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**December 5, 2012**

# Policy Options to Enable Fertilizer Industry Growth

## Speakers

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Blog post

## Welcome to the new Agrilinks

You can probably tell we've had a makeover, but let us tell you a little bit about what makes the new Agrilinks a dynamic, easy-to-use source for all things agriculture and food security.

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African Fertilizer and  
Agribusiness Partnership



Partnerships. Productivity. Prosperity.



## Building an Enabling Environment for Fertilizer Sector Growth

# How to increase fertilizer access and use?

Fertilizer, when used appropriately, can dramatically increase yields and improve productivity.

Cereal production in developing countries has **tripled** (1961-2005).  
Fertilizers accounted for approx. **30% of this increase**.

Yet the **usage rate of fertilizer remains low** in many developing countries.

What are governments and donors to do?

# Constraints to safe, sufficient and sustainable fertilizer supply

- Supply-side constraints
- Demand-side constraints
- Government and donor efforts to ensure fertilizer supply favor direct interventions in fertilizer procurement and distribution, which tend to be expensive, fail to reach target beneficiaries, and displace private sector actors

In order to sustainably increase fertilizer use...

**Government policies and investments must support – not control – a dynamic, private sector-led fertilizer industry**



# Principle 1:

## Create a conducive legal and regulatory framework

- Establish a stand-alone fertilizer law that is facilitative rather than restrictive
- Enforce the law through a clearly-defined regulatory body with the capacity for enforcement backed by positive action
- Eliminate tariff barriers
- Support competition in the private sector



## Principle 2:

### Government should move from market participation to support

Small fertilizer markets and an under-developed private sector exist in many countries...

- ❑ Governments' response has been to enter the market through public procurement and distribution programs (subsidies)
- ❑ "Smart" subsidy programs have a better record of success but are expensive, lack exit strategies, and often have multiple conflicting objectives



## Principle 2: Government should move from market participation to support (cont.)

Governments should move towards public policies and investments that support private sector development:

- Phase out government control of fertilizer procurement and distribution
- Implement credit guarantees
- Support agro-dealer associations: build private sector capacity for self-regulation
- Invest in marketing infrastructure
- Spur farmer adoption and demand for fertilizer through public research and development and targeted extension services

# Principle 3:

## Build a regional framework for fertilizer trade

Harness ongoing regional integration efforts to:

- Reduce cross-border transport costs
- Support establishment of regional inspection and certification scheme to facilitate approval process across the region



# ***Key Takeaways***

- ❑ A dynamic fertilizer sector can provide timely, quality fertilizer to farmers and encourage fertilizer use**
- ❑ Fertilizer industry faces a number of constraints to operations and growth across countries**
- ❑ Governments and donors can best utilize limited funds to facilitate a dynamic fertilizer sector by supporting (1) a strong and stable legal and regulatory framework and (2) the provision of public goods**
- ❑ Regional economic and trade integration efforts can facilitate fertilizer trade by lowering trade costs and supporting regional inspection and certification**



**Thank you! Continue the conversation with us...**

**Enabling Agricultural Trade  
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