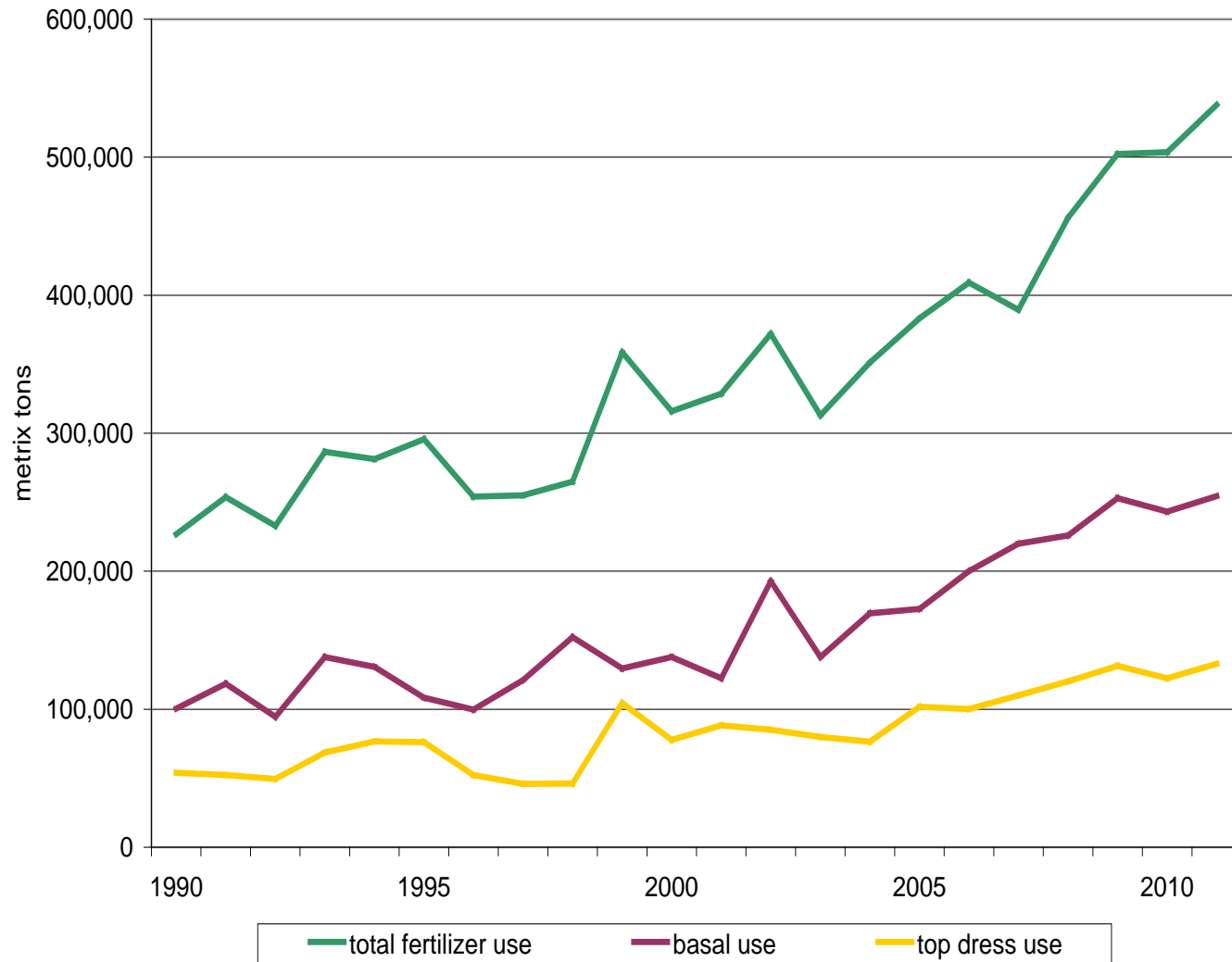


Kenya Fertilizer Policy “Success Story”: 1990 to ~2008

J. Ariga and T. Jayne



National fertilizer use in Kenya



Source: Ministry of Agriculture in Kenya

4 Reasons for the Upsurge in Fertilizer Use in Kenya

1. GoK has maintained a stable fertilizer policy stance since 1990
 - Eliminated import licensing quotas
 - Eliminated foreign exchange controls
 - Eliminated retail price controls
 - From 1990 to 2007, no market uncertainties introduced by large-scale subsidy programs

4 Reasons for the Upsurge in Fertilizer Use in Kenya

2. In response to stable input policy environment, private sector investment in fertilizer distribution expanded rapidly
 - 10-11 importers
 - 500 wholesalers
 - 8,000 retailers

4 Reasons for the Upsurge in Fertilizer Use in Kenya

3. In response to expansion of input stockists, small farmers' are now much closer to fertilizer retailers
 - 1997: 7.4kms
 - 2000: 5.6kms
 - 2004: 3.7kms
 - 2007: 3.2kms

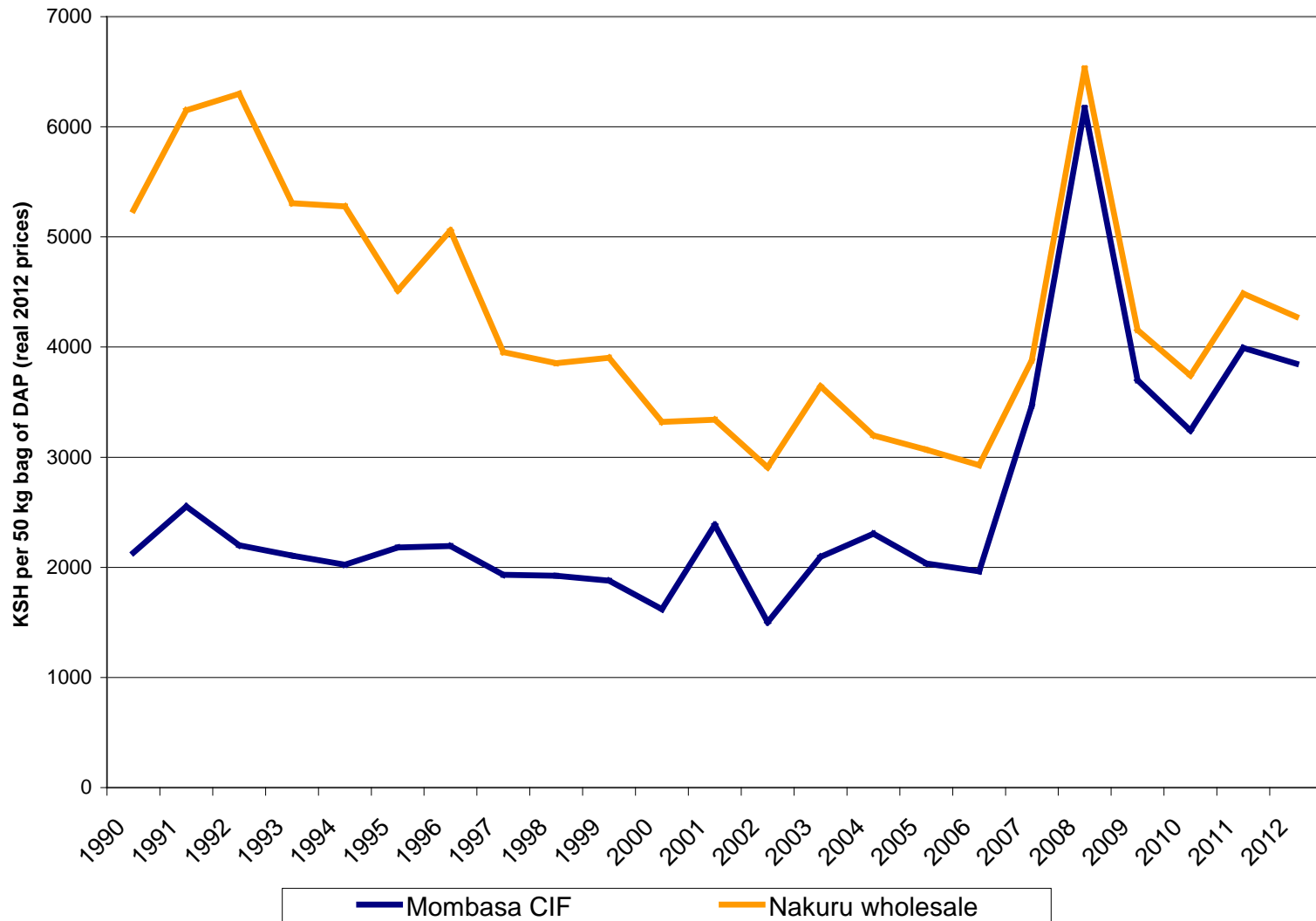
Kms to nearest fertilizer seller

	Coastal Lowlands	Eastern Lowlands	Western Lowlands	Western trans	HPMZ	Western Highlands	Central Highlands
1997	28.3	9.8	15.9	6.3	5.0	3.3	2.7
2007	9.9	2.7	3.8	3.6	3.6	2.4	1.3
change in km	-18.4	-7.1	-12.1	-2.7	-1.4	-0.9	-1.4

Reasons for the Upsurge in Fertilizer Use in Kenya

4. Greater competition among importers and wholesalers has led to declining fertilizer marketing costs

Price of Di-ammonium Phosphate (DAP) in Mombasa and Nakuru (constant 2012 Kenyan shillings per 50 kg bag)



Source: Yearly average fertilizer prices come from the Ministry of Agriculture in Kenya. Prices were deflated to 2012 levels using the CPI from the Kenya National Bureau of Statistics (KNBS).

Decline in marketing margins

- Increased domestic market competition
- Alliances with international partners
 - access to cheaper credit
 - Know-how conferred to local firms → cost reductions