FOOD, ENERGY AND FINANCE CRISIS SNAPSHOT ONE WAR – TRIPLE THREAT

Complex Global Shocks

THE SHOCK

Russia's full-scale invasion of Ukraine hit an international system that was still recovering from the COVID-19 shock. It severed supply chains, blocked Ukraine's Black Sea ports and pushed the Food and Agriculture Organization (FAO) Food Price Index to its highest level ever in March 2022. Food, energy and finance crises amplified each other.



Image: UN Brief no.1 Global Impact of war in Ukraine on food, energy and finance systems.

Feb 2022 – Russia invades Ukraine; Black Sea ports blockaded; Russia vetoes a Security Council resolution on the invasion

Mar 2022 – UN creates the Global Crisis Response Group on Food, Energy and Finance (GCRG)

April 2022 – GCRG Brief No.1 "Global impact of war in Ukraine on food, energy, and finance systems" finds 1.7 billion people exposed

June 2022 – GCRG Brief No. 2 "Global Impact of the war in Ukraine: Billions of people face the greatest cost-of-living crisis in a generation" is released. The World Trade Organization (WTO) exempts the World Food Programme food purchases from export restrictions

July 2022 – Black Sea Grain Initiative is signed

Aug 2022 – GCRG Brief No. 3 "Global Impact of the war in Ukraine: Energy crisis" is released

July 2023 – GCRG report "A World of Debt" is released. Russia withdraws from the Black Sea Grain Initiative

THE RESPONSE



Charted vessel Brave Commander sets sail from the port of Pivdennyi in Yuzhnyi on 16 August carrying 23,000 metric tons of wheat. Photo: WFP/Anastasiia Honcharuk

The Global Crisis Response Group on Food, Energy and Finance (GCRG), chaired by the United Nations Secretary-General, worked through a Task Team in the UN Secretariat coordinated by the UN Conference on Trade and Development (UNCTAD). The Task Team reported to a Steering Committee of UN agencies and international financial institutions led by the Deputy Secretary-General. Its food, energy and finance workstreams were co-led by UNCTAD, the UN Department of Economic and Social Affairs (UN DESA), the UN Development Programme (UNDP), the Food and Agriculture Organization (FAO), the International Energy Agency (IEA) and Sustainable Energy for All (SEforALL). It treated food, energy and finance as one interlocked crisis.

The UN brokered the Black Sea Grain Initiative to reopen Ukrainian grain exports. The Group of Seven (G7) convened extraordinary ministerial meetings. The World Bank pledged up to $30 billion for food security. The International Monetary Fund (IMF) opened a Food Shock Window for emergency financing. Before Russia withdrew, the grain deal moved nearly 33 million metric tonnes of food out of Ukraine. **But Russia's veto had already blocked the Security Council, and the GCRG could only recommend, not compel.**

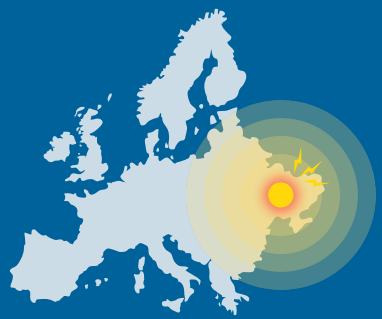
> **WE NEED TO BRING DEVELOPED AND DEVELOPING COUNTRIES TOGETHER TO FIND GLOBAL SOLUTIONS. BECAUSE THIS IS A GLOBAL CRISIS. NO COUNTRY WILL BE ABLE TO INSULATE ITSELF FROM A MELTDOWN OF THE GLOBAL ECONOMIC SYSTEM; FROM THE DOMINO EFFECT OF HOARDING FOOD OR FUEL; OR FROM THE LONG-TERM IMPACT OF INCREASED POVERTY AND HUNGER**



UN Secretary-General António Guterres' opening remarks to the Steering Committee of the Global Crisis Response Group on Food, Energy and Finance, March 2022. Photo: Reuters, 2023

THE REPERCUSSIONS

By April 2022, 1.7 billion people in 107 economies were severely exposed to the war's impact on food, energy or finance, and 1.2 billion of them lived in 69 countries vulnerable to all three at once. By mid-2022, up to 205 million people in 45 countries faced a food crisis or worse, the highest level in the history of the Global Report on Food Crises. As the UN's crisis group concluded, the war set in motion a "three-dimensional crisis": food, energy and finance failed together, each amplifying the next.



FOOD SECURITY

Malnutrition rose: one child a minute fell into severe malnutrition; 150 million more women than men went hungry.

POLITICAL

Food, energy and water became points of leverage.

TECHNOLOGICAL

Europe expanded LNG import capacity by a third and sped up renewables.

LEGAL

Export restrictions hit 17% of traded calories; WTO rules barely restrained them.

ECONOMIC

Prices spiked in grain, oil, gas and fertilizer.

ENVIRONMENTAL

Fertilizer use fell up to 7%, threatening harvests; coal use hit a record.

MILITARY

Russia's oil revenues rose 50%, helping to fund its war. Finland and Sweden joined NATO.

SECURITY

Unrest driven by food and fuel prices, sparked protests in more than 12 countries.

Read our Position Paper: Governance of Complex Global Shocks | Complex Global Shocks Website

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