We have established a fertilizer public-private dialogue platform in Uganda and have been instrumental in establishing a fertilizer platform in Mozambique (AMOFERT) and in Kenya (KeFERT). Key topics addressed include: the design and implementation of fertilizer subsidy programs; simplifying the requirements for registration of fertilizers; and fertilizer quality-control measures and the role of the private sector in the same.

Policy changes/reforms contributed to:

a. Nigeria: facilitated private-sector input to the Nigeria Fertilizer Quality Control Bill and the ongoing draft of the fertilizer regulations
b. Mozambique: supported the revision of the fertilizer regulations that had expired and the development of regulatory tools for the implementation of the regulations
c. Tanzania: participated in public-private dialogues on the requirements for registration of new fertilizers in Tanzania and contributed to the decision by the government to reduce the requirement from three seasons to one season of testing
d. Mozambique: participated in the public-private dialogue, which resulted in agreement to remove the 2.5% customs duty on fertilizer imports

Examples of key policy issues supported:

Fertilizer production specifications and import processes have been acting as non-tariff barriers in the Kenyan fertilizer market.

a. AFAP provided technical advice to the Ministry of Agriculture, Livestock and Fisheries (MoALF) to improve its understanding of the key issues to be considered and best practices when setting cadmium limits.

b. AFAP is also conducting a review of fertilizer standards in East and Southern Africa with a view to recommending changes that would align them with the current fertilizer industry.

Have questions?

Please contact:
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AFAP’s extensive experience in fertilizer financing comes from managing our own activities (in-house trade credit guarantee fund) and from working with clients in designing and implementing a wide range of finance programs. So we not only see financing from consultants’ perspectives, but also from the viewpoint of implementers of our own daily operational requirements in several countries over multi-year periods. This operational advantage makes us uniquely equipped to understand the realities that exist in each geography and bring a practical approach to successfully achieving our clients’ objectives.

Some of the key services that AFAP offers to its clients are outlined below.

### Design and structuring of trade-credit programs

**TARGET CLIENTS:** Input supply companies

**OBJECTIVE:** Profitably increase sales

While offering trade credit is a powerful tool to increase sales, it comes with the associated risk of incurring credit losses. Our approach is to work closely with clients to review their distribution chain, its participants and the payment sources at each step of the chain. With this, we can make specific recommendations regarding:

- Credit underwriting guidelines (e.g. size limits and terms)
- Management information systems and reporting requirements
- Documentation requirements
- Policies and procedures (e.g. funds movements, collections, client reporting)
- Other risk-mitigation actions (e.g. use of inventory insurance where appropriate)

### Design and structuring of trade credit guarantee programs

**TARGET CLIENTS:** Guarantor entities – development focused or private/profit focused

**OBJECTIVES:**
- Increase fertilizer usage (development)
- Meet return on equity goals (private)

For trade credit to flow along the distribution chain, participants must have mutual trust and a capacity to bear the associated credit risk. In many instances, one or both of these elements is lacking. In these instances, trade-credit guarantees can increase the volume transacted across the distribution chain. Benefits for development entities as guarantor is to see increased supply of inputs made available to the targeted sector (e.g. smallholder farmers). For a private investor as guarantor, the benefit would be earning a targeted risk-adjusted return. AFAP can assist by providing analysis and suggestions as to:

- Specific supply chains to engage with or to avoid
- Guarantee parameters (e.g. risk-sharing percentage, down-payment minimums, days-to-pay terms)
- Management information systems and reporting requirements
- Documentation requirements
- Policies and procedures (e.g. funds movements, collections, client reporting)
Management of trade-credit guarantee programs

TARGET CLIENTS: Guarantor entities: development focused or profit focused
OBJECTIVE: Outsourced management of daily operations

Closely aligned to AFAP’s ability to assist in the design and structuring of trade-credit guarantee programs is our ability to implement and manage such programs for the guarantor entity. Since we had many years’ experience of this ourselves, we are able to bring this proven and practical capability to our clients. The benefits for the client, whether development or profit focused, include:

• Faster implementation
• Reduced internal complexity (no need to hire and build a “greenfield” operations platform)
• Operational risk reduction

Project financial analysis

TARGET CLIENTS: Project sponsors (private sector or development entities)
OBJECTIVE: Evaluation of financial viability

Infrequently, private-sector and development entities encounter situations that require investment in fixed assets such as warehouses or fertilizer-blending plants. These require significant investment and are expected to return economic benefits over a long time period. Accordingly, they justify rigorous financial analysis to accurately determine not only the cost/benefit but also the financial resources required.

Our analysis can range from the simple to the very complex, including such items as:

• Full operational modeling (as input to the financial model) over multiple years
  - Operation metrics (e.g. capacity utilization)
  - Physical materials needs and output volumes (e.g. raw materials, labor, energy)
• Integrated financial modeling to produce:
  - Multi-year and detailed pro-forma GAAP financial statements
  - Working capital required to support the operational plan
  - Return on equity (IRR, MIRR), sensitivity analysis, break-even analysis

Business skills training to SMEs

TARGET CLIENTS: Development entities and input supply companies
OBJECTIVE: Capacity building

While some highly developed distribution chains have been built, in many geographies and input sectors we bring extensive experience across many countries in delivering targeted training to SMEs in order to build their capacities related to key business areas such as:

• Finances (e.g. budgeting, pricing and expense control)
• Inventory management (e.g. proper handling and loss reduction)
• Accounting (e.g. basic bookkeeping for reporting and management control)

Have questions?

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AFAP has played a major role in developing the fertilizer sector across 12 countries in Africa by providing business and technical support, actionable advice on regional regulations and branding and financial support services. This helped build the capacity of over 5,000 major distributors in the agriculture sector and over 450 farmer organizations. AFAP estimates that it has reached over 7.5 million farmers through its programs.

At the heart of our work are our market-driven hub agro-input dealership networks, which AFAP develops and bolsters throughout all the target countries. These add value to smallholder farmers in two ways: 1. as input supplier before and during the planting season; and 2. as output aggregator during harvest and post-harvest, thereby reducing losses and increasing income.

These wholesale networks benefit both retail agro-dealers and smallholder farmers as well as fertilizer/seed/chemical/equipment importers, local blenders, agro-processors, food companies, financial institutions and governments.

Digital recording, risk mitigation and digital-advisory services on input management are an integrated part of these networks using both mobile and desktop hardware as enablers. Through this work and our reach, AFAP provides an excellent platform to develop, validate and launch new digital technologies and solutions.

Our various stakeholder platforms and networks also provide the opportunity to address recurring problems and strategically engage in collective action on standards for data collection of farm field data and digital aggregation and usage. These platform also help as they can leverage industry associations, farmer groups, national governments as well as regional economic blocs (consisting of multiple country governments) who may otherwise be unaware of the advances in digital technology.
Services and business case examples

TECHNICAL ADVISORY AND KNOWLEDGE DISSEMINATION:
For several years already, we have delivered tools and case studies on market analysis, market entry, market linkages and market-access dynamics, best practices and systems. We share these, train where possible and customise our findings to the relevant country.

Our information includes how digital services and digital components can add value to the delivery, efficiency and scaling of our programs. We can also provide training and case studies about software development practices and the modernization of research infrastructure through digitization.

PRODUCTIVITY IMPROVEMENT PROGRAM FOR SMALLHOLDER FARMERS, PIPS (MALAWI)
We implemented this unique, scalable and digital SoilDoc solution in combination with provision of extension services and technical assistance by the private sector. Our program directly supported 6,000 smallholders, providing them with access to customized fertilizers and advice, and ensuring enhanced production and food security. The result was, on average, a 20% increase in yields of supported farmers and an overall average increase of 10% in the incomes of smallholder farmers.

SCALING UP IMPROVED LEGUME TECHNOLOGY, SILT (TANZANIA)
We developed this innovative and complementary communication approach to scale up more advanced legume technologies and establish sustainable input-supply systems for 250,000 farmers. The project resulted in the introduction and roll-out of, for example, new legume varieties such as common beans and soy beans with wide-ranging benefits, among which can be included: enhanced taste and nutrition, better markets, disease resistance, and productivity.

RICE TRAINING TOOL FOR SMALLHOLDERS, IFARMING (NIGERIA)
AFAP collaborates with a digital extension technology start up, which also teamed up with AfricaRice, the CGIAR institute. The tool provides ongoing advice and training to rice farmers through a gamified android app. As it captures the usage of inputs and resulting yield upsides through its automated record keeping, it is an easy-to-use tool for GAP-adoption, aggregation and benchmarking of field level data. Farmers receive better pricing and credit conditions through partnerships with aggregators and millers. It integrates RiceAdvice, the fertilizer advisory tool and has been tested with farmers and industry partners in Nigeria, Ghana and Tanzania.

AFRICA SOIL INFORMATION SERVICE (AFSIS) (LED BY OUR STRATEGIC PARTNER QED)
AFSIS was a large-scale project developed by BMGF to devise scalable ways of monitoring the soils and landscapes of Africa, focusing on Ethiopia, Ghana, Tanzania and Nigeria. We built the end-to-end digital infrastructure for AFSiS, including:
• mobile apps for field data collection
• barcoding and inventory management for soil
• crowdsourced analysis of satellite imagery
• Laboratory Information Management Systems (LIMS) for soil chemistry
• generating soil maps at national scales.

AFSIS inspired and created soil information services in several of the focus countries, which has produced the largest known dataset of African public soil chemistry data. A huge achievement!

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