DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

ONE HUNDRED AND FIFTH MEETING
WASHINGTON, DC – APRIL 22, 2022

DC/S/2022-0026
April 22, 2022

Statement by

Achim Steiner
Administrator of the United Nations
Development Programme

United Nations
The war is supercharging a three-dimensional crisis — food, energy and finance — that is pummeling some of the world’s most vulnerable people, countries and economies. This is not a crisis that can be solved piecemeal, country by country. This global and systemic emergency requires global and systemic solutions.\(^1\)

Summary: The war in Ukraine is leading to an unprecedented three-dimensional crisis –impacting food, energy and finance—that can only be addressed systemically. The UN development system makes a call to address the impact of this crisis on developing countries, and on the poorest and most vulnerable populations around the world. First, food and energy flows require open markets, lifting unnecessary export restrictions, that allow the directing of surpluses to those most in need. Second, international financial institutions need to expand liquidity, debt relief and additional capital inflows to dozens of countries that are affected by food and energy spikes and have limited fiscal space. Finally, governments need to connect these immediate measures with the long run. This includes addressing energy market challenges by responding to the Paris Agreement’s urgent demands on climate mitigation and adaption and bridging the current crisis to reboot the Sustainable Development Goals, setting the stage for a renewed multilateral system.

War in Ukraine, COVID-19, climate change

The war in Ukraine is causing destruction, loss of life, and a large-scale humanitarian and refugee crisis in Ukraine and the region. Its repercussions are global. The compound effects of this conflict, the COVID-19 crisis, and the impacts of climate change have worsened the world economic outlook for 2022. The IMF projects that global growth will be 3.6% in 2022, 0.8% of GDP lower than the January projection.

This rapidly evolving situation is alarming for developing regions and especially for the most vulnerable countries and populations. Many of them are particularly exposed to the war in Ukraine and its effects on rising food, fuel and fertilizer prices, heightened financial volatility, lower sustainable development investment, complex global supply chain reconfigurations and disruptions and mounting trade costs.

The impact of the war comes on top of the damage done by the COVID-19 pandemic, which had already triggered a humanitarian crisis. Since 2019, the number of people experiencing severe hunger has increased to 265 million; 77 million additional people were driven into extreme poverty by the end of 2021, thus affecting 889 million people worldwide; by the end of 2021; the equivalent of 212 million jobs have been

lost; the number of children lacking basic literacy has increased to 584 million; and, in addition to the loss of 6.2 million lives to COVID-19, millions more people have seen their right to health being curtailed as a result of overstretched healthcare systems. At the same time, ensuring vaccine equity around the world is unfinished business. At present, high-income countries have achieved vaccination rates of 75-80%, whilst least developed and other low-income countries vaccinated <10% of their populations.

These developments and their cascading impacts are impacting the poorest and the most vulnerable economies, upending efforts and investments to advance the 2030 Agenda for Sustainable Development, and increasing risks of instability and unrest around the world.

**A spotlight on food, energy and finances**

According to preliminary assessments of the United Nations Task Team for the Global Crisis Response Group, 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.²

In many of these countries people struggle to afford healthy diets, imports are essential to satisfy the food and energy needs of their populations, or 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 deepen crises – through debt distress, food shortages, or blackouts.

Of these 1.7 billion people, 553 million are already poor, and 215 million are already undernourished. Importantly, women and girls are worst hit and exposure to crises is present in the vast majority of developing countries, no matter the level of income or the geographical location. Alarmingly, for most developing countries, overlapping exposures at higher levels of intensity are the rule, not the exception.

---

A call to action

On 13 April 2022, the Secretary-General presented the first emergency brief of the Global Crisis Response Group on Food, Energy and Finance (GCRG), tasked to coordinate the response to the worldwide impacts of the crisis in Ukraine, ensure up-to-date data and analysis, and provide a platform for collaboration between Member States, the UN system, the private sector, civil society and international financial institutions.3

The call to action is clear and encompasses urgent as well as medium term recommendations. There is enough food, enough energy, enough finance for every country to make it through the interlinked risks exacerbated by the war. But deep inequalities, together with distribution and logistics problems, mean that supply chains have been disrupted. Solving these crises and alleviating human suffering calls for coordinated action across the board.4

The urgent and medium-term actions are also reflective of the agreed recommendations of the Inter-agency Task Force on Financing for Development contained in the 2022 Financing for Sustainable Development Report. The “Bridging the Finance Divide” report, launched on 12 April, is a joint product of the UN System with the World Bank, the IMF, the WTO as well as other international institutions, and calls for reliable and affordable financing for developing countries to invest in the Sustainable Development Goals (SDGs):

On food:

- We call on Governments to ensure that there are sufficient supplies of nutritious food for all people by: assuring availability of food supplies in import-dependent settings; focusing on the resilience of smallholder food producers; and keeping freight prices stable and predictable.

- Enable all people who are vulnerable to access and make use of the food they need by protecting the food and nutrition security of the poorest and most vulnerable people.

---

• Adopt sound policy responses based on local need, national priorities and evolving market conditions; encourage the proper functioning of international commodity markets; ceasing trade restrictions and export bans in order to maintain international trade in food and fertilizers and domestic and global demand and make reserves available to countries at risk of hunger and famine. This is not the time for protectionism.

• Provide access to emergency finance, through all channels in the multilateral development system.

On energy:

• We call on the largest consumers of energy not to add to the current volatility of energy markets. 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. During the price spike, governments should replace blanket energy subsidies with targeted and timebound lump-sum transfers not linked to energy use.

• Direct relief from the international community to countries identified by the UN as most vulnerable. Within countries, least developed and other countries with low incomes must be able to afford the fuel that they need.

• We encourage Governments to further pursue new demand management and energy efficiency measures, such as the replacement of domestic gas boilers with heat pumps.

• Deliver humanitarian aid to the population in Ukraine who are cut off from energy access.

On finances:

• We 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.

• 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 IMF interest rates surcharges for at least 2 years; support efforts to increase the pledges for the channeling of unused special drawing rights to benefit countries in need, for example through development banks or IMF facilities.

• Replenish available mechanisms for emergency financing and ensure rapid disbursement of funds while minimizing 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; and encourage the channeling of unused Special Drawing Rights through Multilateral Development Banks.

• To move debt issues 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 crises (climate change, COVID-19 and the impacts of war) calls for emergency debt relief to countries in or at high risk of debt distress.

• Call on the G20 to reactivate the multilateral Debt Service Suspension Initiative for two years and reschedule maturity for 2-5 years; review the G20 Common Framework for Debt Treatment 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, and expanding eligibility beyond low-income countries. Further clarification on how comparability of treatment will be effectively enforced is needed, including financial and legislative measures. Such measures can include 'carrots' such as credit enhancements, but also legislative 'sticks', e.g. limiting legal options of hold-out creditors. Mechanisms could also be considered to help countries quickly regain market access after a restructuring.