

Key Messages

THE GLOBAL HUMANITARIAN IMPACT OF HIGH FOOD, FERTILIZER AND FUEL PRICES

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Endorsed by IASC Deputies Group

Top-line Messages

- **The IASC is alarmed at the effects of a super-crisis driven by lack of accessible and available food and energy and coupled with economic shocks. As humanitarian agencies, our mission is to protect the lives and livelihoods of the poorest and most vulnerable people, including refugees and the internally displaced.** These messages are about what the crisis means for these people, and our efforts to help and advocate for them.
- **High food, fertilizer and fuel prices contributed to intensifying a global crisis** that is driving up global humanitarian needs and costs and erasing hard-won development gains, particularly in countries affected by climate shocks, conflict, and economic upheaval including as a result of the Covid-19 pandemic. This is due in part to the ripple effects of the war in Ukraine. Millions of people are being pushed into extreme poverty and hunger by rising inflation and interest rates.
- **The increased cost of living disproportionality affects the most vulnerable, among them refugees, the displaced, and women and children.**
- **The international community must act now and at scale to save lives** and invest in solutions that safeguard human rights and humanitarian principles and stability and peace for all.

Food Prices

- **The soaring prices of food at global, regional and national levels place millions of people in danger of hunger, destitution and harm.**
 - While global food commodity prices have fallen slightly, prices are still higher than pre-pandemic levels and volatile. Moreover, retail food prices in many countries show few signs of easing. This worsens conditions for people in acute food insecurity and millions of people already on the poverty line.
 - Crisis-affected people face the greatest challenges, in particular where food production and distribution has already been limited by extreme weather or conflict. Economic disruptions and restrictions are affecting international trade in many items, including food and fertilizers.
 - Global food system inefficiencies deepen the effects of conflict, increased weather variability and the climate emergency. Investing in local agriculture and food production will help increase the resilience of vulnerable people to cope with shocks and stresses.
 - We must secure access to global food stockpiles and supplies, including agricultural and food commodities from Ukraine and the Russian Federation, as

well as fertilizers. The Black Sea Grain Initiative is one element of a comprehensive effort needed to stabilize global food prices.

Fertilizer Prices

- **The global fertilizer shortage is driving up global food prices and food scarcity.**
 - Although fertilizer prices started increasing in 2021, the effects of the war in Ukraine, including higher natural gas prices, have further disrupted global fertilizer production and exports, reducing supplies, raising prices and threatening to constrain future harvests.
 - Although agricultural inputs, including fertilizer, are exempt from western sanctions on Russia – a major fertilizer exporter – its exports are indirectly constrained. High natural gas prices have led to slowdowns in the production of nitrogen fertilizers, further deepening shortages.
 - The shortages and high prices are imperiling farmers' access to fertilizers just when they need it the most to amplify production. Lower yields for future harvests will further drive-up food prices and risk a deterioration from a food access crisis to a food availability crisis.
 - Confronted with the recurrent risk of famines, efforts to support fertilizer supply and imports for countries in need should go hand in hand with support to sustainable agricultural production and crop substitution to prevent hunger for millions.

Fuel Prices

- **Higher energy prices have knock-on effects for the cost of living and transport that hit the most vulnerable people the hardest.**
 - Vulnerable communities and social groups are grappling with the largest cost-of-living crisis in a generation¹. Developing countries that import energy face rising bills and high and volatile prices of cooking gas, diesel, petrol and kerosene which disproportionately impact the most vulnerable people. High energy prices make poor people poorer and can foment social discontent².

¹ United Nations, Brief No. 2: Global Impact of war in Ukraine: Billions of people face the greatest cost-of-living crisis in a generation, June 2022. <https://bit.ly/GCRG-Brief-02>

² United Nations, Brief No. 3: Global Impact of war in Ukraine: Energy crisis, August 2022. <https://bit.ly/GCRG-BRIEF-03>

- Energy price volatility and supply chain bottlenecks has resulted in transport costs tripling the pre-pandemic average³ which affects costs of humanitarian operations, including the import of relief items.
- With or without the war, a paradigm shift is urgently needed in how we think about energy and where we get it: redoubling our collective investment in the climate agenda, including renewables, must be a component of political stability and humanitarian programming.

Risk of Instability

- **The vicious cycles created by the rising cost of living have sparked social and political instability, as basic elements for survival become scarce or difficult to access.**
 - Rising prices may contribute to instability and unrest in some of the world's poorest regions. Most low-income countries have little room in their national budgets to help their most vulnerable people cope with price increases.
 - Long-standing poor governance, combined with economic crises, price hikes, and fuel and food shortages have snapped the threads of economic and societal stability in some countries, resulting in unrest, riots, inter-communal violence and government collapse. A breakdown in a country's economic and social fabric could also drive displacement and put the most vulnerable, including women and girls, at greater risk.
 - It is crucial to strengthen national social protection systems by ensuring continuity in basic service delivery and the possibility to expand coverage on the basis of early warning signals. Social protection can absorb the shock and constitute a stabilizing force to reduce consequences of rising prices, fuel and food shortages. Local food production is key to stability and food security. At the same time, there needs to be a greater focus on ensuring that humanitarian action is more cost effective and supports local production.
 - Refugees and internally displaced who are compelled to flee, primarily due to armed conflict and now increasingly due to climate change, are some of the most vulnerable to food insecurity and malnutrition. In 2021, more than 15 million were hosted in 52 food-insecure contexts⁴. Having already suffered physical and psychological trauma on perilous journeys, sold or left behind assets and experienced separation from family and community networks. In contexts with more severe restrictions on the rights of asylum

³ UNCTAD, Maritime Trade Disrupted: The war in Ukraine and its effects on maritime trade logistics, June 2022, <https://unctad.org/webflyer/maritime-trade-disrupted-war-ukraine-and-its-effects-maritime-trade-logistics>

⁴ [Global Report on Food Crises - 2022 | World Food Programme \(wfp.org\)](https://www.wfp.org/publications/global-report-on-food-crises-2022)

seekers and refugees, refugees often lack access to employment, land, freedom of movement and social protection. The food insecurity crisis is also a protection crisis and increases risks of gender-based violence, transactional sex and sexual exploitation. Negative coping mechanisms, affecting the health and well-being of women and girls in particular, include skipping/reducing nutritious meals, taking on excessive debt; the sale of assets, dropping out of school, child labour and child marriage.

Humanitarian Budgets

- **Global humanitarian financing flows are higher than in previous years, but in a context of growing needs, the gap between requirements and funding is greater than ever.**
 - With projections pointing towards an increase in humanitarian financing needs in 2023, there are growing concerns about a downward trend, somewhat masked by ad-hoc supplemental budgets in 2022.
 - As donor countries face sluggish global economic growth, inflation, and major aid financing demands, they must resist the temptation to cut aid budgets. People in need of humanitarian assistance are the most vulnerable of the vulnerable and need assistance more than ever.

- **Humanitarian partners and International Financial Institutions (IFIs) must work better together and be more effective at directing available funding to mitigate the impact of multiple crises on the most vulnerable people and countries.**
 - Fast-tracked surge financing by IFIs can help vulnerable countries maintain access to liquidity. The 2022 Special Drawing Rights (SDR) allocation from the International Monetary Fund helped some countries, but IFI funding should focus on the most fragile countries.
 - We renew the calls for a fresh assessment of debt sustainability of countries most impacted by the secondary impacts of the Ukraine crisis, and a debt service suspension for low- and middle-income countries, as well as the reallocation of \$100 billion of SDRs pledged by the G20 in 2021.
 - We warmly welcome mobilization of resources by the World Bank and other IFIs to respond to the crisis and support the deployment of social protection and cash schemes as a highly effective channel of delivery.
 - The private sector is a major contributor to humanitarian efforts and is urged to join forces with other humanitarian responders to strategically and holistically strengthen the response and resilience of vulnerable communities across the globe.