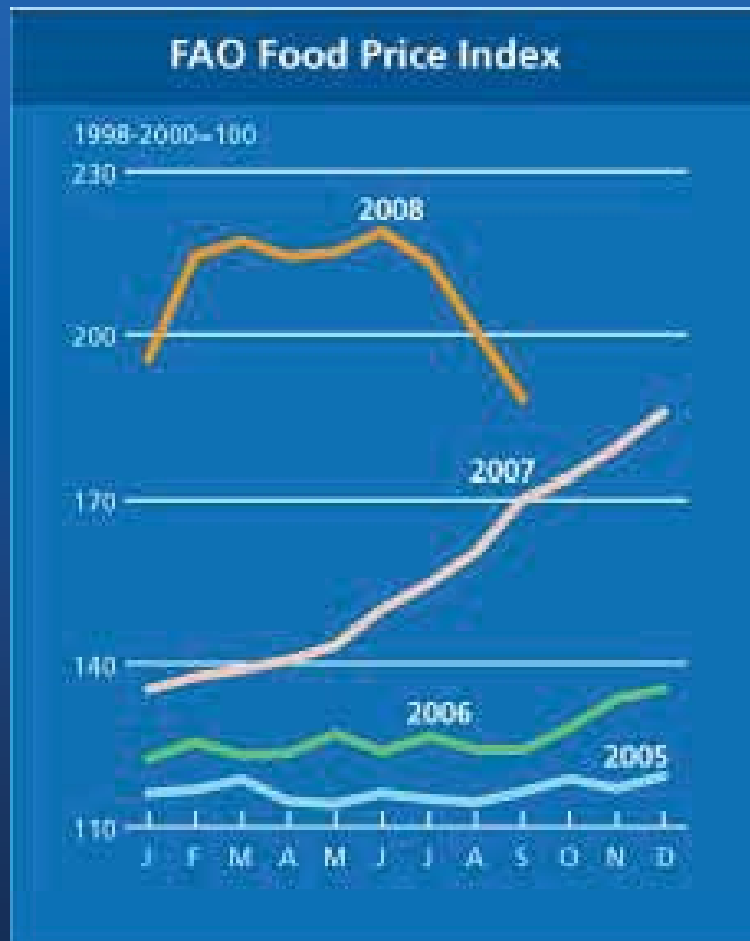
- Policy transparency and consistency
- Define roles for
 - Public sector: Facilitation, regulation, research, technology transfer
 - Private sector: Trade, marketing, innovation
- Few well-functioning fertilizer markets in Africa (Kenya, Ghana)

The Challenge of Sustainability

- Fertilizer demand a function of profitability
- Calls for
 - Increased efficiency (farm, supply chain)
 - Risk management tools
 - Predictable policy environment
 - Environmental management

Opportunities

Opportunities: Increasing Demand for Food



To meet global demand by 2030:

- Cereal production to increase by 50%
- Meat production to increase by 85%
- Plus feedstock for biofuels

Source: IFPRI and World Bank, 2008

Opportunities: Increasing Demand for Food

Africa:

- Food demand from \$50 billion in 2000 to \$100 billion in 2015
- Mostly met by increasing production, especially nontradable staples

Opportunities: Increasing Commitment

- **African Union (AU)**
- **New Economic Partnership for Africa's Development (NEPAD)**
- **National governments**
- **Donors and development agencies**
 - USAID, World Bank, EU, IFDC
- **Private foundations**
 - Rockefeller + Gates = AGRA, Hewlett Foundation

Opportunities: Programs and Initiatives

■ Abuja Declaration

- Fertilizer is a strategic commodity without borders
- Free trade, duty and tax free, harmonized regulations
- Fertilizer use from 8kg to 50kg/ha in 2015
- Develop dealer networks
- Reduce costs
- Promote investment

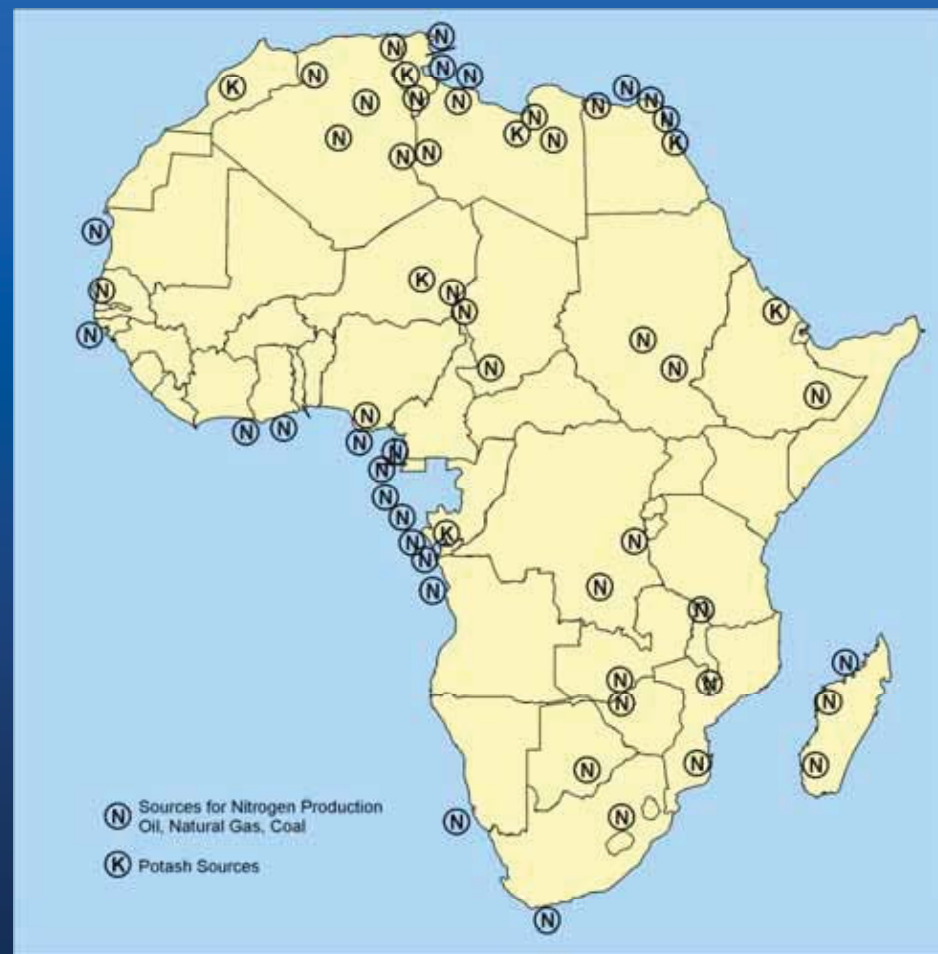
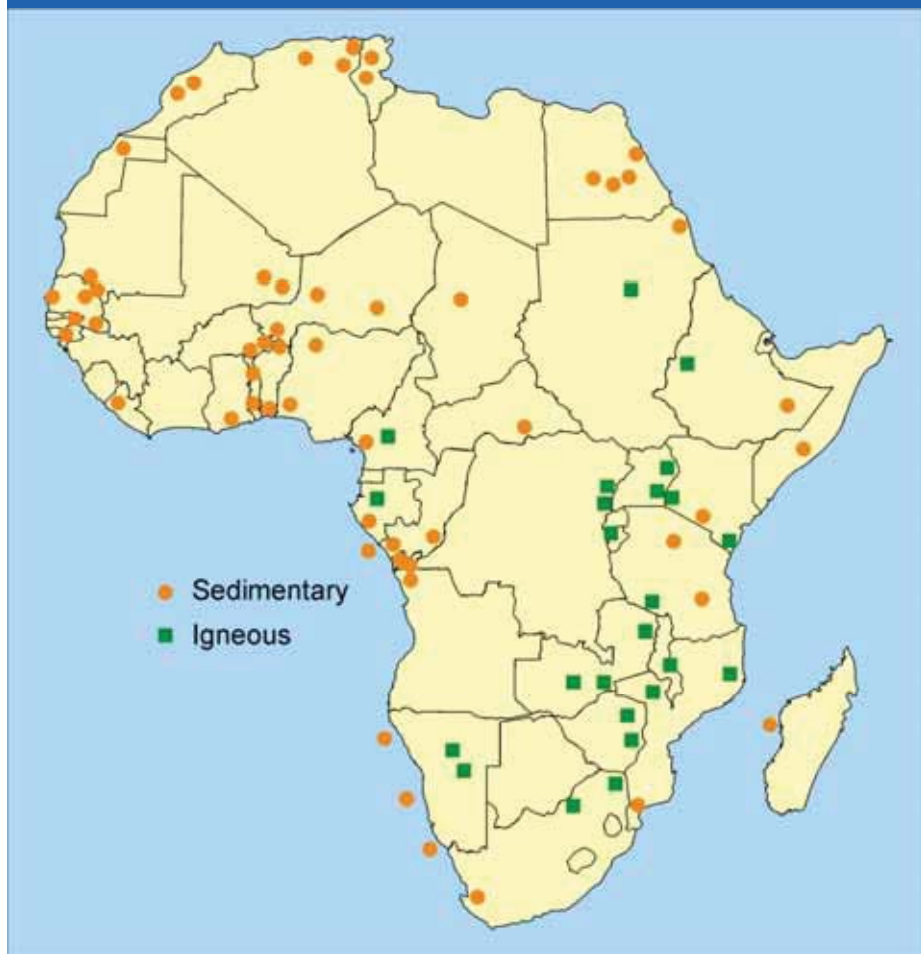
Opportunities: Programs and Initiatives

- **NEPAD:**
 - **CAADP: Comprehensive African Agricultural Development Program**
- **Regional Economic Communities:**
 - **Trade and agricultural policy harmonization**
- **Public-Private Partnerships**
 - **Fertilizer production, trade, transport**
 - **Agricultural development**

Opportunities: Local Fertilizer Production

- Existing plants, some can be rehabilitated
- New blending facilities
- Phosphate rock deposits
- Natural gas, hydropower

Opportunities: Local Fertilizer Production



Progress

- **Good news: economic and agricultural growth in Sub-Saharan Africa:**
- **Agricultural growth:**
 - 2.7% in 2002
 - 3.0% in 2003
 - 5.0% in 2004

Source: IFPRI, 2008

Progress: Regional Trade Initiatives

- **COMESA – 19 countries**
 - **CET for fertilizer will be 0%**
 - **Facilitate bulk procurement**
 - **Corridor development**
 - **Implementation of CAADP**
- **ECOWAS – 15 countries**
 - **Regulatory harmonization**
 - **Tariff**
- **Others**

Progress:

Beira Port Holding Warehouse



- Beira Port in Mozambique
- Key port in Southern Africa
- Handles up to 193 kmt of fertilizer
- Vessels up to 14,000mt
- No bulk discharge

Progress:

Beira Port Holding Warehouse

- **Regional market of 500kmt (2008)
1 million mt in 2017**
- **Hold 30,000mt to ensure steady supply**
- **Significant cost reductions**
- **Improved market access**
- **Complementary to investments in road, rail, and port infrastructure (including dredging)**

Progress:

Market Development Initiatives

- **Agro-dealer development programs**
- **Smallholder farmer:**
 - **Subsidy on products**
 - **Purchasing power support**
 - **Voucher (coupon for purchase of inputs)**
 - **Partial value + cash or labor**

Progress: Initiatives by Fertilizer Industry

- **Maize Intensification in Mozambique (MIM)**
 - **Input technology transfer, water management, crop rotation**
 - **Linking farmers to input and output markets**
 - **Funding from IFA, IPNI, IPI**
- **Investment in Beira fertilizer terminal**

Progress:

Integrated Soil Fertility Management

- **Inorganic fertilizer + soil amendments (organic matter, lime, PR)**
- **Work in West Africa with seed money from IFA and USAID**
 - **In 3 years crop yields have doubled**
 - **VCR is >2**
 - **Farm incomes increased by 20-50%**
 - **Reaching hundreds of thousands of farmers**

“Mosi-oa-Tunya” The Smoke that Thunders



