Fostering the fertilizer future in Africa

Unlocking financing for the fertilizer sector with the Africa Fertilizer Financing Mechanism
Fertilizer is a strategic commodity without borders.

2006 Abuja Declaration on Fertilizer for the African Green Revolution
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## Facts and figures on the fertilizer sector in Africa

| 24 kg | The average fertilizer use per hectare in Africa is 24 kg which is still below the 50 kg of the 2006 Abuja Declaration.  
  
  *Source: IFA 2019.* |
| 3% | Africa’s percentage of fertilizer use, compared to other regions of the world. |
| 1 | ECOWAS is the only regional economic community in Africa with a harmonized regulatory framework |
| 1/3 | Only one-third of African countries have formal fertilizer policy and regulatory frameworks to guide the fertilizer sector.  
  
  *Source: IFDC 2015.* |
| 65% | The estimated amount of African farmland affected by soil degradation.  
  
| 56% | Africa’s yields are only 56% of the international average  
  
  *Source: AfDB, ‘Africa’s agricultural productivity is the lowest in the world.’* |
| 30 to 60% | Transport costs represents 30 to 60% of the farm-gate price of fertilizers.  
  
  *Source: AFFM Strategy brief 2018.* |
| 10-15% | The additional risk premium on agricultural project due to perceived risk in Africa, compared to other regions of the world. |
What is the Africa Fertilizer Financing Mechanism?

The Africa Fertilizer Financing Mechanism (AFFM) is a special fund established by African leaders to support the development of the fertilizer sector in Africa.

An African response to support nutrition efforts

To end hunger and malnutrition in Africa, the African Union Member States established AFFM as a commitment to increasing the use of fertilizer nutrients to an average of at least 50 kilograms of nutrients per hectare. Achieving this target is key towards the Feed Africa Strategy of the Bank.

A financial instrument to de-risk the fertilizer sector

The additional risk premium on agricultural projects due to perceived risk in Africa ranges from 10 to 15 % compared to other regions of the world. AFFM works with financial actors to share potential risks and facilitate access to financing on terms affordable to fertilizer SMEs and smallholder farmers.

A platform gathering actors of the fertilizer sector

AFFM is a platform that brings together stakeholders of the fertilizer sector to strategize on fertilizer issues and offer sustainable financing solutions to the fertilizer value chain. AFFM facilitates contact between the different layers of the fertilizer value chain and organizes them in their resource mobilization efforts.
How does AFFM operate?

AFFM offers some solutions to make available financing to the fertilizer value chain, increase fertilizer usage and strengthen farmers’ capacities. Its activities mainly focus on:

**Financial solutions**
AFFM provides the fertilizer value chain with credit guarantees and other financial solutions along the value chain to promote smallholder farmers’ access to quality and affordable fertilizers.

**Policy advocacy**
With the support of other institutions, AFFM supports government efforts to harmonize policies and improve regulatory capacities by financing studies and initiatives to support policy reforms in the fertilizer sector.

**Support extension services and technology transfer**
AFFM approach also aims at empowering actors of the fertilizer value chain and equipping them with the right tools and information to accelerate the achievement of Africa’s objectives in the area of agriculture. Current projects in Côte d’Ivoire, Ghana, Nigeria and Tanzania will train farmers in proper fertilizer use and other agricultural best practices.
AFFM’s objective is to ensure that conditions are in place to facilitate access to fertilizers by farmers. Its interventions are expected to contribute to the emergence of an agriculture that feeds Africa and improves farmers’ livelihoods. AFFM interventions will lead to the following:

- Market-oriented farmers
- Increased availability of fertilizers
- Better soil health
- High and better Fertilizer use
- Food security
AFFM in Action

Supporting the fertilizer market in Nigeria and Tanzania

AFFM launched its first two projects worth $5.4 million in 2020, to boost the fertilizer market in Nigeria and Tanzania. The projects aim to implement trade credit guarantees to enhance fertilizer value chains.

**Nigeria**

- **09** Suppliers, blendres & manufacturer to be covered
- **12** Hub agro-dealers targeted
- **120** Retail agro-dealers targeted
- **200,000** Smallholder farmers to be supplied with quality fertilizers

**Tanzania**

- **06** Suppliers, blendres & manufacturer to be covered
- **25** Hub agro-dealers targeted
- **400** Retail agro-dealers targeted
- **500,000** Smallholder farmers to be supplied with quality fertilizers
The Africa Fertilizer Financing Mechanism (AFFM) and the fertilizer company OCP Africa are joining hands to implement a $4 million trade credit guarantee project through the OCP Agribooster initiative. The objective is to improve the agricultural productivity and smallholders’ farmers’ incomes by providing them timely access to high quality inputs.

Partnering with OCP to support smallholder farmers’ access to fertilizers

Côte d’Ivoire
- 30% in yield increase in Côte d’Ivoire
- 180,000 smallholders farmers targeted
- 54,000 women smallholder farmers
- 20% of upfront deposit by smallholder farmers instead of 40%
- 2 aggregators supported under the guarantee facility.

Ghana
- 35% in yield increase in Ghana
- 250,000 smallholders farmers targeted
- 50,000 women smallholder farmers
- 20% of upfront deposit by smallholder farmers instead of 40%
- 50 aggregators supported under the guarantee facility.
Creating linkages among actors of the fertilizer sector

Since it became operational, AFFM is working hand in hand with different stakeholders to facilitate access to financing instruments of the African Development Bank and those of other financing institutions. In 2019, AFFM convened the first ever West Africa fertilizer financing forum (WAFFF) in collaboration with the West Africa Fertilizer Association (WAFA). The objective was to build lasting and fruitful relationships between financing institutions and the fertilizer industry. The event gathered about 300 actors to pave the way for sustainable fertilizer financing in the region.
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