

# COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA



## Africa Agricultural Markets Program (AAMP)

### Workshop Training Module



## Getting Fertilizers to Farmers: How to do it? Who should do it? and Why it Should be Done?

Livingstone, Zambia

June 2009

## **Acknowledgements**

Africa Agricultural Markets Program (AAMP) is about building capacity of public and private agricultural institutions. This is being achieved by conducting policy analysis workshops. The goal of these workshops is to equip senior staff in public and private sector with technical skills that will enable them function effectively in their advisory roles with decision makers. AAMP training workshops are linked to policy debates conducted through seminars. The quality of the policy debates can improve if the arguments are driven by evidence-based analysis.

This is AAMP 2nd training workshop and it is about fertilizer marketing. Development of fertilizer markets is one of the most important aspects of agricultural development in African countries. The objective of this training is to provide information and share policy analysis methods on fertilizer markets which enhance competence and knowledge among key stakeholders. Governments in the COMESA region are devoting considerable and increasing amount of resources in the fertilizer sub-sector in order to increase its use by smallholder farmers. The impacts of these commendable efforts by governments can improve if decisions are made from well grounded thoughts about what is obtaining in the fertilizer market.

There will be additional training workshops over the next two years organized on different but priority themes. AAMP would like to maintain its network of participants in order to give participants an opportunity for a sustained learning experience.

COMESA would like to thank all the participants for their contributions. COMESA is also grateful to the presenters from Michigan State University (MSU), International Food Policy Research Institute (IFPRI), International Fertilizer Development Center (IFDC) and World Bank for their fine display. Most importantly, COMESA's gratitude goes to the British government, through, DFID, for providing financial support to AAMP. It is through activities such as these conducted by AAMP that better outcomes for agricultural marketing can be attained in the future.

Cris Muyunda, AAMP Team Leader, COMESA Secretariat

**VENUE : DAVID LIVINGSTONE HOTEL**

**Thursday 18 June 2009**

08:30 – 09:00 hrs : Registration

09:00hrs : Opening by Assistant Secretary General

09:00 – 10: 00 hrs : Session 1:  
: Introduction: Goals of the Symposium – COMESA  
Objectives, outcomes, and trade-Offs associated with  
alternative fertilizer promotion programs.  
What are the problems constraining farmers' use of  
fertilizer?

**10: 00 – 10:15 hrs : *Tea/Coffee Break***

**10: 00 – 12:30 hrs : *Session 2***  
: What determines the cost of fertilizer at the farm gate? Cost  
build-up analysis

- Describe the various stages in the fertilizer supply chain; the role of fertilizer producers/importers/agro-dealers;
- Provide a few different examples; some stages are based on % mark-ups
- Propose a few scenarios such as (a) removal of import tariff or inspection levy; (b) reduced pilferage; (c) better coordination of up-country transport with off-loading to reduce demurrage charges or need for off-port temporary storage and ask participants to revise the cost build-up to work through the cost to the final consumer, i.e., the farmer at particular locations.
- Consider the effects of mandating a maximum retail price for retailers. Using cost build-up scenarios, ask participants to determine where retailers will stock fertilizer and where they will not.
- Conduct sensitivity analysis to estimate how farm-gate fertilizer prices would change with alternative types of public investments and/or regulatory changes.

**12:30 – 14:00 hrs : *Lunch Break***

14:00 – 17:00 hrs : Session 3:  
Fertilizer profitability analysis

- Returns to land and labor – explain and give examples.
- Value-cost ratios: use household survey data to present evidence on value cost ratios for different regions / agroecological zones, price conditions, spatial factors influencing profitability, and household characteristics associated with differences in the marginal product of fertilizer use on staple food crops. Provide scenarios and ask participants to estimate how farm-level profitability of fertilizer use would change with alternative farming practices, timeliness of fertilizer delivery, weather outcomes, world fertilizer price scenarios, public investments in port, road, and rail infrastructure.

- Estimated impact on overall fertilizer use, and derived impact on maize production.

### **Friday 19 June 2009**

09:00 – 12:30 hrs : Session 4:  
Experiences and lessons learned with alternative fertilizer promotion efforts

- What are the various objectives to be achieved; what trade offs do they present?
- Description of alternative policies and programmatic options – general models, not specific country cases except as illustrations of the general models we are considering
- Return to the actors at the various stages of the fertilizer supply chain (importers, wholesalers, retailers, use mark flow diagram) in fertilizer promotion and identify the key constraints affecting the functioning and performance of commercial fertilizer distribution operations;
- Describe specific public sector functions including production support (e.g., research, extension, irrigation to complement inputs and raise the effective demand for inputs) and market supporting measures (e.g., road, rail, port facilities, market information to reduce input and output marketing costs);
- Describe strategies to improve food market performance (e.g., promotion of local processing and regional trade) to reduce downside price risk associated with output supply expansion.
- Describe concept of crowding out and other possible unintended effects of fertilizer subsidy programs in a two-channel input marketing system;
- Possible SWOT analysis of the alternative models: strengths, weaknesses, opportunities, threats (this section would address the problems, issues of sustainability, crowding out/contribution of programs to total fertilizer use, contribution to output, targeting, opportunity cost of resources used, etc).
- Present progress on implementation of the June 2006 Abuja Declaration;

***12:30 – 14:00 hrs : Lunch Break***

14:00 hrs : Session 5:  
Fertilizer Policy Toolkit – an interactive policy tool

***15:30 – 16:00 hrs : Tea/Coffee Break***

16:00 hrs : Closure of the Training