



### **Fertilizer: “the world’s most important humanitarian product”**

**Charlotte Hebebrand**  
Director General, IFA

In her keynote speech during AFA’s 19<sup>th</sup> Annual Fertilizer Forum held in Cairo, Egypt last 26-28 February 2013, the new Director General of IFA, Charlotte Hebebrand, explored two questions with the audience:

1. Does Sub-Saharan Africa (SSA) present some exciting commercial opportunities for the fertilizer industry given the tremendous potential for increased fertilizer use?
2. Might a greater industry focus on SSA be a real way to make the world a better place, help feed the hungry and perhaps enhance our industry’s image around the globe?

She also queried whether there might be a potential for greater trade between Arab and SSA countries, considering the two regions’ geographic proximity and the fact that Arab countries lack arable land and water, whereas SSA is in desperate need of more fertilizers.

Ms. Hebebrand spoke about how she had seen firsthand the tremendous difference access to fertilizers and other inputs make in the lives of African smallholders and their families. She explained that the title of her presentation was inspired by Andrew Youn of the ‘One Acre Fund’ who has described fertilizers as the “world’s most important humanitarian product” and the fertilizer industry’s humanitarian army- armed with efficient production technologies and distribution systems to meet global fertilizer requirements when and where needed.

#### *Some facts about Sub-Saharan African agriculture*

In Sub-Saharan Africa, agricultural production increases are mostly due to land expansion, not greater farming efficiencies. Smallholders seldom use irrigation, improved seeds and hardly any mechanization. The average fertilizer use is estimated at 7-10 kg/ha (less than 10 per cent of world average). The extremely low fertilizer use and continuous cropping without replenishing exported

nutrients from the soil has led to widespread nutrient mining, degrading most soils in the region. These smallholders have thus, not benefited ‘yet’ from the farm science-based, input-responsive boost in agricultural productivity that is already occurring in Asia and other parts of the world.

#### *Vast potentials for growth*

Africa has the potential to increase its agricultural productivity and become a significant market for the fertilizer industry. This potential can arguably be best demonstrated by the still rather dismal figures on fertilizer use. SSA countries account for only a fifth of the regional fertilizer market, signifying the vast opportunity for growth in SSA owing to its size and growing population.

The importance of fertilizers for African farmers was highlighted in a major international Fertilizer Summit held in Abuja in 2006 (predating the food price crisis!), which IFA is proud to have supported. The historic “Abuja Declaration” set forth a number of important recommendations, among them:

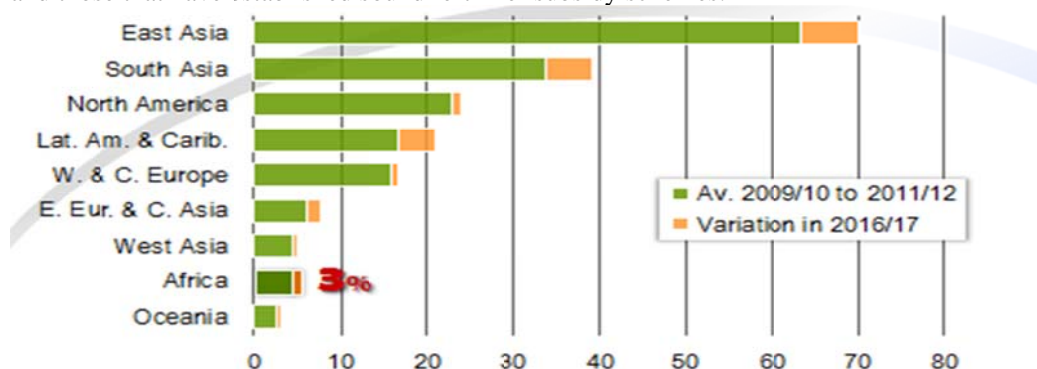
- Increase fertilizer use to (at least) 50 kg per hectare by 2015
- Reduce the cost of fertilizer procurement (eliminate taxes and tariffs; harmonize policies and regulations)
- Develop and scale up input/agro-dealers and community-based networks

Unfortunately, many of these recommendations have not been achieved.

She indicated that while inadequate access to inputs and low yields had always plagued smallholders in SSA and efforts to highlight the need for increased fertilizer use are not new, there might be a new dynamism at play that has already led to some changes. The most important aspect is the increasing demand for food and agricultural products at both the global and SSA level. SSA countries are going to experience some of the highest population growth rates- its population is projected to reach 1.4 billion by 2025 with rising urbanization. The production of food staples for the growing urban markets represent the most important growth opportunity for African farmers. Along with South America, it is one of the few regions in the world with significant land remaining that is suitable for agricultural cultivation. Africa also has the potential to become one of the world’s breadbaskets if it can bridge its yield gaps.

#### *Fertilizer demand and supply situation*

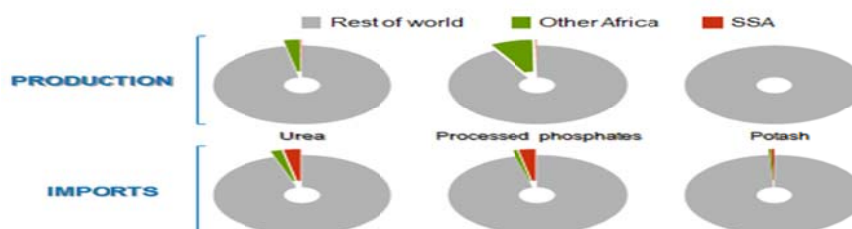
Africa’s fertilizer demand contributes less than 3% to the global market (Fig.1). IFA’s medium term outlook reveals that fertilizer demand is growing fastest in regions with recovering agriculture such as Eastern and Central Asia and Oceania and in regions with a large potential to increase agricultural production such as Latin America and Africa. It forecasts that all of Africa would contribute about 3% of global fertilizer demand expansion in the next five years. Demand will increase faster in countries that are stable politically, committed to allocate at least 10% of their budget to agriculture, and those that have established sound fertilizer subsidy schemes.



**Figure 1. Regional fertilizer consumption in million tonnes ( IFA, 2012).**

By 2016, it is projected that SSA will contribute sizably to the growth in continental demand. Demand is seen increasing on average by 5.6% per year in SSA against 0.6% in South Africa and 2.5% per year in North Africa.

All of Africa accounts for 3-4% of world urea production and ranks amongst the world's largest producing regions of phosphates, but the share of SSA is barely visible, and bulk of the produce are exported offshore. While the share of imports is larger compared to SSA's contribution to world production (Sub-Saharan Africa imports mostly urea, DAP and potash), it still represents a small share of total imports.

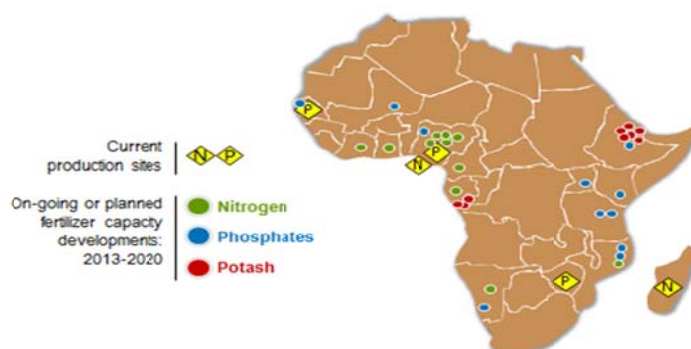


**Figure 2. World fertilizer production and imports contribution of Sub-Saharan Africa. (IFA, 2012)**

#### *Important momentum*

Many agricultural development assistance and investments in agricultural research in SSA are up after decades of stagnation, perhaps best demonstrated by the World Economic Forum's efforts to implement "A new vision for agriculture" and the 'Grow Africa Initiative', which is squarely focused on public private partnerships. Importantly, African governments have committed to allocating some 10% of their overall budgets to their agricultural sectors (although not many have yet reached that goal). To facilitate the African Green Revolution, the Gates and Rockefeller Foundations established an African Green Revolution Alliance (AGRA), and subsequently, the African Fertilizer and Agribusiness Partnership (AFAP) to boost responsible fertilizer use and availability to smallholder farmers in Africa. Some SSA countries have reached agricultural growth rates of between 40-80%.

The prospects of emerging fertilizer demand and the availability of raw materials in SSA have clearly attracted more attention from investors, promoters and governments. There are a multitude of investments in exploration activities and pre-feasibility studies underway.



**Figure 3. Current and potential fertilizer supply in Sub-Saharan Africa (IFA, 2012).**

Though very few of these projects in the region are expected to come on stream before 2017, investors are looking at urea projects in a few countries endowed with adequate natural gas supply and tapping identified phosphate reserves of potential commercial scale to produce added-value fertilizers. While there is no potash production in Africa, several companies are actively pursuing projects to potentially initiate potash mining in the near term, in order to serve local and offshore markets.

*IFA to build on its SSA strategy*

IFA has a long standing interest and involvement in SSA fertilizer markets. It has, for example, been providing funding assistance to IFDC's Fertility and Sustainable Agriculture Development project in Western Africa since 1995, where IFA seed money has leveraged large amounts of government development assistance to support soil fertility management systems and value chain systems to improve smallholder access to fertilizers. After 5 years, the project reached 50,000 farmers, who doubled their crop productivity, and increased their family income by some 50%. After this first phase, the objective has been to scale up the project and reach a million farmers.

Since 2007, IFA has convened an Africa Forum, composed of IFA members and other stakeholders with a shared interest in developing fertilizer use to improve soil fertility, agricultural production and human nutrition and alleviate poverty in Africa very ably coordinated by IFA Agricultural Director Patrick Heffer. With the help of IFA members, IFA is examining how it can best increase its focus on the region along the following lines:

- **Market Analysis** – IFA will seek to improve its market analysis in the region with good and reliable statistics by strengthening its partnership with IFDC, FAO and NEPAD to improve both quality and coverage of African fertilizer statistics.
- **Network Facilitation** - IFA would like to engage with a greater number of partners involved in the fertilizer value chain in Africa, especially, importers, wholesalers, blenders, distributors, and retailers associations to improve coverage, facilitate exchange of information and take stock of new developments in fertilizer demand and to engage in a dialogue with a broader set of important actors in African agricultural development.
- **Issue Management**- It is clear that if SSA is to meet its potential to become an important fertilizer market, questions pertaining to governance and policies have to be addressed. IFA could play a greater role in issue management pertaining directly to fertilizers and work with responsible partners in preparing relevant information materials to address important issues.
- **Sharing Expertise**- IFA can explore the feasibility of introducing a 'fertilizer industry corps' programme, where experienced (possibly retired) industry executives and consultants, as well as eminent African agricultural and fertilizer experts, could be mobilized to support specific country- or regional-level fertilizer development initiatives, including provision of support to African private sectors. These experts could share their knowledge in a wide range of domains such as private sector investment, fertilizer logistics, market development, fertilizer management, etc.

IFA's job is to provide research findings to the industry which may help them take advantage of opportunities. The IFA Secretariat has been keeping up with Africa's progress for many years, and will continue to refine its efforts and looks forward to input from all its members on these four areas of activity.

In closing, Ms. Hebebrand reiterated that Africa has to be part of the solution to world food insecurity and fertilizers have an important role to play to help Africa do its part.