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African Development Bank approves $5.1 billion framework to tackle energy and fertilizer crisis

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The new Global Energy and Fertilizer Crisis Response Framework will combine $4.1 billion in additional African Development Bank lending with up to $960 million from the African Development Fund, targeting immediate supply pressures while strengthening Africaâ??s longer-term resilience

The African Development Bank Group has approved a financing framework that could mobilise up to $5.1 billion to help African countries absorb the economic shock from the global energy and fertilizer crisis, as elevated commodity prices and disruptions to international trade routes put renewed pressure on import-dependent economies.

The Global Energy and Fertilizer Crisis Response Framework, approved by the Bank’s Board of Directors on September 1, will bring together $4.1 billion in additional lending from the African Development Bank and up to $960 million from the African Development Fund, the Group’s concessional financing arm.

The scale of the intervention reflects the growing overlap between energy security, food security and fertilizer availability. Higher energy and fertilizer costs feed directly into agricultural production expenses, while disruptions along major trade corridors can make already expensive inputs harder to source. For countries heavily dependent on imported fuel, food and agricultural inputs, the resulting pressure can quickly move from commodity markets into government budgets, farm economics and household food prices.

The Bank said the framework will be demand-driven, with support tailored to individual countries according to their degree of vulnerability. The additional resources will also lift the African Development Bank Group’s 2026 lending target to about $12.7 billion.

At the centre of the response is the need to keep critical agricultural and energy supply systems functioning while governments deal with broader macroeconomic pressures. The framework will focus on four areas: macroeconomic stabilisation; protection of food, energy and fertilizer supply systems; support for essential public spending and vulnerable households; and longer-term reforms designed to reduce exposure to external commodity and supply-chain shocks.

Fertilizer is a particular priority because disruptions in availability or affordability can quickly translate into lower application rates and weaker crop yields. The framework is expected to provide emergency and trade finance to help keep fertilizer supplies moving to farmers while supporting vulnerable populations and limiting market disruptions.

The Bank also plans to support efforts to diversify fertilizer supply chains and develop more locally based production and distribution systems across Africa. That longer-term component is important because the continent's exposure to international fertilizer markets leaves farmers vulnerable to movements in global prices, freight costs, currency markets and geopolitical disruptions.

"The Bank's new Global Energy and Fertilizer Crisis Response Framework gives us a way to respond to the pressures African farmers are facing as the conflict in the Middle East disrupts global trade," said Martin Fregene, Officer in Charge Vice President for Agriculture, Human and Social Development.

"When fertilizer becomes too expensive or difficult to find, farmers use less and harvests can suffer," Fregene said. "Access to finance is part of the solution, helping businesses keep fertilizer moving to farmers, while we work to build stronger fertilizer markets and more local supply in Africa."

The emphasis on finance reflects a practical constraint in fertilizer markets: even when product is physically available, businesses across the import, distribution and retail chain require working capital to purchase, transport and hold stocks. Tight financial conditions can therefore amplify a supply shock, particularly in markets where import dependence is high.

The Bank said disruptions affecting major maritime corridors are compounding the problem. Longer shipping routes, higher transportation costs and delivery delays can increase the landed cost of commodities and expose vulnerabilities in supply networks that depend on a limited number of international suppliers and trade routes.

The new framework is partly modelled on the African Development Bank's previous COVID-19 Response Facility and African Emergency Food Production Facility. But the institution is positioning the latest intervention as more than an emergency financing mechanism. Alongside immediate support, it is intended to create policy and investment space for reforms that can reduce African economies' structural exposure to volatile international energy, food and fertilizer markets.

That distinction could prove critical for agriculture. Emergency financing can help prevent an immediate supply crunch, but it does not by itself resolve the underlying vulnerabilities created by import dependence. Building diversified sources of fertilizer, strengthening domestic and regional supply chains and improving the ability of businesses to finance inventories could provide a more durable buffer against future disruptions.

The framework also places food and energy security within the same policy equation. Energy prices influence fertilizer manufacturing and transportation costs, while fertilizer availability influences agricultural productivity and food prices. A disruption in either market can therefore transmit pressure through the other.

For African governments already managing fiscal and external financing constraints, the framework is designed to provide room to protect essential spending and vulnerable households while maintaining critical supply systems. The combination of concessional and non-concessional financing is intended to allow the Bank Group to respond across countries with different levels of financial capacity and vulnerability.

The GEFCRF will remain in effect for one year from its September 1 approval date. The African Development Bank Group said it will review the framework before deciding whether to extend it.

The immediate test will be whether the financing can move quickly enough through trade and supply chains to prevent fertilizer and energy disruptions from becoming agricultural and food-security shocks. The longer-term measure of success, however, will be whether the programme helps Africa build supply chains that are less exposed to the next global commodity or geopolitical crisis.