



# African Fertilisers and Soil Health Action Plan: Productivity growth and conditions for a thriving African agricultural sector

Policy reforms, development of the market and regional cooperation are essential for the development of sustainable and reliable market on the continent beyond fertiliser access and affordability.

31 October 2023



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## African Fertiliser and Soil Health Summit 2023

The African Heads of States and Government will gather in the first quarter of 2024 for the Summit on fertiliser and soil health. This summit was postponed several times throughout 2023. The purpose of the gathering is to bring all relevant stakeholders together to highlight the role of fertiliser and soil health in stimulating sustainable productivity growth in African agriculture. The secondary objective is to secure an agreement on an African Fertiliser and Soil Health Action Plan to pursue the productivity growth. The Plan follows from several decades of the continent trying to improve productivity and thus drive economic growth through agricultural development.

## Challenges of the African agricultural productivity

In 2006 the continent adopted a 10-year African Fertiliser Programme, commonly known as the Abuja Declaration on Fertilisers. The objective was to increase agriculture productivity by increasing inputs use. Chief amongst the input use increase was the fertiliser application rate. Around that time Africa accounted for the lowest fertiliser consumption in the world (less than 5%) while applying less than 10kg/ha. This was also consistent with the Comprehensive African Agricultural Development Program (CAADP) in recognition of the sector's role to end hunger and eradicate poverty. The momentum on the increase in fertiliser was already there due to a number of countries supporting agricultural production through various subsidy programmes. The target for fertiliser use was to increase the application rate by about five-fold to 50kg/ha.

Some of the elements which were considered to achieve increase in fertiliser use include farmers' costs, national and regional production. About a decade after the Abuja Declaration, indeed there was some improvement in fertiliser application on the continent to about 11kg/ha. This was still far from 50kg; however it represented some progress and as a result agricultural production increased. However it was also noted that the increase in productivity was largely driven by land expansion (more than 5% ), and a small portion could be attributed to increase in fertiliser application. Even that contributions of fertiliser use, was still relatively low compared to other regions, which raised concerns about other factors such as water use, general farming practices and soil health. This is also what gave rise to the need to consider an African Soil Health Action Plan to be considered by African Union members states.

## Fertiliser Market and access for African countries

The consideration for the Action Plan happened in a period when the global markets in general, and not just fertilisers were experiencing difficult times. First there was the global pandemic due to Covid-19 when movement of goods across the globe were severely limited. For the fertiliser market, that situation was exacerbated by the war between Russia and Ukraine which started in 2022. The war added to the global supply shortages of chemical fertilisers as Russia is the leading supplier due to its natural gas resources. This pushed fertiliser prices up, inevitably leading to high food prices.

## Who supplies the domestic and regional markets

The price effects of the global shocks on African countries continues beyond the availability of inputs in the respective countries. This is because the continent is dependent on global supplies of key fertiliser ingredients. Most African countries are net importers of key raw materials of producing fertilisers and for blending that lead to the product for the final user. That transition from raw material ingredients to domestic fertiliser market dynamics are not always fully understood. This is in terms of the players in the market, structure and price formations as the breakdown of information is hardly made publicly available.

Furthermore, the regulatory environment required to oversee the market is deemed to be ineffective or non-existent in most countries and thus leave the players to apply own rules. The role of subsidies in most countries that provide input support tend to affect transparency (lack) of market performances. The distribution of imported fertilisers is either done by state institutions or by few private sector players. Thus,

limiting private sector participation, expansion or competition to thrive as such processes are generally decided through a political system and not by demand and supply forces. In such markets, the consumers of the final products tend to be negatively affected by transmission of price shocks from both global and domestic causes.

## South African fertiliser market

The South African market is deemed to be relatively sophisticated compared to other countries in the Sub-Saharan region. As a result, other countries are sought to use it as a model emulate or benchmark against. The country is a net importer of the two key ingredients of fertiliser production, i.e., ammonia and urea. The third important ingredient, phosphate is sourced internally. Overall, South Africa remains a net importer, even though it supplies of fertilisers to the neighbouring countries such as Botswana, Eswatini, Lesotho, Namibia, Mozambique, Zambia, Zimbabwe and others. The total imports for 2022 were [about R25 billion, while exports to SADC region accounted for approximately R10 billion](#).

The domestic market structure is complex, particularly at the raw material suppliers. It involves a different structure of ownership, as well as [subsidiaries do not make it easy to follow product flow](#). There are limited number of players, making it concentrated market. The top three suppliers account for more than 60% of the market share. Participation of more players increases in the [fertiliser manufactures and blending levels](#). This also makes the price transmission from raw materials to final products difficult to understand. What sets South Africa apart from other countries is that the government does not participate in the market as buyer or seller. However, there is a role that can be improve for government such as regulation of the products, enforcement of existing legislation, upgrading of infrastructure such as rail, ports as well as storage. These are elements that improve market efficiency, enables new entrants into the market and thus improve competition amongst players. These are also aspects that are needed to improve both regional and continental markets, beyond just fertilisers.

## What the Summit should consider

When the Summit takes place, beyond just adopting the Action Plan, measures that makes that plan implementable must be addressed as well. Harmonisation of policy and regulatory environment across the regions and continent is important for any plan that is as broad as the African Fertiliser and Soil Health Action Plan. While general infrastructure improvement on the continent is a necessity, movement of volumes of fertilisers require special transportation, storage and handling. These provisions would need cross country cooperation as some of the landlocked countries need to benefit from these services. The Action Plan contains ambitions of producing some of the key fertiliser ingredients due to their natural gas and other resource endowments. Such ambitions are realizable through strategic cooperation between several countries, and the Summit needs to recognize, pursue and commit to fund such initiatives. Furthermore, such initiatives should encourage private sector investment as the subsidy programmes cannot be funded out of the fiscus indefinitely. Such realization and commitments for these measures must start at national level because that's where implementation and enforcement happen and going up through regional and continental levels.

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