

BRIEF NO.1

# Global Impact of war in Ukraine on food, energy and finance systems

13 APRIL 2022

# A three dimensional crisis

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# Introduction

The war in Ukraine, in all its dimensions, is producing alarming cascading effects to a world economy already battered by COVID-19 and climate change, with particularly dramatic impacts on developing countries. Recent projections by UNCTAD estimate that the world economy will be a full percentage point of GDP growth lower than expected<sup>1</sup> due to the war, which is severely disrupting already tight food, energy, and financial markets.

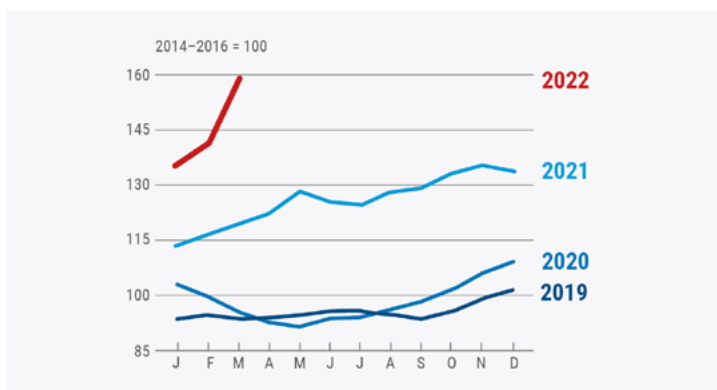
Ukraine and the Russian Federation are among the world's breadbaskets. They provide around 30 per cent of the world's wheat and barley, one-fifth of its maize, and over half of its sunflower oil<sup>2</sup>. At the same time, the Russian Federation is the world's top natural gas exporter, and second-largest oil exporter. Together, neighbouring Belarus and the Russian Federation also export around a fifth of the world's fertilizers.

As a result, commodity prices are reaching record highs across the board. On the 8th of April 2022, the United Nations Food and Agriculture Organization (FAO) published its third consecutive record food price index. Food prices are 34% higher than this time last year and have never been this high since FAO started recording them (see figure 1).

Similarly, crude oil prices have increased by around 60%, and gas and fertilizer prices have more than doubled<sup>3</sup>.

Vulnerable populations in developing countries are particularly exposed to these price swings, as they dedicate the larger share of their income to food and energy. The world's poorest countries tend to be net food importers and export and import measures on trade can further exacerbate rising food prices. At current price levels, FAO worst-case estimates of increases in undernourishment and food insecurity are also highly likely.

Figure 1. FAO Food Price Index<sup>4</sup>



In an environment of already levels of socio-economic stress due to the impacts of COVID-19, the rise in food prices threatens knock-on effects of social unrest. An UNCTAD analysis of historical data reveals that, in general, civil unrest and increases in agri-food commodity prices are highly correlated (Figure 2).

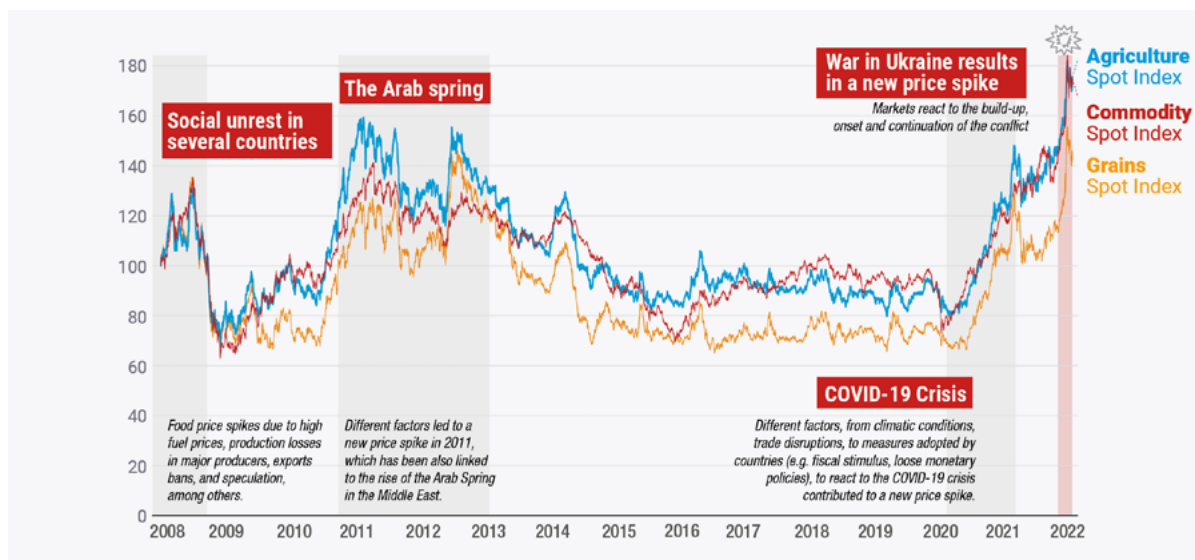
1 UNCTAD (2022). Trade and Development Report 2021, March update

2 UNCTAD (2022). The Impact on Trade and Development of the War in Ukraine

3 Bloomberg & MarketWatch Data. 8th of April 2022

4 FAO (2022). March 2022 FAO Food Price Index

Figure 2. Rising prices elevate the alarm for food security and political stability<sup>5</sup>  
(Price index, base year =2008)



Ongoing disruptions in global supply chains and financial markets further complicate current outlooks. Freight costs even before the war started were at multiples of their historical averages, complicating rerouting efforts and increasing consumer prices and import costs across the board<sup>6</sup>. Furthermore, global inflation rose to a decade high of 5.2% last year<sup>7</sup>, forcing many central banks to signal sooner-than-expected increases in interest rates, leading to higher debt servicing costs for the developing world. According to the Financing for Sustainable Development Report 2022, “60 per cent of least developed and other low-income countries are already at high risk of, or in, debt distress<sup>8</sup>.”

This ‘perfect storm’ comes atop the great social and economic scarring produced by the COVID-19 pandemic.

Since 2019, the number of people experiencing hunger has increased by 46 million in Africa, around 57 million in Asia, and about 14 million more in Latin America and the Caribbean<sup>9</sup>; an additional 77 million more people are living in extreme poverty<sup>10</sup>; school closures have led to losses of up to 17 trillion dollars in lifetime earnings for this generation of students<sup>11</sup>; and more than six million lives have been lost to the COVID-19 disease<sup>12</sup>.

At the same time, the absence of COVID-19 vaccine equity around the world has contributed to dramatic inequalities, deepened

<sup>5</sup> UNCTAD (2022). The Impact on Trade and Development of the War in Ukraine

<sup>6</sup> UNCTAD (2021). Review of Maritime Transport 2021

<sup>7</sup> United Nations, Inter-agency Task Force on Financing for Development (2022). Financing for Sustainable Development Report 2022

<sup>8</sup> Ibid. Page xiii

<sup>9</sup> FAO (2021). The State of Food Security and Nutrition in the World 2021

<sup>10</sup> Financing for Sustainable Development Report 2022

<sup>11</sup> The World Bank, UNESCO and UNICEF (2012). The State of the Global Education Crisis: A Path to Recovery

<sup>12</sup> World Health Organization. WHO Coronavirus (COVID-19) Dashboard

by uneven access to the financial resources countries need to recover from the pandemic. At present, vaccine doses per 100 people stand at 193.6 in high-income countries and at just 22.1 in low-income countries<sup>13</sup>.

In combination, global levels of exposure are alarmingly high to this crisis of triple vulnerabilities, which threatens to negatively affect the lives of billions of people around the world.

## Overall recommendations

The world needs to act with urgency to support countries affected by the crisis.

The proposed recommendations recognize the response will need to be phased and, as such, focuses first on areas for action based on existing policies and instruments that can be enacted immediately, if needed adjustments and flexibilities are introduced.

This crisis will leave deep and long-lasting scars, and therefore further medium and long-term policy proposals will be needed subsequently.

- 1. Call on all countries to keep engaging in multilateral fora** to address urgent global food, energy and financial issues. Delays in collective action will exacerbate already troubling prospects for the world economy.
- 2. Call on all countries and stakeholders to recognize that the very nature of increasingly common global shocks is such that countries are not individually responsible,** and that therefore solutions must be based on global, and not solely country-based, risk.

- 3. Make immediate and efficient use of all the existing mechanisms** to address both, the countries directly suffering from the war (Ukraine and the neighbouring countries) but also, as shown in the analysis, the global consequences of the war in developing countries.

- 4. Call not only on countries, but also on the private, civil society and the philanthropic sectors to help the most vulnerable populations** around the world and to be proactive actors in the pursuit of coordinated solutions. Fragmented interventions will not lead to the best results.

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13 *ibid*

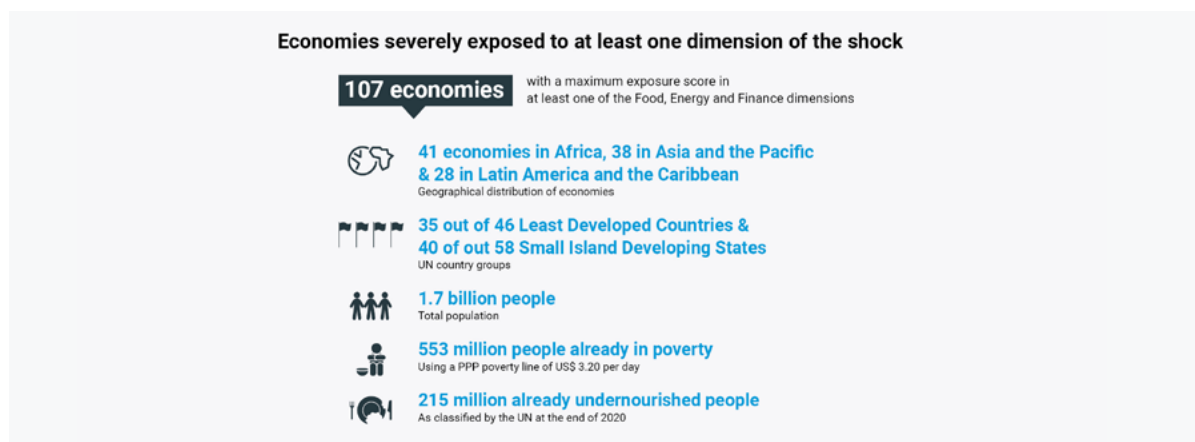
# Developing countries under the Sword of Damocles

## A crisis with a global reach

According to preliminary assessments of the United Nations Task Team for the Global Crisis Response Group<sup>14</sup>, based on six indicators of countries' exposure to the war's ripple effects on global commodity and financial markets, 1.7 billion people in the world live in 107 economies that are severely exposed to at least one of this crisis' three global channels of transmission – rising food prices, rising energy prices, and tightening financial conditions. These are countries where people struggle to afford healthy diets, where imports are essential to satisfy the food and energy needs of their populations, where debt burdens and tightening resources limit government's ability to cope with the vagaries of global financial conditions.

Given elevated levels of socioeconomic stress following the COVID-19 crisis and unfolding impacts of climate change, just one of these channels is enough to trigger collapse – debt distress, food shortages, or blackouts. Of these 1.7 billion people, 553 million are already poor, and 215 million are already undernourished.

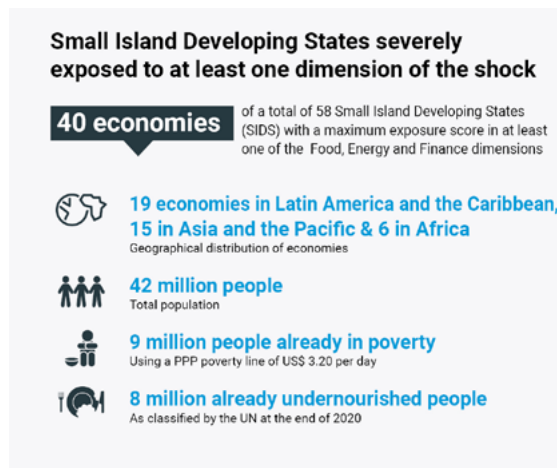
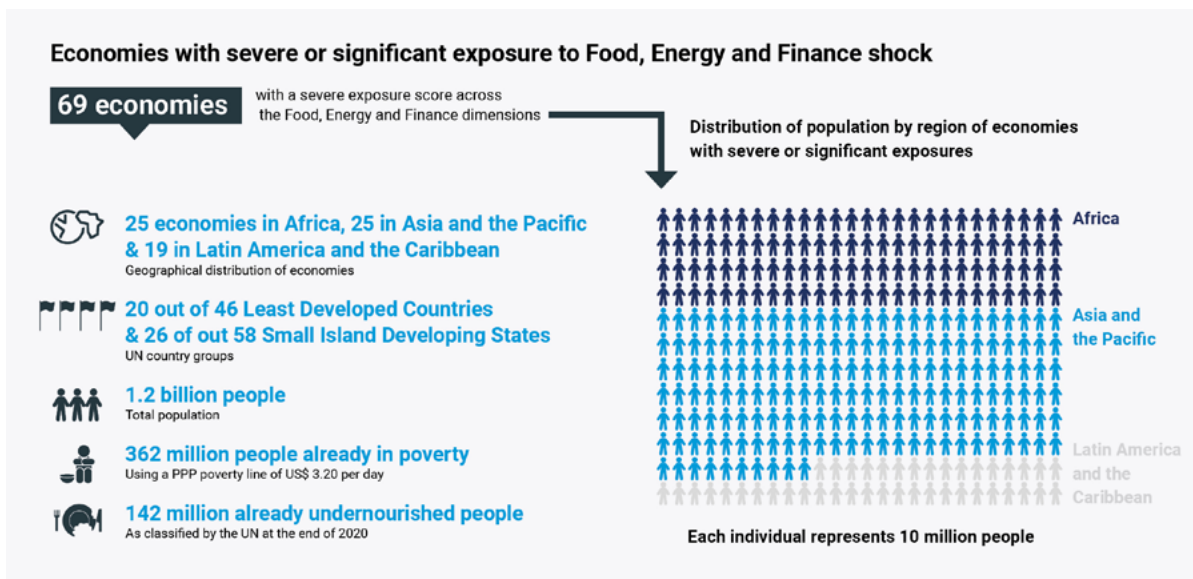
Importantly, exposure is present in the vast majority of developing countries, no matter the level of income or the geographical location. Alarming, for most developing countries, overlapping exposures at higher levels of intensity are the rule, not the exception.<sup>15</sup>



<sup>14</sup> This exercise measures the specific exposure of developing countries to the shocks that derive from the war in Ukraine through trade links to global commodity and financial markets. These indicators do not pretend to classify countries by their wider, pre-existing measures of vulnerability. Some countries may be very vulnerable in general – due to higher rates of extreme poverty, for example – and at the same time be less exposed to this crisis if they are less integrated to the world economy. For example, in the case of the energy indicators used, countries with higher use of biomass for final energy consumption appear as relatively less exposed in this exercise

<sup>15</sup> Exposure is measured using six indicators, two for each dimension of food, energy, and finance. In each dimension level of exposure is calculated using thresholds, and measured from 1 to 3, with 1 representing least exposure and 3 representing most exposure

Indeed, there is a group of ‘perfect-storm’ countries who are severely or significantly exposed to all three channels of transmission at once. 69 economies with 1.2 billion of the world’s people live in these countries.



These estimates reveal the depth and scale of this rapidly unfolding global crisis. Exposure is counted in the billions of people living in over a hundred countries, threatened across overlapping dimensions of vulnerability.

# Food, energy, and finance in more detail

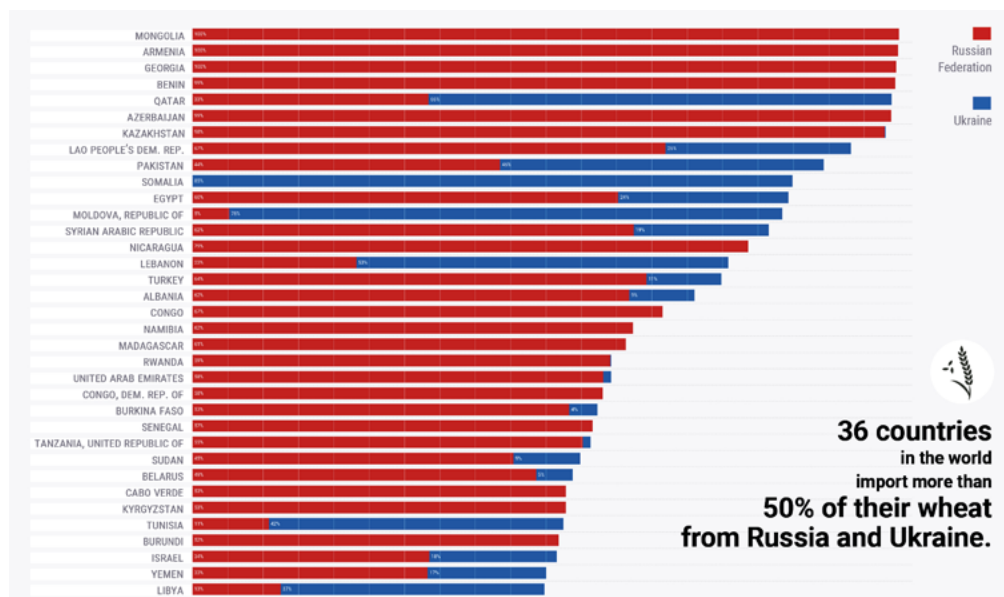
## Food

The impacts of the war in Ukraine are being felt not only regionally, but around the world because of the region's significant contribution to food and energy supplies. In relation to food, there are production and export challenges: these are already associated with reduced availability and price rises. Food (and energy) import bills are already at record levels, and it seems inevitable that these will continue to rise. This will have widespread impacts that could be far-reaching, but the consequences for poorer and vulnerable people, will be particularly severe. Many food producers are not able to access the agricultural inputs they need, so the impact of current market disturbances may be felt through 2023. There is value in urgent coordinated efforts that respond to needs, are human-centred, take advantage of opportunities, adapt to the context, and are implemented with a focus on delivering the 2030 Agenda for Sustainable Development.

Livelihoods are also to be affected, with many food producers, especially small farmers not able to access fertilizers and agricultural inputs they need, increasing the potential that current market disturbances may be felt through 2023.

This situation may worsen if countries react by closing food markets, setting off a domino-effect of trade restrictions and export bans, with potentially catastrophic consequences.

Figure 3. Most exposed countries to wheat from Russian Federation and Ukraine <sup>16</sup>  
(Share of imports of wheat from Russian Federation and Ukraine as a percentage of total, 2020)

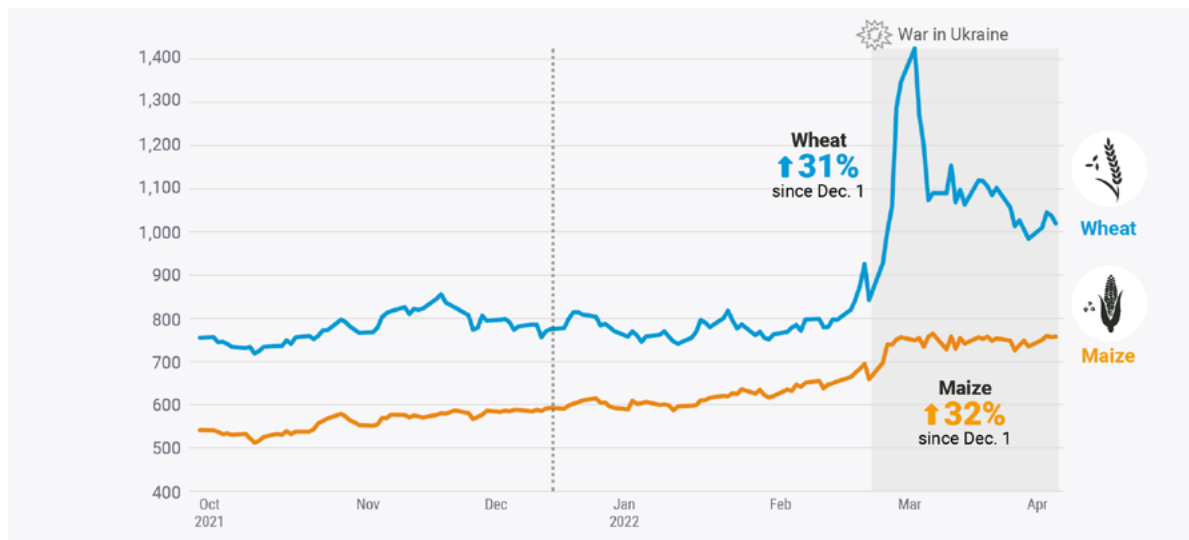




On top of these food price increases, which affect all net food importing countries, some economies are also directly exposed through import dependence of wheat coming from Russia and Ukraine.

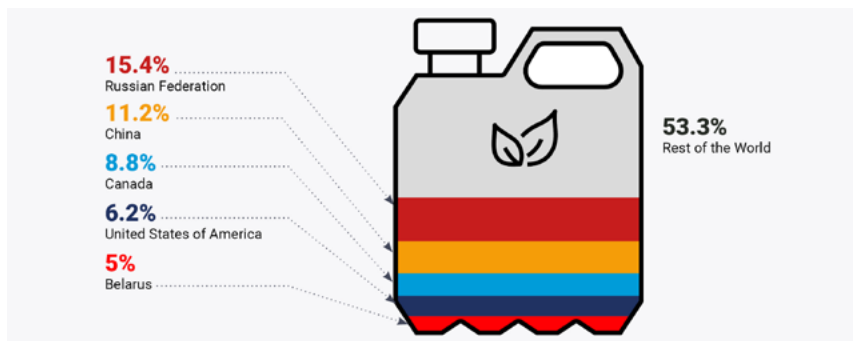
Wheat and maize prices have been very volatile since the war started, but are still 30% above their level at the beginning of the year.

Figure 4. Price increases and volatility in wheat and maize prices<sup>17</sup>  
(Price in USD)



Disruption in fertilizer markets dramatically complicate this situation in the medium term. Some analysts suggest crops may see yield reductions of up to 50%<sup>18</sup>, particularly in countries with a large share of small-farmers.

Figure 5. Russia and Belarus account for over 20% of world exports of fertilizers<sup>19</sup>  
(Exports as a share of world total, 2020)



<sup>17</sup> UN ECA based on data from Bloomberg & MarketWatch Data up to 7 April 2022

<sup>18</sup> BBC (2022). Ukraine war 'catastrophic for global food'

<sup>19</sup> UNCTAD Secretariat calculations based on UNCTAD Statistics

## Energy

Energy markets were already tight before the start of the crisis, following strong consumer demand and high GDP growth in 2021. Though crude oil and natural gas are still around 50% above their level at the start of the year, they have witnessed volatile trading sessions following key announcements since the start of the war and, in particular, the commitment by the United States to release 180 million barrels of oil over the next six months.

Figure 6. Price volatility in energy markets: crude oil and gas<sup>20</sup>  
(Price index, base = 1 October 2021)



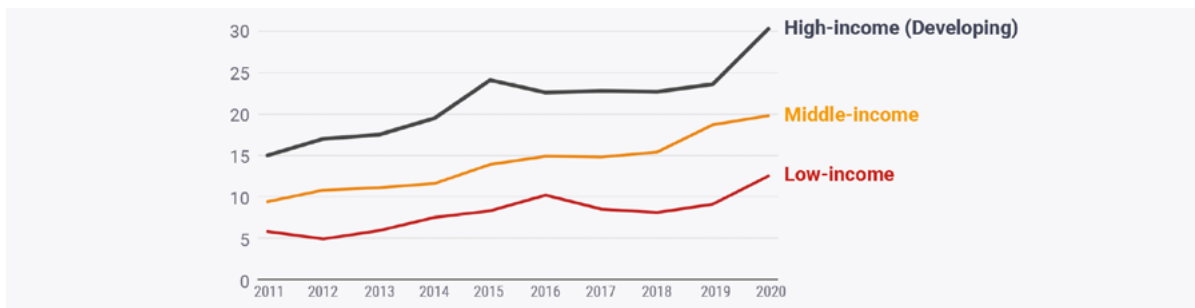
The significant increase in oil and gas prices may lead to counteracting effects in the longer term. On the one hand, it may shift investments back into extractive industries and fossil fuel-based energy generation, running the risk of reversing the trend towards decarbonization documented over the past 5-10 years. On the other hand, it can also accelerate the transition towards alternative sources of energy, especially in countries that wish to strengthen their energy resilience by sourcing from more local sources. The jury is still out on which trend will prevail. Much depends on political leadership and maintaining the momentum towards meeting the commitments of the Paris Agreement and the 2030 Agenda.

## Finance

We are on the brink of a global debt crisis. Even before the start of this crisis developing countries spent on average 16% of their export earnings in servicing their debt obligations, with Small Island Developing States spending more than twice this figure. By comparison, after the Allied Powers restructured Germany's debt in 1953, debt servicing payments never exceeded 3.4 percent of export revenues in any year.

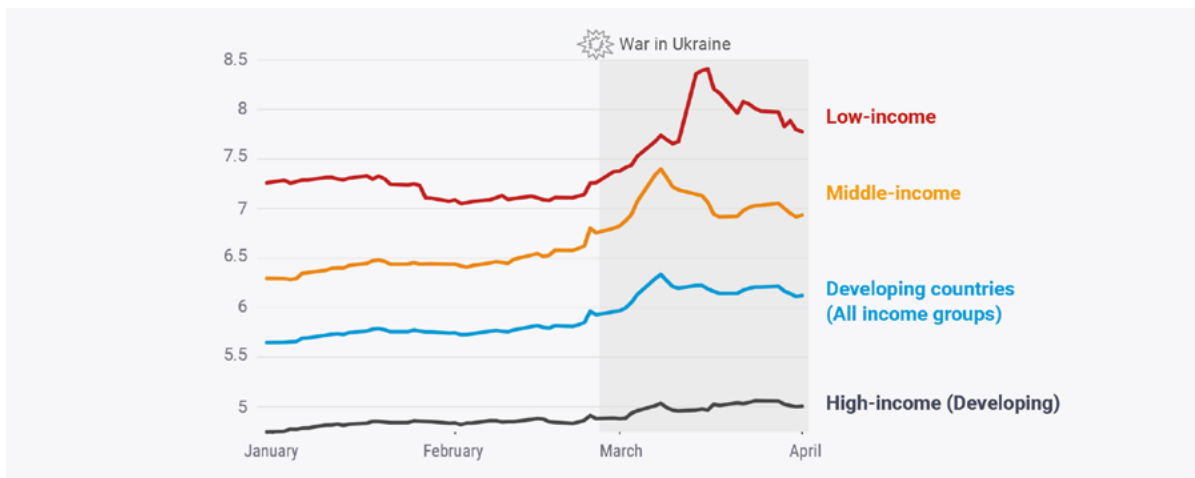
<sup>20</sup> UN ECA based on data from Bloomberg & MarketWatch Data up to 7 April 2022

Figure 7. The cost of debt servicing keeps rising for developing countries <sup>21</sup>  
 (External debt service as a share of exports, developing countries by income group)



On top of that, bond yields of developing countries have been on the rise since September 2021, given expectations of monetary tightening in developed countries. Rate hikes alongside financial disorder would be a double blow for developing economies, of “taper-tantrum-like” effects through interest rate rises and greater volatility in commodity futures and bond markets, leading to increased risk premiums on top of exchange rate pressures.

Figure 8. Sovereign bond yields in developing countries by income classification <sup>22</sup>  
 (Percentage)

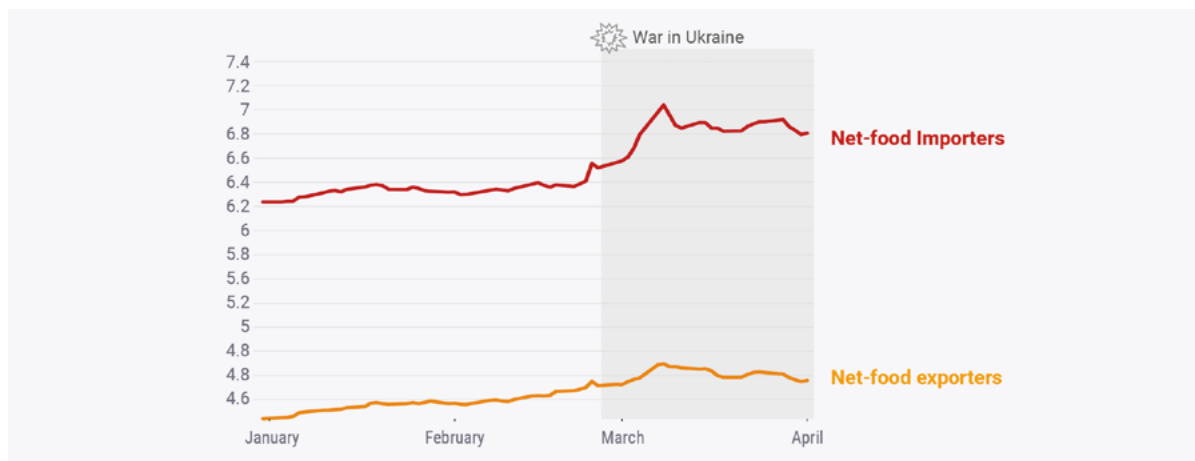


<sup>21</sup> UNCTAD Secretariat calculations based on Refinitiv

<sup>22</sup> UNCTAD Secretariat calculations based on Refinitiv, data updated to 1 April 2022

Country trade classifications show that countries classified as net-food importers by the United Nations have registered an above average increase in borrowing costs since the start of the conflict.

Figure 9. Sovereign bond yields in developing countries by export group <sup>23</sup>  
(Percentage)



## Trade disruptions and transport costs

The war in Ukraine is increasing ongoing disruptions to global logistics and supply chains, contributing to further elevated levels of delay across the global maritime transportation system. Port congestion remains a major contributor to elevated freight and strong market conditions in many shipping segments. It is unclear to what extent this will reduce commodity supplies coming from Ukraine and Russia, but trade restrictions, airspace closures, contractor uncertainty, and security concerns are complicating all trade routes going through Ukraine and Russia, a key sector of the Eurasian Land Bridge.

Spot freight rates continue at historically very high levels, although they have been declining over the last weeks despite the logistics issues caused by the Ukraine crisis, mostly due to seasonal reasons. Rates to charter container ships are at historical highs.

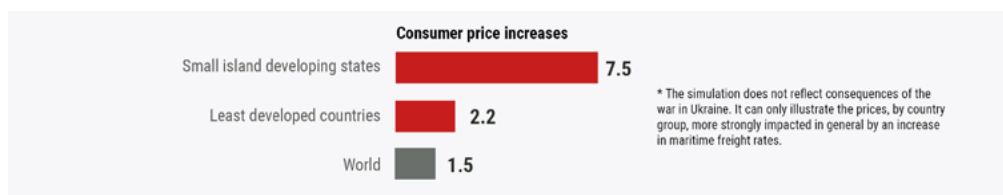
<sup>23</sup> UNCTAD Secretariat calculations based on Refinitiv, data updated to 1 April 2022

Figure 10. Rates to charter container ships are at record highs in more than a decade<sup>24</sup>  
(ClarkSea Index in thousand USD/day)



Perspectives for container rates continue to be higher than pre-COVID. The general simulations undertaken by UNCTAD on the impact of higher container freight rates on inflation still hold, i.e., an additional increase in consumer prices by about 1.5 percentage points compared to pre-COVID.

Figure 11. Simulated impact on consumer prices of higher container freight rates<sup>25\*</sup> (Percentage)



The key concerns for food security derive from the destruction of ports and infrastructure in Ukraine, the rising congestion, and the rising costs of shipping grain reflected in the dry bulk transport costs, including grains.

The level of bulk carrier capacity waiting at or around port globally has increased further this year. A major index by Clarksons reached an average so far in 2022 of 35%, compared to pre-COVID average across 2016-19 of about 30%, i.e., an increase of 5 percentage points since the start of the pandemic.

A key concern of the war is the supply of energy. Ships are now needed to carry gas and oil to replace energy that would otherwise be transported from Russia over shorter distances or by pipeline.

The higher bunker prices have a bearing on transport costs for all ships, and in fact all modes of transport. Bunker prices have been seriously affected and are today about twice the average of the five years pre-COVID.

<sup>24</sup> UNCTAD Secretariat, based on data from Clarksons Research up to 8 April 2022

<sup>25</sup> UNCTAD, Review of Maritime Transport 2021 (United Nations publication, Sales No. E.21.II.D.21, Geneva)

# Policy recommendations

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Photo: FAO

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## FOOD RECOMMENDATIONS

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The following responses could be considered by Governments at this time:

### **A: TO ENSURE SUFFICIENT SUPPLIES OF NUTRITIOUS FOOD AVAILABLE FOR ALL PEOPLE**

1. Ensuring availability of food supplies and fertilizers in import-dependent settings: Governments of countries that rely on food and fertilizer imports are seeking to diversify their sources of supply: This involves enhancing domestic production diversifying sources of imports and releasing existing food stocks. Stakeholders also seek to increase availability through reductions in loss and waste of food throughout supply chains. Countries with large food stocks should support countries in need.
2. Focusing on the inputs of smallholder food producers: Enable food producers, especially smallholders, and local food processors, to maintain decent livelihoods and to contribute to increases in local and national food production through adequate access to seeds, fertilizers, and fuel.

3. Keeping freight prices stable and predictable: Participate in international efforts to limit spikes in prices for freight and logistics.

### **B: TO ENABLE ALL VULNERABLE PEOPLE TO ACCESS AND MAKE USE OF THE FOOD THEY NEED**

4. Protecting the food and nutrition security of the poorest and most vulnerable people: Ensure that all people can realize the right to food; facilitate their access to the food they need, and their nutrition; respond with locally-adapted social protection interventions to alleviate hardship and promote well-being.

### **C: TO ENABLE ALL PEOPLE EVERYWHERE TO ACCESS HUMANITARIAN FOOD ASSISTANCE WHEN NECESSARY**

5. When necessary, enabling people in need to access nutritious food through humanitarian assistance: governments, NGOs and international organizations should be adequately financed to provide it.
6. Exempting purchases of food by WFP for humanitarian assistance from food export restrictions with immediate effect: Members of the WTO will have the opportunity to formally adopt this measure at the World Trade Organization's 12th Ministerial Conference to be held in June 2022.

## **D: TO ADOPT SOUND POLICY RESPONSES BASED ON LOCAL NEED, NATIONAL PRIORITIES AND EVOLVING MARKET CONDITIONS**

- 7.** Encouraging the proper functioning of international commodity markets:  
Seek to maintain a smooth flow of trade in food and agricultural products amidst uncertainty. Track market conditions constantly, identify potential disruptions early, and coordinate prompt action to limit their impacts.
  
- 8.** Avoiding ad-hoc policy responses:  
All nations are urged to keep their food markets open and to cease trade restrictions and export bans to maintain international trade in food and fertilizers and domestic and global demand. Hoarding of products, speculative movements, and panic buying all threaten food supplies and solidarity in times of crisis. Trade barriers and export restrictions exacerbate price volatility, limit the buffer capacity of the global market, and have negative impacts over the medium and

long-term. Supply chains should be kept fully operational, including capacity for seeding, protecting standing crops, rearing livestock, infrastructure for processing food, and all logistical systems. Within WTO, members will consider strengthening their obligations to provide advance notice prior to imposing export restrictions on food, so that importing countries have more time to adjust.

## **E: ACCESS TO FINANCE**

- 9.** Enabling Governments that need urgent support to access emergency funds through the Crisis Response Window Emergency Response Financing (CRW ERF) through the World Bank's IDA19 and IDA20 financing, enhancing as necessary, using data from the UN system (e.g., WFP vulnerability analysis and mapping) to help establish priorities. Establishing viable and well-financed mechanisms to support governments of countries that are impacted by the crisis but are not eligible for IDA.





Photo: UNDP

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## **⚡ ENERGY RECOMMENDATIONS**

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Price hikes have the potential to have knock on effects across the global market as they displace other consumers. In the short-term, governments can manage price hikes to protect consumers.

### **SHORT-TERM**

#### **1. Developed countries' coordination measures:**

Actions taken by the largest consumers of energy must not add to the current volatility of energy markets. To reduce this, governments must refrain from hoarding and continue the coordinated approach advanced economies have taken through the IEA to make strategic petroleum reserves available to the global market. Secondly, where applicable, reduce (or remove) the use of wheat for biofuels.

#### **2. Targeted relief for the vulnerable, both states and populations within states. |**

Relief from the international community should be directed to the countries identified by the UN as most exposed. Within countries, those with low incomes must be able to afford the fuel that they need. However, support should be directed towards people who need it, such as through targeted cash transfers and social assistance programmes, not allocated universally.

#### **3. Demand management and energy efficiency measures:**

Governments can use the summer to test out new demand management and energy efficiency measures, such as the replacement of domestic gas boilers with heat pumps. By way of example, speeding up anticipated deployment by doubling current EU installation rates of heat pumps would save an additional 2 bcm of gas use within the first year, requiring a total additional investment of EUR 15 billion.

#### **4. Commit financing to the population in Ukraine cut off from energy access, through organizations delivering humanitarian aid.**

### **MEDIUM-TERM**

#### **1. Expedite renewable energy projects past the planning stage in industrialized world.**

#### **2. Some short-term efficiency measures are possible, but many require longer-term modal shifts, such as public transport infrastructure and low-carbon, resilient infrastructure – both new and retrofitted. These investments must come now to reduce exposure vulnerability to these energy shocks in the future.**

3. Remove barriers to investment in the solar supply chain by convening task forces to develop country and region-specific policies. These would deploy capital to boost local and regional manufacturing and assembly, mobilize credit enhancement and expedite renewable energy installation in developing countries. Lending facilities should be created to scale renewables investment.
4. A high-level implementation task force could be established to create a “green hydrogen highway”, including financing, installation, policy replication, and capacity creation with the support of champion countries investing in green hydrogen.
5. A green ammonia working group could coordinate, set targets, and analyse supply chain developments for the fertilizer supply

chain, particularly focused on south-south lending and developing green ammonia production centres in the developing world.

6. Double Down on the Energy Transition but Leave No One Behind:  
Governments need to fast track a just energy transition, emphasizing the role of sufficient energy access for sustainable development. Development partners and donors should provide financing and technical assistance to developing countries to support them define and implement their transition pathways, to achieve both SDG7 by 2030 and net-zero in a way that drives productivity.



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## FINANCE RECOMMENDATIONS

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The analysis just presented on the multiple and successive crises developing countries are facing is an urgent call for prompt and swift action from the International Community. There is no time to lose. Waiting months to put in place the necessary measures to preclude another lost decade for development, a generalized debt crisis, and social and political instability is not acceptable. The international financial system has the instruments and the capacity to respond accordingly and rise to the challenge of the moment. Leadership and political will can make this possible. There is no reasonable explanation for not doing so.

Beyond the necessary reforms in the global financial system, here are the key proposals within the present framework that can that can allow the response that the world and the most vulnerable are waiting for and desperately need:

1. Call on International Financial Institutions to focus on flexibility and speed to ensure the timely provision of emergency concessional financing, including grants, with an emphasis on ensuring net – positive resource transfers to countries experiencing social and economic distress.
2. Call on the International Monetary Fund:
  - To increase and maintain access limits for rapid financial assistance. Increase the annual access limits to the Rapid Credit Facility and Rapid Financing Instruments to crisis-levels and extend the existing cumulative access limit to at least 2024.
  - Suspend interest rates surcharges for at least 2 years. Surcharges do not make sense during a global crisis since the need for more financing does not stem from national conditions but from the global economy shock.
  - Operationalize with urgency the recently created Resilience and Sustainability Trust (RST) and get its design right. The announcement to make a wide number of the IMF membership eligible for the RST is a very welcome step in the right direction, but the condition to have a regular IMF programme in place to access the RST will limit its use and cause important delays. Potential solutions, such as allowing access to the RST in stages, with the first of these requiring no need of an existing IMF program, should be considered<sup>26</sup>.
  - Support the effort to increase the pledges for the recycling of Special Drawing Rights<sup>27</sup>. This should enhance IMF financing through

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<sup>26</sup> John Hicklin, Center for Global Development Blog post “A practical Proposal to Ensure the IMF’s New Trust Will Flourish, Not Fizzle”, March 30, 2022

<sup>27</sup> So far, considering only the last emission of Special Drawing Rights, only 60 billion out of a potential of 400 million unused SDRs have been pledged

the Poverty Reduction and Growth Trust (PRGT) and the recently created Resilience and Sustainability Trust (RST), whose operations should begin in earnest. Conditions for access should not deter countries in need from requesting financial assistance through these lending windows.

- Explore the possibility of more liquidity provisions through Special Drawing Rights or special measures targeted at the vulnerable and most affected countries.
- 3. Call on Multilateral Development Banks (MDB):**
- Available mechanisms for emergency financing with rapid disbursement of funds should be activated, minimizing the use of non-crisis related conditionalities.
  - Encourage MDBs to use a flexible approach to balance sheet risk management to leverage to its full extent their emergency lending capacity.
  - Support new rounds of capital injections for MDBs, including at the regional level.
  - Explore the rechanneling of unused Special Drawing Rights through Multilateral Development Banks.
  - Reallocate committed but undisbursed resources for emergency spending so countries can have immediate availability of liquidity to face the crisis.
- 4. Debt relief:** Debt issues need to move higher up in the political agenda. Political will and international leadership are essential. The increase in external financing needs of developing countries because of the compounded crisis (climate change, COVID-19

and the war impact) calls for the provision of emergency debt relief to countries in, or at high risk of, debt distress. Early action can prevent a continued unsustainable build-up of debt in vulnerable countries before the world stumbles into the next round of country debt crises. Strong and coordinated push of the Bretton Woods Institutions together with all stakeholders is key<sup>28</sup>.

- 5. We need debt sustainability analysis** that is realistic and that can provide overall estimates of the nature and magnitude of the debt relief needed. Debt relief envelopes should be designed considering financing needs for recovery, climate action and the SDGs.
- 6. Call on the G20 to reactivate the multilateral Debt Service Suspension Initiative** for two years and reschedule maturity for 2-5 years.
- 7. A revised and implementable G20 Common Framework for Debt Treatment** is needed urgently to provide timely debt restructuring to countries in need. This includes clarity on timelines and transparency on what debt should be covered, a debt service payment standstill, clear enforcement of comparability of treatment and the need to include private creditors and expand country eligibility beyond Low-Income-Countries.
- 8. Climate and Nature Debt relief:** There is a clear opportunity to learn from past relatively small-scale debt for nature swaps and massively scale up to comprehensive large scale debt relief linked to improved climate adaptation and mitigation, in the context of food security after war in Ukraine, as the HIPC debt relief package was linked to poverty reduction

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<sup>28</sup> Masood Ahmed and Hannah Brown, Fix the common Framework for Debt before it is too late, Blog post, January 18, 2022

and increases in social spending. This scaling up can be achieved by a strategic approach involving all creditors, channeling debt relief through the budget to ensure greater national accountability, and linking debt payments to climate and nature key performance indicators (KPIs) drawn from, for example, the Nationally Determined Contributions (NDCs) and National Biodiversity Strategy and Action Plan (NBSAPs).<sup>29</sup>

9. Call to countries to meet their ODA pledges, equivalent to 0.7 per cent of GNI, as well as to protect current shares of assistance to developing countries. Developed countries ought to ensure adequate funding for COVID-19 vaccine efforts, including ACT-A and its COVAX facility, to meet the global goal of 70 per cent vaccination coverage in all countries by 2022, and to meet their commitment to provide US\$ 100 billion in climate finance already in 2022.

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<sup>29</sup> Triple crisis of debt, climate, and nature in the context of COVID and the war in Ukraine. There is an urgent need for broad debt relief linked to climate adaptation, mitigation, and nature key performance indicators. Climate and nature outcomes (such as adaptation through climate smart agriculture to promote food security, reductions in greenhouse gases through renewable energy and nature conservation through insurance for human wildlife conflict) may be drawn from Nationally Determined Contributions and National Biodiversity Strategies and Action Plans (NBSAPs) are generally public goods that both debtors and creditors gain from. These key performance indicators (KPIs) need to be prioritised with meaningful engagement from women and men at the frontline of the climate emergency and nature loss

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In March 2022, the United Nations Secretary-General announced the establishment of a Global Crisis Response Group on Food, Energy and Finance facilitated by the UN Secretariat to coordinate the global response to the worldwide impacts of the war in Ukraine on global food, energy and finance systems.

This brief is the result of the coordinated work of the Global Crisis Response Task Team, reporting to the Steering Committee of the Global Crisis Response Group.

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