

Kenya Institute for Public Policy Research and Analysis

Analysis of Fertilizer Policies in Kenya

Presented by: Nancy Laibuni

Email: nlaibuni@kippra.or.ke

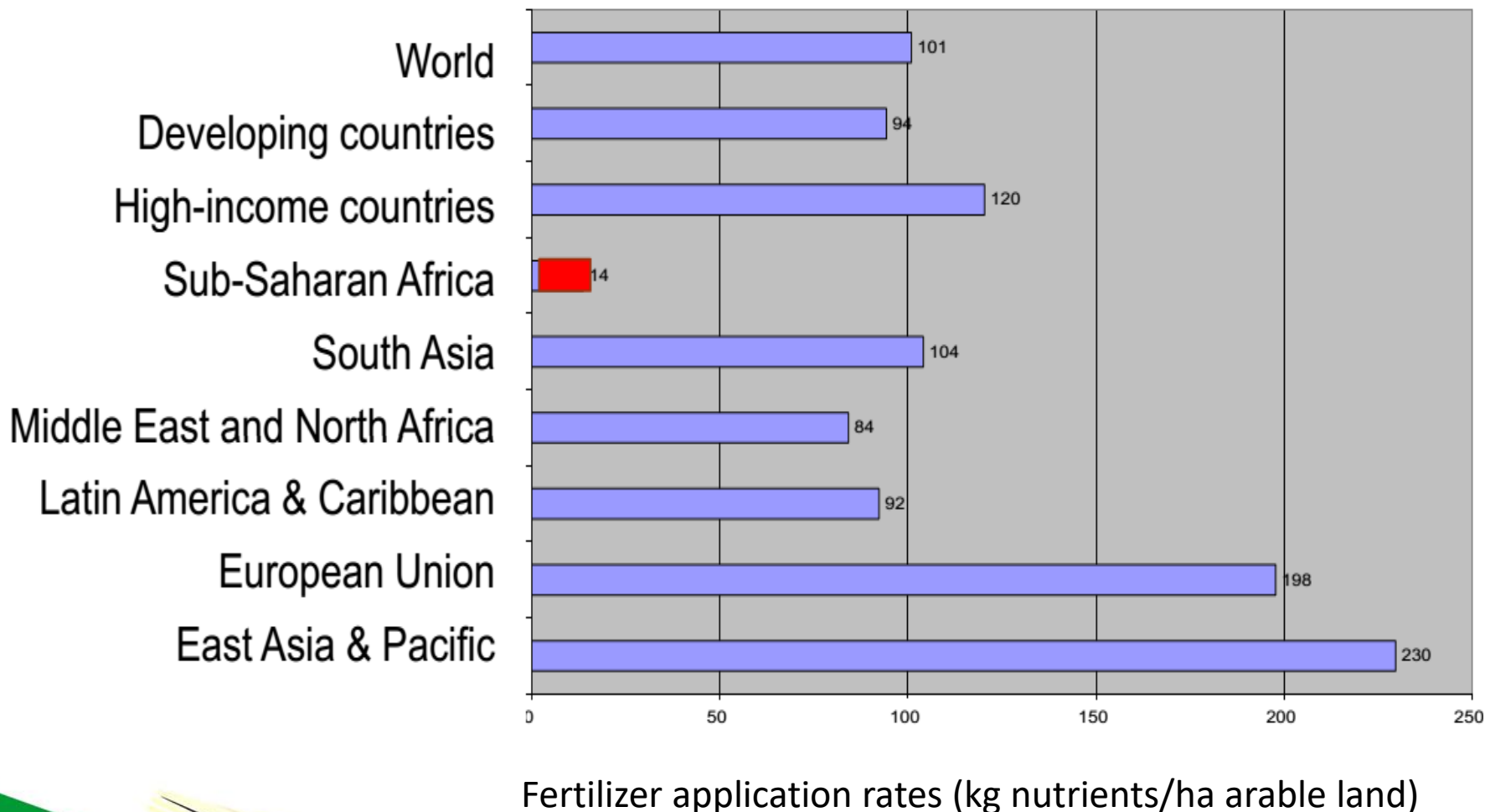
KENYA FERTILIZER ROUND TABLE CONFERENCE,
OCTOBER 16th-17th, 2018, KICC, NAIROBI

Overview

- Introduction
- Policy Instruments
- Lesson learnt
- Suggestions going forward

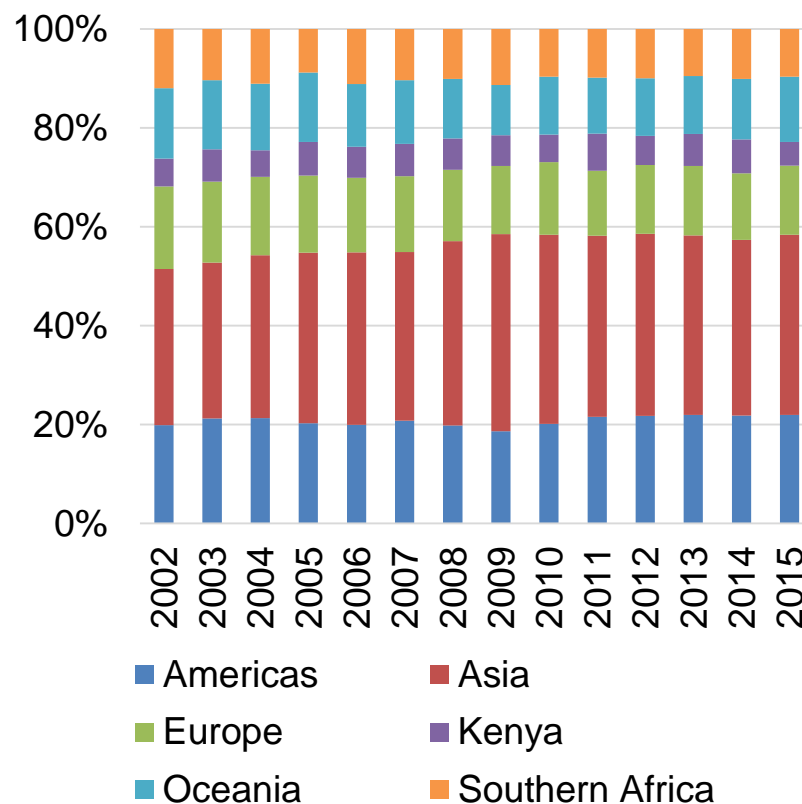
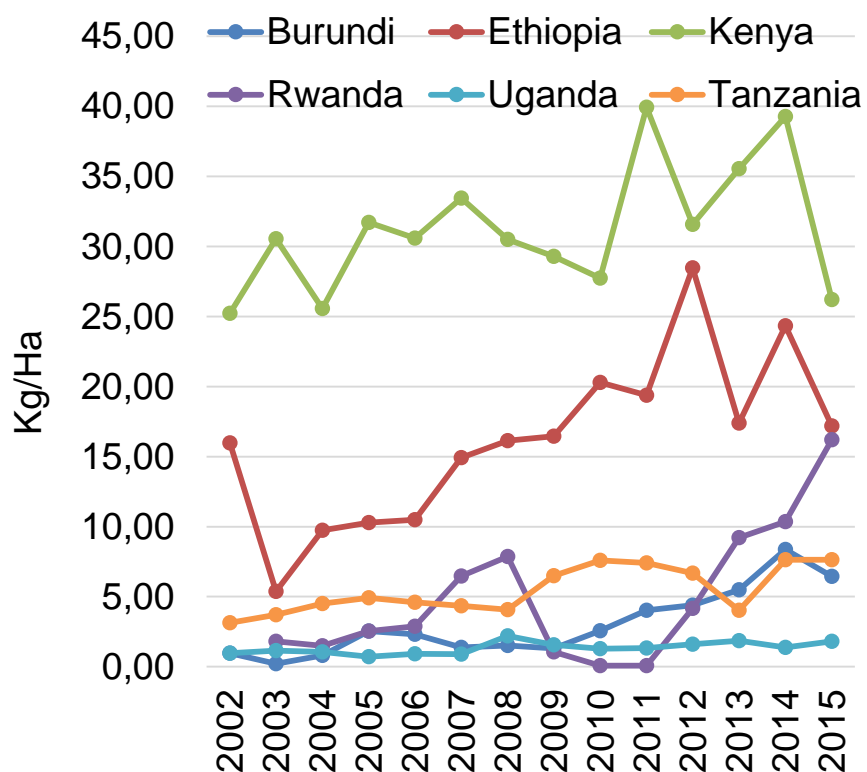


Introduction: Low input use



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Fertilizer application rates (kg nutrients/ha arable land)



Fertiliser Usage by crop

- Maize accounts for almost half of all field grade fertiliser used in Kenya. Mainly DAP and CAN.
- Tea is the second most important - small amounts of MOP, plus NPKs containing high amounts of N relative to P_2O_5 and K_2O .
- Horticultural crops as a group are the third largest user, with potatoes accounting for a large proportion of total usage. Floriculture, is the main user of specialty types.
- Coffee uses a little less than half the fertiliser applied to tea, principally NPKs and CAN.
- Other significant users of mineral fertilisers are wheat, tobacco, rice and barley.

Policy Instruments

- “Universal” subsidy programmes - 1960’s - 1980’s
 - government-controlled

EFFECT

- ✓ Increased input use and productivity

BUT

- ✓ Expensive
- ✓ Benefited well-off and better connected farmers
- ✓ High administrative costs
- ✓ Government monopoly
- ✓ Prone to political manipulation
- ✓ Limited options for crop and soil nutrient specific demands

Policy Instruments

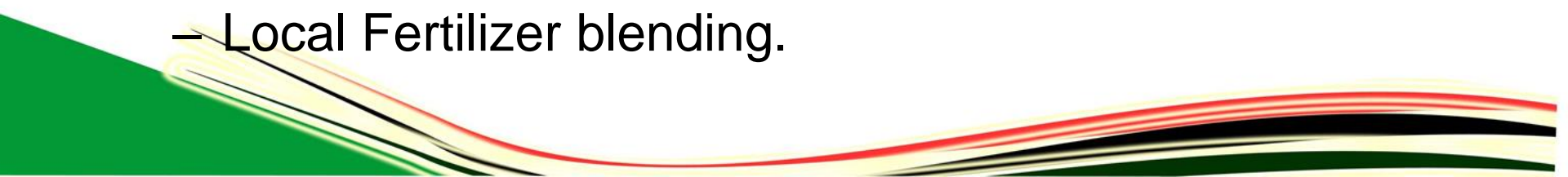
- Structural adjustment programs (SAPs) - 1980's and 1990's
 - ✓ Dismantled input markets and liberalization began
 - Input use and **agricultural productivity declined**
- SAPs continued: market liberalization-1993
 - ✓ Government fully liberalized the fertilizer market
 - ✓ Reduced donor fertilizer imports to 5%
 - ✓ Increase in fertilizer use
- **NB: Increase in fertilizer usage occurred devoid of government subsidies**
 - ✓ Private sector driven growth

Policy Instruments

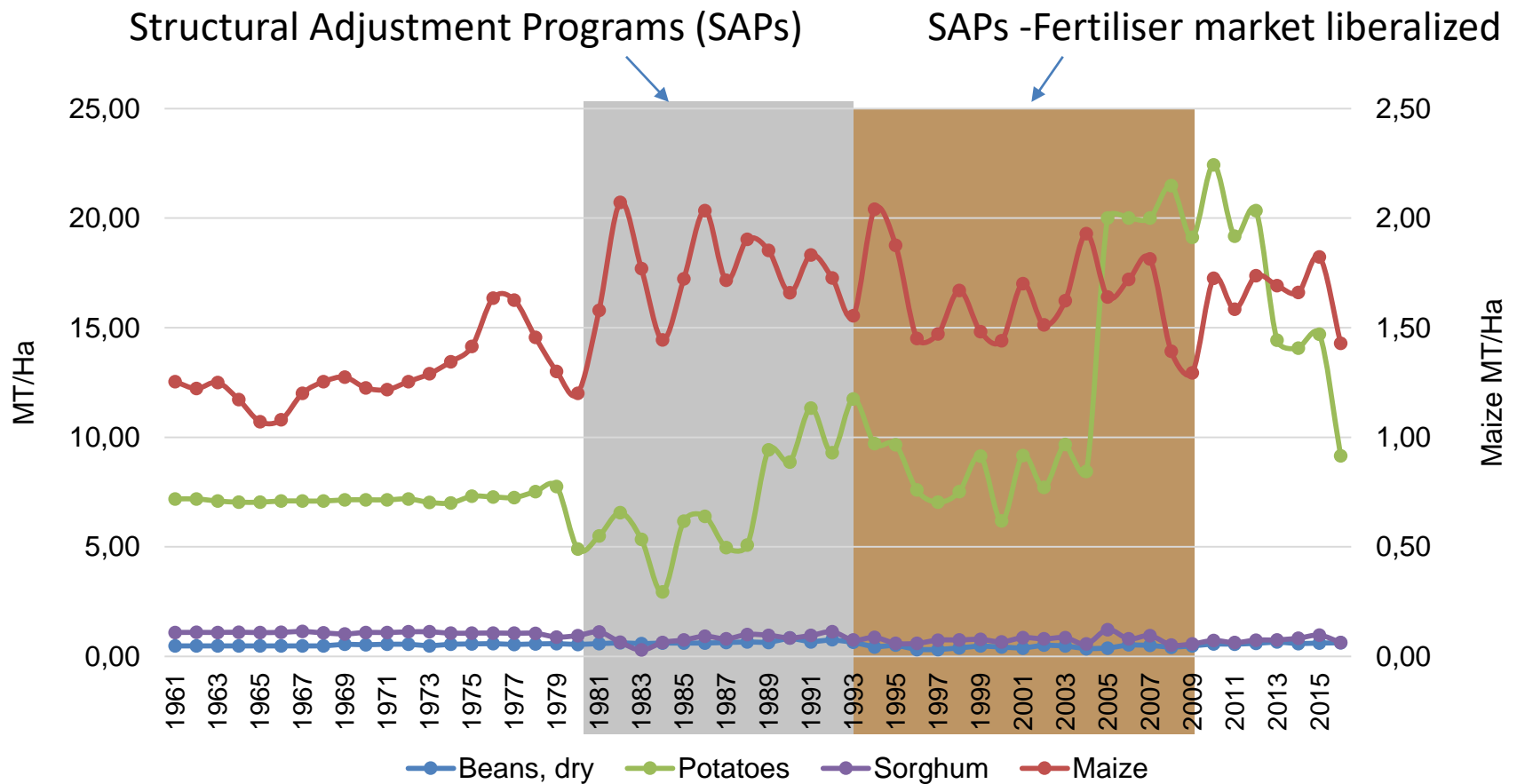
- **Fertilizer cost reduction strategy**

- Response to 2001 Abuja Declaration on Fertilizer for the African Green Revolution
- Response to an increase in the global fertilizer prices in 2009

Three tiered fertilizer cost reduction strategy (**Kenya Vision 2030** - flagship project) Implement in through the Medium Term Plans (MTP). And the Agriculture Sector Development Strategy (ASDS) 2010 -2020.

- Bulk procurement
 - local manufacturing of fertilizers and
 - Local Fertilizer blending.
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Productivity of selected crops during the different policy instruments



Data Source: FAOSTAT, 2018

Lessons Learnt

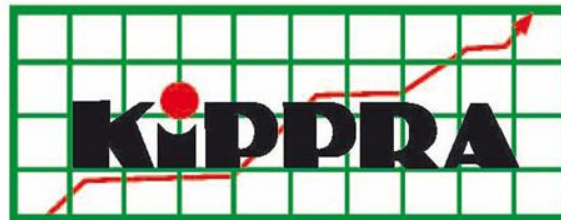
Aim of increased access to high-quality fertiliser is to raise agricultural productivity and farm income at affordable prices, along with information on how to use it effectively

- **Farmers have limited of knowledge** about input use and are risk averse. In addition there are learning costs, so that initial returns to input use are low but will increase with experience
- **Extent of leakages and diversion** of subsidized inputs away from their intended use is substantial
- **Timing of the delivery to farmers**, availability of complementary resources (eg, seed and fertilizer together, market access), and technical skills in input use is key
- **Concerted and coordinated efforts of public and private sectors actors**, eg. the private sector - importation and distribution to the farm level. Public sector quality control of fertilizer, research on soil fertility and fertilizer use. Both sector actors - dissemination

Suggestions going forward

- **Targeting and rationing of input subsidies** targeted at farmers who otherwise would not use inputs
- **Reduce transaction costs in the fertilizer supply chain** so as to increase access at affordable prices
- **Complementary and integrated investments** such as transport, storage, communication systems and output markets
- **Operate at Economics of scale** to lower staple produce prices and/or raise the productivity of factors of production
- Research is needed on ways to **increase the crop response to fertilizer** (Soil acidity, Organic matter, Management practices, Micro-nutrient deficiencies etc.)

Thank You for Your Attention!



**The KENYA INSTITUTE for PUBLIC
POLICY RESEARCH and ANALYSIS**

**2nd Floor, Bishops Garden Towers, Bishops Road
P.O BOX 56445-00200, Nairobi**

Tel: +254 204 936 000, +254 202 719 933/4

Cell: +254 736 712 724, +254 724 256 078

Fax: +254 20 2719951

Email: admin@kippra.or.ke

Website: www.kippra.org

Twitter: [@kipprakenya](https://twitter.com/kipprakenya)