Kenya Institute for Public Policy Research and Analysis

Analysis of Fertilizer Policies in Kenya

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Overview

- Introduction
- Policy Instruments
- Lesson learnt
- Suggestions going forward
Introduction: Low input use

Fertilizer application rates (kg nutrients/ha arable land)
Introduction: Low input use

Fertilizer application rates (kg nutrients/ha arable land)

Data source: FAOSTAT, 2018
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$_2$O$_5$ and K$_2$O.

- 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


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

Structural Adjustment Programs (SAPs) - Fertiliser market liberalized

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!

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