

NATIONAL FERTILIZER POLICY FOR NIGERIA¹

FINAL DRAFT

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Foreword

The accompanying document – *National Policy on Fertilizer for Nigeria* – represents the first attempt to synthesize the disparate policies of the Federal Government on fertilizer into a single coherent whole. Of course, this does not imply that Nigeria never had a fertilizer policy up to this time. Rather, the policy on fertilizer has existed in bits and pieces inside the grey literature such as government files and disparate statements over the time. As such the inherent interrelationships among the different aspects or policy directions are not obvious thereby restricting the value for decision making and referencing by stakeholders. Thus the basis of the present exercise is to produce a comprehensive document on the national fertilizer policy for the country, with a view to consolidating the position of the Federal Government into a single internally consistent whole and show the interrelationships among the different policy instruments employed.

Since the establishment of a ministry for agriculture at the federal level in 1967 followed by the creation of the first professional department in the ministry in 1970 (Federal Department of Agriculture, FDA), the promotion of fertilizer and other green revolution technologies has become a deliberate government policy. The institutional policy on fertilizer involved the subsequent establishment of the erstwhile Fertilizer Procurement and Distribution Division (FPDD), which was established in the FDA in an effort to coordinate the activities of the States in the importation of fertilizer.

For many years, FPDD served as the central agency for fertilizer importation and for the delivery to designated points in the country, until liberalization of the sub-sector began in 1995 following which the division was re-designated as Federal Fertilizer Department in 2001. During this period (1976-1995), the main statute in force was the National Fertilizer Board Act of 1977 which provided for the establishment of “a body corporate to be charged with the responsibility for purchasing and distributing fertilizer to State Governments at such subsidized prices as may be determined by the Federal Government”. In addition, we also have the Fertilizer (Control) Decree of 1992 which has provisions to punish any person who, without permission of the appropriate authority, deals in, sells or distributes fertilizer in a place not designated for the purpose of sale or distribution of fertilizer.

The production policy became operational in the early 1970s, when the Federal Government established the Federal Superphosphate Fertilizer Company (FSFC) at Kaduna (1973) as the first manufacturing company of phosphatic products, which became operational in 1976. Afterwards the National Fertilizer Company (NAFCON) was also established in 1981 but started production in 1987, for the manufacture of nitrogenous compounds for domestic use and for exports. In addition, the first in the series of local blending plants were established at Kaduna, Minna, and Kano, which grew in number and capacity. Also, their added value was in terms of producing different formulations to broaden the range of products suitable for application in different areas and for different crops. Lately both FSFC and NAFCON were privatized under the continuing reform policy of the Federal Government.

The traditional fertilizer price policy involved the administratively fixed fertilizer price with heavy subsidy. At all times uniform official price for the same products prevailed all over the

country regardless of the differences in landing costs and market forces at different locations and agro-ecological zones. The subsidy provision covers several components of the price including portions of the CIF of imported products and mark-ups of locally produced products, as well as the whole of distribution cost comprising haulage, warehousing and handling. The value of subsidy at its peak in 1992 was estimated at N6.8 billion. The subsidy policy was associated with several problems, namely: massive abuse in terms of diversion of benefits to unintended beneficiaries; smuggling of products to neighboring countries; fiscal burden on the government; among others. This led to the gradual reduction of subsidy to the current 25% level administered to the quantity of fertilizer purchased by government, under the present market stabilization policy.

Work on fertilizers forms part of the responsibility of the agricultural faculties and universities, and research the commodity research institutes. For example, the Nationally Coordinated Fertilizer Research Project was mounted for the conduct of practical field research on fertilizer in all zones. The Institute of Agricultural Research and Training (IAR&T), Ibadan, serves as the mandate institution for this research. Also, fertilizer extension forms part of the general extension programme of the government, which has the Agricultural Development Projects (ADPs) as the focal points for delivery services. Each agricultural research institute operates an extension unit which undertakes on-station and on-farm adaptive research in collaboration with ADPs. The training and visit extension method (T&V) was nationally adopted wherein the extension packages, comprising fertilizer and other elements to be disseminated, are subjected to the monthly technology review meetings (MTRM) prior to delivery to farmers during the fortnightly visits of the extension agents. The mandate institution for this purpose is the National Agricultural Extension and Research Liaison Services (NAERLS).

The Federal Government performs a regulatory function operates in the fertilizer sector through the National Fertilizer Technical Committee (NFTC) which acts as an advisory body of experts for constantly reviewing and recommending formulations to farmers as well as new products based on result of agronomic trials. In this regard the National Fertilizer Development Centre (NFDC) was established to undertake laboratory analysis of fertilizer products and formulations. The establishment of a regulatory system for fertilizer is presently under consideration in view of the limited attention paid by existing mandate regulatory bodies such as the Standards Organization of Nigeria (SON) and the National Food and Drugs Administration and Control (NAFDAC).

By and large, these disparate policy statements and actions have not been properly articulated into a single internally consistent document for quick reference by stakeholders, including the government itself. As such it is not easy to relate policy actions in the subsector to one another and take effective decisions. Hence the need to synthesize the existing policies together in such a manner that reference and decision making becomes more convenient and the actions of stakeholders can be facilitated.

Articulating a fertilizer policy is both consistent with and required by the the overall agricultural development policy of Nigeria. Under this policy support is being given the subsector in view of the sensitive and significant nature of the input in the agricultural

program. Specifically the current fertilizer market stabilization program was put in place towards making fertilizer available to resource poor farmers at affordable price. Over and above the federal subsidy on fertilizer, some of the States and Local Government have also mounted their own schemes for subsidizing fertilizer for the same reason. This leads to price distortion in the market which affects the private sector adversely. Thus the need for a single national policy on fertilizer that would, among other things, address the issue of subsidy becomes imperative. Furthermore, the issue of rampant adulteration of fertilizer coupled with potential environmental damage, which together produce negative effects on crop production, constitutes strong basis for articulating a fertilizer policy for the country at this stage.

Finally, Government is making necessary arrangements to ensure disciplined implementation of the accompanying National Policy on Fertilizer, based on the articulation of a separate implementation strategy, which will reflect the position of Government on the vital issues in managing the subsector in Nigeria, as well as consistent with the current policy best practices all over the world.

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Table of content

PREFACE	I
FOREWARD	ERROR! BOOKMARK NOT DEFINED
LIST OF ABBREVIATIONS AND ACRONYMS	V
1. PREAMBLE	1
2. VISION STATEMENT OF THE FERTILIZER SUBSECTOR	2
3. DEFINITIONS OF FERTILIZER	3
4. OBJECTIVE OF THE FERTILIZER POLICY	3
5. GUIDING PRINCIPLES	4
6. POLICY DIRECTIONS	5
6.1. FERTILIZER PRODUCTION POLICY.....	5
6.2. DOMESTIC MARKETING POLICY	6
6.3. INTERNATIONAL TRADE POLICY (IMPORTS AND EXPORTS).....	6
6.4. RESEARCH AND DEVELOPMENT POLICY.....	7
6.5. QUALITY CONTROL POLICY.....	7
6.6. ENVIRONMENTAL POLICY.....	8
6.7. FARM USE POLICY (EXTENSION SERVICES AND EDUCATION)	8
6.8. GOVERNANCE AND INSTITUTIONAL POLICY	9
7. MONITORING AND EVALUATION	9
8. POLICY REVIEW	10

List of abbreviations and acronyms

ADP -	Agricultural Development Project
CAADP -	Comprehensive African Agriculture Development Plan
CIF -	Cost, Insurance and Freight
CRI -	Clean Report of Inspection
FAO -	Food and Agriculture Organization
FDA -	Federal Department of Agriculture
FFD -	Federal Fertilizer Department
FMARD -	Federal Ministry of Agriculture and Rural Development
FPDD -	Fertilizer Procurement and Distribution Division
FSFC -	Federal Superphosphate Fertilizer Company
GDP -	Gross Domestic Product
IAR&T -	Institute of Agricultural Research and Training
MDGs -	Millennium Development Goals
MTRM -	Monthly Technical Review Meetings
NAERLS -	National Agricultural Extension and Research Liaison Services
NAFCON -	National Fertilizer Company of Nigeria
NCA -	National Council on Agriculture
NEEDS -	National Economic Empowerment and Development Strategy
NEPAD -	New Partnership for African Development
NFDC -	National Fertilizer Development Centre
NFTC -	National Fertilizer Technical Committee
SON -	Standard Organization of Nigeria
T&V -	Training and Visit (extension system)

1. Preamble

Policy declaration:

The Honorable Minister of Agriculture and Rural Development, acting on the authority of the National Council on Agriculture, upon the consideration by the National Fertilizer Development Committee, in wide consultation with the stakeholders' community, and with technical input from the National Fertilizer Technical Committee, hereby declares the policy on fertilizer of the Federal Republic of Nigeria, as contained herein.

Whereas:

- a) Within the agricultural economy context -
 - Nigeria has a population of over 130 million people, about 70% of which are employed or engaged in agricultural activities that contribute over 40% of the GDP and 90% of non-oil exports.
 - Agricultural activities involve the production of food crops such as yams, cassava, potatoes, rice, sorghum, maize, cowpeas among others, as well as cash crops such as cocoa, oil palm, rubber, mango, citrus, groundnuts, cotton, gum Arabic, ginger, cashew, among others.
- b) Within the national economy and agriculture policy context -
 - The Federal Government of Nigeria is currently implementing a home-grown development strategy - National Economic Empowerment and Development Strategy (NEEDS), which has set definite targets in relation to agriculture including the following: minimum annual growth rate of 6% of agricultural production; increased agricultural exports to \$3 billion by 2007; reduction of food imports from 14.5 percent of total imports to 5% by 2007; increased area of land under cultivation by 10% a year; and increased adoption of environment-friendly farming practices.
 - The current agricultural policy of Nigeria promotes the responsible use of green revolution technologies namely fertilizer, seed and crop minerals, in the strive to achieve food security and for generating exportable surplus of farm products in a market-friendly way.
 - The federal government has embarked on policy reforms of the general economy through the active privatization of public enterprises and liberalization of the markets for farm inputs and outputs.
- c) Within the regional and global economy context -
 - Nigeria is a member of the Africa Union and NEPAD which has formulated a Comprehensive Africa Agriculture Development Programme (CAAD) which has as one of its major pillars increasing food supply and reducing hunger.

- The United Nations has set the Millennium Development Goals (MDGs) in relation to agriculture including halving poverty by 2015 warranting a growth target of at least 6% per year in agricultural production.
- The FAO estimates of fertilizer need in Africa (based on yield and area expansions for meeting the MDGs) amount to an increase in total nutrients of 47% or a 2.6% average annual growth rate.

Challenges

- a) The fertilizer sector faces the following challenges:
 - The need to improve farm income and contribute to GDP growth through increased and improved use of fertilizer by the farm population.
 - The need to improve agricultural competitiveness through higher crop yield resulting from fertilizer use
 - The need to improve on nutrient use efficiency at farm level
 - The need to contribute to the protection of the environment
 - The need to utilize locally available raw materials for fertilizer production.
 - The need for quality assurance in fertilizer marketing and use.
 - The need to contribute to employment

- b) To address these challenges government has declared a national agriculture policy, which calls for a comprehensive national fertilizer policy. The scope for such a policy includes the following aspects:
 - Research & Development
 - Fertilizer production
 - Domestic marketing
 - Quality control
 - Farm use (extension services and education)
 - International trade (import/export)
 - Environmental
 - Governance and institutional

- c) The fertilizer policy as related to these aspects would require technical backup support services in terms of monitoring and evaluation of implementation, as well as periodic review of the policy document.

2. Vision statement of the fertilizer subsector

The fertilizer subsector of Nigeria is envisioned as a competitive private input market to develop and disseminate adequate quantity and quality of fertilizer products that are timely available and accessible to the teeming farm population of

Nigeria, operating under a supportive public sector, and without undermining the environment.

3. Definitions of fertilizer

Generally “ fertilizer” means any substance containing one or more recognized plant nutrient(s) that is used for its plant nutrient content and is designed for use or claimed to have value in promoting plant growth;

Specifically:

- a) “ mineral fertilizer” means fertilizer produced by mineral processes or mined and derived from an organic substance or synthetic organic substance.
- b) “ organic fertilizer” means fertilizer derived from non-sythetic organic material, including sewage sludge, animal manures, and plant residues produced through the process of drying, cooking, composting, chopping, grinding, fermenting or other methods and makes a declaration of nutrient value on the label.

4. Objective of the fertilizer policy

The broad objective of the National Policy for fertilizer is to facilitate farmers’ timely access to adequate quantity and quality of fertilizers at competitive but affordable prices in Nigeria by:

- a) Promoting research and extension activities that enable farmers to earn remunerative profits through improved agronomic-efficiency in fertilizer use, and higher yields.
- b) Promoting and facilitating balanced application of fertilizer consistent with the agronomic requirements of the different cropping systems in the various agro-ecological zones of the country, based on soil testing;
- c) Providing appropriate incentives for investment in fertilizer production enterprises.
- d) Encouraging and facilitating the rational development of local raw materials required for fertilizer production.
- e) Facilitating the development of an adequate and functional marketing infrastructure.
- f) Facilitating adequate financing of fertilizer production, marketing and use.
- g) Facilitating the development of technical, managerial and marketing skills of stakeholders in the fertilizer subsector including the public sector itself.
- h) Creating and effectively enforcing an enabling legal and regulatory frameworks that ensure good quality fertilizers to farmers and protect private sector investment against harmful practices in the market.

- i) Creating an enabling macroeconomic and fiscal environment contributory to stabilization of farm gate prices of fertilizer to a level that will promote wider adoption and increased fertilizer use by farmers.
- j) Promoting and facilitating the integration of the national fertilizer market into the larger regional fertilizer market.
- k) Creating legal and regulatory frameworks to prevent manufacturers from polluting the environment.
- l) Encouraging best management practices that do not undermine the environment in the course of fertilizer use.
- m) Facilitating the widespread and timely availability of appropriate and reliable data and information about the national and international fertilizer markets.
- n) Sustaining increased demand for fertilizer through appropriate pricing of pricing of fertilizer products and crop outputs.
- o) Evaluating soil-fertilizer interaction on a regular basis in the different agro-ecological zones of the country.

5. Guiding principles

The guiding principles behind the choice of policy instruments and directions are enunciated as follows:

The principle of holistic approach, which pertains to the multi-faceted nature of fertilizer as a mineral, an organic substance, an industrial product, an agricultural input, as well as a tradable commodity.

The principle of credibility, which requires that fertilizer policy should be credible in terms of the due process for its formation, appraisal, implementation and review mechanism.

The principle of proportionality wherein the instruments should not exceed what is necessary to achieve the desired objective and should enjoy sufficient structural and functional integrity pertaining to its efficacy.

The principle of market friendliness: The policy instrument should be consistent with the promotion of a competitive fertilizer market.

The principle of legality: The policy instruments require appropriate legislations to back them up.

The principle of regional consistency: The national policy instruments should be in harmony with regional policy dispensation on fertilizer.

The principle of partnership and dialogue: All stakeholders in the fertilizer subsector should be constantly involved in the implementation, monitoring and evaluation processes of the policy instruments.

The principle of gradual approach: Whenever necessary policy reforms on fertilizer and changes should be gradual within the time frame agreed upon by stakeholders.

The principle of fiscal responsibility, which requires that necessary resources are committed to the implementation of fertilizer policies.

The principle of truth-in-labeling: All fertilizer products offered for sale in Nigeria are properly labeled with a guaranteed analysis and net weight, and the quality control of the products is based on the truthfulness of the claims on the label.

Principle of balanced fertilization: which requires the provision and use of macro and micronutrients in balanced proportions based on soil testing and crop requirements for different agro ecological zones.

Principles of environmental integrity, which calls for efficient fertilizer use based on the need to protect and conserve the environment.

6. Policy directions

Consistent with the vision, objective and guiding principles enunciated above, the policy directions for Nigeria's fertilizer subsector shall be the following:

6.1. Fertilizer production Policy

- a) Production of fertilizers in Nigeria shall be open to both the public sector, and private national and international investors.
- b) Interested investors wishing to establish a fertilizer production plant in the country must comply with the requirements of the National Policy on Industry and the National Policy on Agriculture.
- c) The Federal Government shall encourage domestic production of fertilizers through appropriate targeted tax relief and tariff regime as well as maintaining a stable exchange rate, controlling inflation and allowing favorable and reasonable expatriate quota and income repatriation.
- d) The Federal Government shall encourage the exploration and development of the country's raw material potential for fertilizer production based on comprehensive feasibility studies.
- e) In collaboration with the financing institutions, the Federal Government shall endeavor to reduce the risk associated with the provision of and access to the fund available for investment in fertilizer production and raw material development.

- f) Fertilizer types to be produced by prospective producers must conform to the provisions of the law and supporting regulations for different crops in the agro ecological zones of the country.
- g) Producers shall be encouraged to use locally available raw materials as much as possible, in their production process.
- h) All local fertilizer producers must to establish an internal quality control mechanism.

6.2. Domestic marketing policy

- a) The marketing of fertilizer in Nigeria is the primary responsibility of the private sector. Nevertheless, in cases of emergency or for the purpose of penetrating the remote areas not serviced by the private sector and for reaching farmers who cannot afford to buy fertilizer, the Government may wish to undertake targeted intervention to facilitate access to fertilizer through market-friendly and transparent mechanism.
- b) Wholesalers and dealers involved in fertilizer marketing must operate under a legal and regulatory framework established by the Government.
- c) In collaboration with the financing institutions, the Federal Government shall endeavor to reduce the risk associated with the provision of and access to the fund available for investment in fertilizer marketing.
- d) In collaboration with the private sector, the Federal Government shall facilitate the provision and widespread dissemination of timely, appropriate and reliable data and information on the national, regional and international fertilizer market.
- e) Fertilizer prices shall be determined by market forces. If targeted price subsidies are considered to be needed for the poorest farmers who have inadequate purchasing power or those in remote areas where access is difficult, this should be done in a way that does not hamper the functioning of competitive fertilizer markets.

6.3. International trade policy (imports and exports)

- a) The importation and exportation of fertilizer in Nigeria is the exclusive preserve of the private sector.
- b) Fertilizer importers and exporters shall operate under a legal and regulatory framework established by the Federal Government.

- c) Fertilizer types to be imported by prospective importers must conform with fertility status of the soil and crop nutrient requirements to the existing law and supporting regulations for different crops in the agro ecological zones of the country.
- d) For monitoring purposes, importers shall inform the Fertilizer Department on their importation plan on a yearly basis. The Federal Government shall guarantee the confidentiality of such data and information.
- e) For monitoring purposes, importers shall inform the Federal Fertilizer Department of their shipment notice including the expected date of cargo arrival, to enable FFD officials to arrange for necessary inspection and quality assurances verification. The Federal Government shall guarantee the confidentiality of such data and information.
- f) Each shipment of fertilizer must be accompanied with Clean Report of Inspection (CRI), manufacturer's certificate, bill of lading, invoice and cargo plan, authenticated by pre-shipment inspection agent.

6.4. Research and development policy

- a) Research and development of fertilizer products and technologies are the primary responsibility of Government in collaboration with producers and importers of fertilizers within the context of public-private partnership.
- b) Any company wishing to introduce new fertilizer type/grade should channel the product through FFD for testing and field evaluation by NFDC; the results of the trials should be ratified by NFTC prior to marketing of such products. The cost of the testing and trial as well as other necessary workshops shall be borne by the company.

6.5. Quality control policy

- a) Ensuring good quality fertilizer products is the primary responsibility of Government. Nevertheless, the private sector is advised to monitor the quality of its products to ensure that they conform to the provisions of the existing legal and regulatory frameworks particularly truth in labeling practices.
- b) The Government shall ensure and enforce quality control of fertilizer through the establishment and enforcement of a market-friendly legal and regulatory framework that is adopted, legislated and implemented by appropriate authorities within the shortest possible time.
- c) The legal and regulatory framework for fertilizer quality control shall provide for the following:

- i. Federal Government inspectors to undertake periodic quality control at the fertilizer production plants, port of discharge and market outlets;
- ii. Fertilizer samples to be drawn by inspection officials for laboratory analysis;
- iii. Penalty to be imposed on violators of the relevant aspects of the framework; such offenses includes, but are not limited to, plant nutrient deficiencies, misbranding, adulteration, short weight, bagging quality, failure to report and pay inspection fees, and/or operating without a certificate of registration or with an expired certificate of registration;
- iv. Guidelines for proper labeling;
- v. Payment of inspection fees;
- vi. Requirements for fertilizer products to be free from harmful substances and for environmental safety;
- vii. Its financing mechanism as well as instructional arrangements for its implementation and enforcement.

6.6. *Environmental policy*

Ensuring environmental safety in fertilizer use is the primary responsibility of the Government. Nevertheless:

- a) Any company engaged fertilizer production should ensure that waste products (e.g. solid wastes, effluents and fumes) emanating from production plants does not pollute the environment.
- b) Farmers shall guard against excessive use of fertilizer in order to prevent environmental pollution or soil degradation.
- c) Producers, marketers and users of fertilizers must take necessary measures that ensure that the environment (air, water and soil) are conserved and protected, in line with concerns for environmental sustainability and biosafety.

6.7. *Farm use policy (extension services and education)*

- a) Complementary use of inorganic and organic fertilizers shall be encouraged.
- b) Balanced application of recommended fertilizer rates shall be encouraged.
- c) Extension education shall be ensured by the Government while complementary extension services by the private sector

6.8. *Governance and institutional policy*

Inter-governmental relationships:

- a) In accordance with the constitutional provision for agriculture on the concurrent legislative list, it shall be the joint responsibility of the three tiers of government (federal, state and local) to promote the proper use of fertilizer in the country and to facilitate adequate availability and accessibility to farmers. Therefore the three tiers of government shall cooperate in specific ways to achieve the goals and objectives of fertilizer policy.
- b) Government shall establish a cooperative extension system wherein funds shall be pooled from federal, state and local levels for effective delivery of fertilizer technologies to farm population.

Institutional structure and roles:

- a) The Federal Ministry of Agriculture and Rural Development (FMARD) has the overall responsibility for formulating, re-formulating and implementing the national policy on fertilizer in Nigeria, for which purpose the National Council on Agriculture (NCA), with the Honourable Minister as the Chairman, shall be statutorily instrumental.
- b) The Federal Fertilizer Department is an administrative and technical arm of the FMARD for undertaking necessary actions pertaining to formulation, reformulation and implementing the fertilizer policy under the directives of the Honourable Minister. Nevertheless the government shall establish an independent agency specifically for the regulation and quality control of fertilizer.
- c) National Fertilizer Technical Committee (NFTC) shall be responsible for providing technical advisory services to the Honourable Minister on all aspects of the fertilizer economy.
- d) National Fertilizer Development Centre (NFDC) shall undertake necessary experimentation and laboratory analyses consequent upon the implementation of fertilizer policy in the country drawing from the activities of relevant research institutions in all the agro ecological zones of the country. Nevertheless fertilizer analysis can be undertaken by accredited private laboratories recognized by government.

7. Monitoring and evaluation

- a) Government shall undertake internal and external monitoring of implementation activities of all organs and institutions in the fertilizer subsector, with a view to making necessary changes to the implementation work plan so that the broad and specific objectives of the fertilizer policy can be achieved.

- b) Government shall undertake evaluation and impact assessments of the fertilizer policy at appropriate times, with a view to ensuring that fertilizer policy will make the desired impact in agricultural development of the country.
- c) Government shall ensure that all fertilizer stakeholders are involved in the monitoring and evaluation process.
- d) Monitoring and evaluation of the implementation of the fertilizer policy shall be technically conducted and follow due process.

8. Policy review

- a) The fertilizer policy shall be reviewed at least once in five years to capture changes in socio-economic and natural environment relating to fertilizer; however such a review should be carried out in consultation with the fertilizer stakeholders.
- b) Government shall undertake review of the fertilizer policy following the review of the national policy on agriculture if necessary.
- c) The formulation or reformulation of fertilizer policy consequent upon such reviews shall be accompanied by a new implementation work plan.
- d) Government shall endeavor to involve fertilizer stakeholders in the policy review evaluation process.
- e) The review of the fertilizer policy shall be technically conducted and follow due process.

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This Day

Sign:

Mallam Adamu Bello (Daniyan Adamawa)
Honourable Minister

Federal Ministry of Agriculture and Rural Development