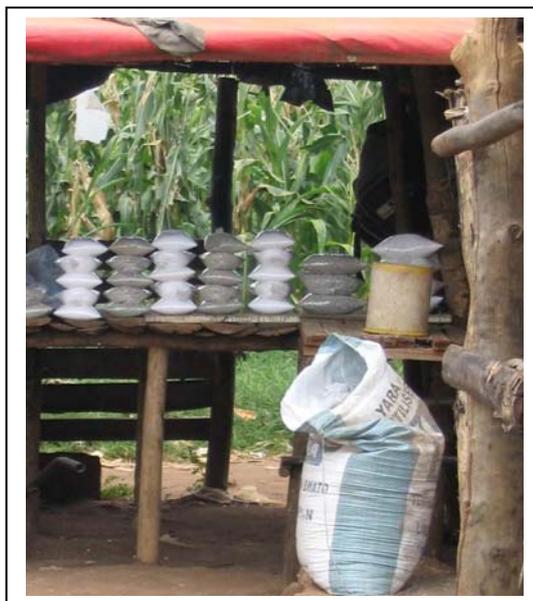


Fertilizer Market Innovations to Reduce African Rural Poverty



The sale of 1 kg packs of fertilizer accompanied by extensive demonstrations on correct seed spacing and fertilizer placement has encouraged "learning by doing" for thousands of Kenyan farmers and empowered them to improve their food security.

Paul Seward, Director, FIPS-Africa

Private dealers repackage fertilizer into affordable units to encourage farmer uptake in Eastern Province, Zambia

USAID partners promote fertilizer programs to reduce poverty and strengthen input markets

Challenge: Poverty reduction in Africa requires agricultural intensification to increase food availability, reduce prices, and increase rural incomes. The 2005 Millennium Development Report argues that substantial increases in fertilizer use could reduce poverty significantly. Increased attention to the fertilizer-poverty link has raised new interest in fertilizer subsidies. During the 1980s and 1990s, many African countries moved from subsidized, government-run fertilizer distribution programs to unsubsidized commercial supply systems, with mixed results on fertilizer use trends. Most commercial supply is now concentrated in high potential areas where effective demand is strong. Poor farmers and those in remote areas are poorly served by commercial suppliers. This has led a number of countries (e.g. Malawi, Zambia, Zimbabwe) to re-enter fertilizer markets. Government intervention can, however, have a negative impact on the emerging commercial markets. The challenge is to improve access for poor and underserved farmers without undermining commercial input markets.

Initiative: USAID's Food Security III Cooperative Agreement (FS III) with Michigan State University strengthens food system performance in Africa through applied research, policy analysis, and capacity building. Since the beginning of the earliest input sector reforms in the 1980s, USAID missions have supported FS III efforts to analyze fertilizer profitability (Senegal, Rwanda, Zambia, Ethiopia, Mozambique, and Mali), identify ways of reducing fertilizer supply costs (Ethiopia, Kenya, Zambia, Senegal), and evaluate pilot programs to expand fertilizer use in the post-reform period (Mozambique, Ethiopia, Kenya, Malawi, and Mali). USAID core funding from EGAT and Africa/SD permitted cross-country analyses and syntheses of the country level work. This EGAT and Africa/SD funding made it possible for FS III to produce periodic updates on the state of knowledge and debates concerning the technical, policy, and institutional constraints to and opportunities for increased fertilizer use in SSA.

Results: This extensive [body of fertilizer research](#) led multiple donors to ask FS III for assistance in formulating policy guidelines to address the challenge of simultaneously building fertilizer markets and reducing poverty. The example of promoting commercial sales of fertilizer small-packs illustrated above is one of many alternatives to government intervention that has been improving fertilizer access for disadvantaged farmers (particularly women). In 2005, FS III research was used to inform numerous discussions on the pros and cons of using fertilizer subsidies to reduce poverty, including background papers used in a Department for International Development-funded E-Forum on fertilizer in Africa, a fertilizer toolkit which the World Bank plans to use to help African policy analysts make informed policy decisions about input subsidies, and a paper on fertilizer policy and market development which will soon be published by FAO.