

JUNE  
2024

# FERTILIZER VALUE CHAIN

Competitiveness Progress Report II



NATIONAL COMPETITIVENESS COMMISSION

*"Enhancing Zimbabwe's Global Competitiveness"*



## 1. BACKGROUND

- 1.1 The Commission produced an evidence-based Fertilizer Value Chain Competitiveness Report in 2022, which outlined challenges and proffered appropriate areas of intervention to improve production efficiency, expand industrial base, promote import substitution and economic growth & development. The report benefitted from benchmarking with some of the top fertilizer producing countries in Africa, which include Nigeria, South Africa and Morocco.
- 1.2 The fertilizer value chain is prioritised under the National Development Strategy 1 (NDS1), as a key enabler to improved agriculture growth, as it is critical in enhancing agro-processing industry in Zimbabwe.



### Update on the Fertilizer Value Chain Competitiveness

- 1.3 The Fertilizer Industry in Zimbabwe continues to be a price taker due to absence of key inputs such as potash and disruptive technology, which impact on operations of the sub-sector.
- 1.4 The huge import bill for fertilizers continues to be unsustainable as the country imported fertilizers worth about US\$388.17 million in 2023 (UN COMTRADE). The country spent approximately US\$955 million, importing fertilizers over the past 5 years (2016 – 2021).
- 1.5 The sector also continues to be affected by the dilapidated railway infrastructure, given that raw materials such as phosphate rock from Dorowa Minerals and Ammonia Gas & Potash, which are imported through South Africa and Beira, are bulky in nature and cannot be



transported by road over long distance. In addition, the current state of the rail infrastructure also limits the efficiency of the value chain locally, thereby negatively impacting on productivity and competitiveness, as the sector resorts to use of road, which is relatively expensive.



*Commission's Tour of the Zimphos Plant*

## 2. STRATEGIES TOWARDS ENHANCED FERTILIZER VALUE CHAIN COMPETITIVENESS

- 2.1 The fertilizer sub-sector is exploring ways of import substitution as the default strategy, which can be achieved through increased efficient production thereby enhancing productivity and competitiveness of locally produced fertilizers.
- 2.2 Table 1 below shows an update on the implementation of fertilizer value competitiveness report recommendations.

**Table 1: Update on Implementation of Fertilizer Value Chain Competitiveness Report Recommendations**

RECOMMENDATION	IMPLEMENTATION PROGRESS	IMPLEMENTING AUTHORITY
Establishment of an Independent Zimbabwe Fertilizer Manufacturers Association	Adopted under the NDS1 review.	Fertilizer Manufacturers  Ministry of Industry and Commerce
Import substitution	Zimphos has prioritised investing into a new sulphuric acid plant, which will culminate in import substitution.  This requires about US\$8 million with the plant expected to be commissioned in 2025. The sulphuric acid plant will reduce the company's cost of production by 40%.	Fertilizer Manufacturers  Ministry of Industry and Commerce
Increasing mechanization and technology uptake by fertilizer players	Adopted by fertilizer manufacturers, with expeditious implementation of internal efficiency initiatives, which include investments in modern technology, being one of the strategies	Fertilizer Manufacturers

RECOMMENDATION	IMPLEMENTATION PROGRESS	IMPLEMENTING AUTHORITY
	Zimphos commissioned a state-of-the-art fertilizer blending machine in 2022, with capacity to produce 200,000MT per year. The company has also prioritised constructing of a granulation plant which is expected to be commission this year, 2024	

2.3 As part of the interventions, the Commission will continue to work with the fertilizer value chain competitiveness lab (technical working group) on the drive to ensure that the sector’s competitiveness is enhanced. Table 2 below shows targeted interventions to enhance competitiveness.

**Table 2: Targeted Interventions to Enhance Competitiveness**

FOCUS AREA	IMPLEMENTING AUTHORITY	TIMELINE
Promote use of the 4R principle in the stewardship of fertilizer: <ul style="list-style-type: none"> <li>• Right fertilizer sourcing (reputable suppliers of good quality fertilizers)</li> <li>• Right fertilizer application rates (to get the right yields)</li> <li>• Right time (to make effective use of the nutrients)</li> <li>• Right place (important for slow-release fertilizers)</li> </ul>	Fertilizer Manufacturers Ministry of Lands, Agriculture, Fisheries, Water and Rural Development	2024 - 2025

FOCUS AREA	IMPLEMENTING AUTHORITY	TIMELINE
Utilise locally produced fertilizers in order to increase capacity utilization and drive down cost associated with underutilized capacity		
Engagement of the Africa Centre for Fertilizer Development on potential collaboration to enhance the competitiveness of the fertilizer industry, through research and trainings on fertilizer management practices.	Fertilizer Manufacturers Farmers Unions NCC	2024 - 2025

### **3. CONCLUSION AND WAY FORWARD**

- 3.1 Enhancing competitiveness of the fertilizer value chain is critical given that the sector has strong backward and forward linkages with the mining, agriculture and manufacturing industries, among other key sectors of the economy.
- 3.2 The Commission will continue to engage/partner respective institutions in the value chain to help ensure that the value chain's competitiveness is enhanced in line with NDS1 aspirations.

**NATIONAL COMPETITIVENESS COMMISSION**

JUNE 2024



National Competitiveness Commission  
"Enhancing Zimbabwe's Global Competitiveness"

**PUBLISHED BY:**

National Competitiveness Commission  
1 Adylinn Rd, Agriculture House,  
Cnr Malborough Dr & Adylinn Rd,  
Malborough, Harare.

**PHONE:** (242) 300764 / 313230 / 313233

**WEBSITE:** [www.ncc-zim.co.zw](http://www.ncc-zim.co.zw)

**CONTACT:** [info@ncc.co.zw](mailto:info@ncc.co.zw)