

Subsidised fertilizer:

In Malawi, the fifth poorest country in the world, the government introduced a voucher programme for small scale farmers, providing them access to subsidised fertilizer and seed. The country suddenly saw bumper harvests in both 2006 and 2007. Are fertilizer subsidies the way out of poverty for small scale farmers in Africa?



“Fertilizer vouchers are key to the empowerment of African farmers”

Eric McGaw, head of communications at the Alliance for a Green Revolution in Africa (AGRA).

If you're after social inclusion, you can't do better than provide farmers with fertilizer, at least in sub-Saharan Africa. This region has long been characterised by poor soils – soils that continue to deteriorate as their nutrients are mined year after year. Leaving their lands fallow is not an option for farmers. Their choice is stark: either they plant or wind up begging for food.

But many farmers cannot afford fertilizers and improved seeds. The key to changing this is to improve farmers' access and purchasing power through a targeted income transfer system. Recently, the Alliance for a Green Revolution in Africa (AGRA) has been working with various partners to facilitate access to fertilizer and seeds by developing networks of rural agro-dealers that bring these farm inputs closer to farmers, while lowering costs. Also needed are more effective ways of providing support to poor farmers who cannot afford costly inputs. Vouchers are therefore offered to them that can be used at their local agro-dealer shop, expanding both options and affordability, while building private markets.

It's working

AGRA targets the poorest farmers in Africa, and the voucher system is specifically suited to their needs. This system has already worked wonders in many African countries with seeds. Likewise, farmers, who would be excluded from access to fertilizer in any scheme involving cash, are directly benefited by the voucher system.

Our last topic, “How effective are Effective Micro-organisms”, received valuable responses on our website. In our digital newsletter, E-LEISA, this discussion is summarised for you. To subscribe to this newsletter, go to E-LEISA on the homepage of the LEISA Magazine.

The agro-dealer programme was first developed by the Rockefeller Foundation in Malawi in 2004 and AGRA has been building on this. Triggered by massive government support to provide subsidies for seeds and fertilizers, Malawi, a small land-locked country, went from being an annual recipient of food aid to a net exporter of maize within two years, bringing desperately needed income to the cash-strapped country. Not only that, but Malawi actually became a food donor to other countries in Africa. Similar voucher programmes have been extended to poor farmers in Kenya and Tanzania.

Two lessons from these national efforts are clear. One: the voucher system provides farmers with additional purchasing power to acquire seeds and fertilizer. Two: building agro-dealer networks makes it possible for farmers to obtain these inputs at their doorstep.

Private sector partnership

The need for a consolidated approach for fertilizer procurement in Africa is especially urgent now because of the rapidly increasing prices of fertilizers on the global market and the tightening of fertilizer supply. The price for a tonne of DAP rose from US\$ 245 in January 2007 to about US\$ 1300 in mid 2008, excluding shipping and inland distribution costs to the farm gate. Many African countries are experiencing great difficulties in securing access to fertilizers and high costs have put additional pressure on government budgets. Accessing finances for importing fertilizer is also increasingly challenging because of the high prices and the need for higher levels of collateral on loans. Unless immediate measures are taken to tackle fertilizer procurement and assure lower-cost supplies, the food crisis will worsen. To this end, AGRA will work closely with the African Development Bank, the New Partnership for African Development (NEPAD), multilateral partners, the private sector and commercial banks to develop solutions to fertilizer procurement.

Investments

Clearly, the current fertilizer supply and pricing situation on the global market and impacts on African countries must be reviewed. Additional investments in infrastructure will be required to support bulk procurement systems. These investments entail a high level of commitment from both the fertilizer industry and the countries with access ports. Above all, a comprehensive fertilizer policy framework must be developed that will ensure that fertilizer reaches farmers. This framework needs to include the development of downstream fertilizer distribution systems as well as safeguards to ensure efficient and environmentally sound use of fertilizers. We at AGRA believe that the voucher system, when coupled with rapid development of rural agro-dealer networks and targeted public subsidies, is the best way for farmers to increase their food production and secure their food security.

AGRA is a platform that emerged in 2006, to develop programmes that boost farm productivity and incomes for the poor, while safeguarding the environment. Contact: Alliance for a Green Revolution in Africa (AGRA), P.O. Box 66773, Westlands 00800, Nairobi, Kenya. E-mail: emcgaw@agra-alliance.org ; www.agra-alliance.org.

Two views



“Fertilizer subsidies are a mirage for solving hunger”

Rachel Bezner Kerr, assistant professor at University of Western Ontario (Canada), works with the Soils, Food and Healthy Communities (SFHC) Project in Northern Malawi.

Over the past year Malawi’s fertilizer subsidy programme has been highlighted as a “success story” for improving food security and agricultural productivity for smallholder farmers. Fertilizer subsidies, which were made available to 1.8 million households in 2007, reduced the market price of this volatile commodity by about two-thirds. Many experts point to the government of Malawi’s decision to export maize this year, and the high estimates of production as evidence of reduced hunger. International news articles trumpeted that Malawi had “ended famine” by ignoring the advice of the World Bank and the IMF, in providing subsidies to farmers.

Price increases

However, simply exporting food does not mean that hunger has ended in Malawi. In fact, it is the large scale farmers who exported a surplus. In northern Malawi many families experienced food shortages this year. Families who didn’t produce enough maize from their own farms had to rely on purchased maize, which increased dramatically in price this year, in keeping with global trends. Current prices are 126-139 percent above the five year average. Many poorer farmers with low food supplies resorted to harvesting their maize early in order to compensate for this price rise. The high crop production predicted in late 2007 was overestimated, and late distribution of fertilizer was one reason for lower than anticipated yields. The Famine Early Warning Systems network predicted that food access will deteriorate for the poor in the coming months. The financial cost for fertilizer has skyrocketed in the last year, following rising fossil fuel prices. The United States Department of Agriculture indicates that costs for fertilizer have increased by 65 percent from 2007 to 2008.

Even with a timely arrival of fertilizers, simply increasing yields does not translate into a decrease in hunger for poor farming families. Beyond the household, poor farming families in Malawi face a host of problems that cause or worsen hunger, including high medical costs, rising prices and low incomes.

Voucher politics

Farmers in Northern Malawi note that many families only received one coupon for 50 kg of fertilizer, which was not enough to produce adequate yields. Some farmers pointed out that the distribution within villages often marginalised poorer families, privileging those with ties to local leadership. “I got one coupon this year, which is not enough for my maize production,” said Rodgers Msachi, community leader and farmer in Ekwendeni region. He added “You should not mix politics with someone’s life. Even if you get a coupon, it may only be this year. Next year, a new president might say I won’t give you fertilizer but flour.”

Stockard Nyirenda, head of the farmer research team leading the SFHC project, explains: “Fertilizer on its own doesn’t add fertility in the soil. Food for the soil is residues, manure. The farmers themselves know that if they apply fertilizer this year, they get high yields, but next year there may not be any fertilizer and yields will be down. Indeed, depending on fertilizer subsidies means relying on the vagaries of politics and the market for your food.

Legumes more sustainable

Over the past eight years, farmers involved in the SFHC project have taken a different road to improving their food security. They grow different legume intercrops like pigeonpea and peanut, and incorporate crop residues into their soils, growing maize the following year and saving legume seeds in community seed banks. This agroecological approach addresses both soil fertility and dietary diversity, with peanuts, pigeonpeas and soyabean. Between 2000 and 2008, 5000 farmers in over 100 villages received legume seeds and training on these intercrop systems. While judicious use of subsidised fertilizer may contribute to improving food security in the short term, the medium and long term costs of this option will be paid by poor farmers in Africa. Fertilizer is a highly carbon-intensive nutrient source. Reliance on fertilizer rather than organic material degrades the soil and increases carbon emissions, harming marginalised farmers the most. Creating dependencies on commodities like fertilizer through subsidies exposes national governments to increased risk from price volatility and availability – this risk is necessarily passed on to farmers.

In Malawi since 2000, the SFHC project (www.soilandfood.org) joins Canadian and Malawian researchers focusing on agroecological strategies to improve farmer productivity and health. Contact: Soils, Food and Healthy Communities Project, Ekwendeni Hospital, PO Box 19, Ekwendeni, Malawi.

© **Rachel Bezner-Kerr** (rbeznerkerr@uwo.ca) wrote this piece together with SFHC project partners **Laifolo Dakishoni** (soilsandfood@sdpn.org.mw) and **Kenton Lobe** (k_lobe@foodgrainsbank.ca).

Join the debate at www.leisa.info → Open Forum