



# COUNCIL

## Hundred and Seventy-first Session

Rome, 5-9 December 2022

### Update on FAO's work on the global food crisis

#### Executive summary

Building on Council Documents CL 170/6 and CL 170/7, this document provides an update on the global food security situation and associated risks, and presents broad overview of FAO's work in response to topical food security challenges.

The document highlights that conflicts and geopolitical tensions, extreme and more frequent climatic events, economic slowdowns and downturns – including as a result of the COVID-19 pandemic – and increasing inequalities are key drivers of hunger and malnutrition in the world.

FAO has been instrumental in framing the food and agriculture-related response to the global food crisis, as a provider of neutral and timely information on markets, food security and nutrition, as a reliable partner in global food security governance, and through developing targeted policy proposals as well as through delivering on a set of concrete emergency and humanitarian responses.

The FAO response to the global food crisis goes beyond the specific interventions outlined in this report. FAO's focus on supporting the transformation of agrifood systems to be more efficient, inclusive, resilient and sustainable, leaving no one behind, entails integrating short-term and long-term measures that bring the full strength of FAO's Strategic Framework to bear in addressing the current crisis.

#### Suggested action by the Council

The Council is invited to note the information and provide guidance as deemed appropriate.

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## I. Introduction

1. After partially recovering in 2021 from the COVID-19 pandemic-induced contraction in 2020, the global economy has been experiencing a renewed slowdown in 2022 fuelled by a series of overlaying crises, including the continued impacts of the COVID-19 pandemic, the global fallout from the war in Ukraine, the soaring food prices and overall inflation and tightening financial conditions in most regions. Building on the Council documents CL 170/6 and CL 170/7, which outlined in detail the impact of the war in Ukraine on global food security and provided an update to FAO's response to COVID-19, the present document provides an update on the global food security situation and associated risks and presents an overview of FAO's work in response to the food crisis.

## II. Global food security situation and risks

### A. Global food security situation

2. The latest edition of "The State of Food Security and Nutrition in the World (SOFI)" report, released in July 2022, estimates that the number of people affected by chronic hunger globally rose to as many as 828 million in 2021, up 150 million people since the outbreak of the COVID-19 pandemic and 46 million more people since 2020. After remaining relatively unchanged since 2015, the prevalence of undernourishment in the world jumped from 8.0 to 9.3 percent in 2020 and rose at a slower pace in 2021 to 9.8 percent.

3. Moreover, the report shows that around 2.3 billion people in the world (29.3 percent) were moderately or severely food insecure in 2021 – 350 million more compared to before the outbreak of the COVID-19 pandemic, and 11.7 percent of the world population faced food insecurity at severe levels. Finally, the report also estimates that 3.1 billion people globally could not afford a healthy diet in 2020, an increase of 112 million more people than in 2019.

4. According to the "Global Report on Food Crisis 2022 Mid-Year Update" and the "Hunger Hotspots" reports, both published in September 2022, acute food insecurity continued to escalate as well. Up to 222 million people are expected to face acute food insecurity and to be in need of urgent assistance in 53 countries and territories (IPC/CH Phase 3 or above or equivalent). Among those, around 45 million people in 37 countries are projected to have so little to eat that they will be severely malnourished, at risk of death, or already facing starvation and death (IPC/CH Phase 4 and above). The countries that are at the highest alert level and require the most urgent attention are Afghanistan, Ethiopia, Nigeria, Somalia, South Sudan and Yemen, as they all have populations facing or projected to face starvation or are at risk of deterioration towards such conditions<sup>1</sup>.

### B. Drivers of the global crisis

5. Conflicts and geopolitical tensions, extreme and more frequent climatic events, economic slowdowns and downturns – in particular as a result of the COVID-19 pandemic – and increasing inequalities are the main drivers of hunger and malnutrition in the world. These factors, often occurring in combination, continue to challenge the quantity and quality of the food that people can access, while making the fiscal situation in many countries more challenging for governments trying to mitigate the effects of these drivers.

6. Against this background, the war in Ukraine, engaging two major agricultural commodity market players, is expected to impact the trajectory of food security globally. The Russian Federation and Ukraine are both net exporters of agricultural products and play leading supply roles in global markets of foodstuffs and fertilizers, where exportable supplies are often highly concentrated. The war

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<sup>1</sup> Nigeria, listed here, is not in phase 5 in current nor in projected analysis, but may be at risk of deterioration towards worsening conditions due to already critical food insecurity (Emergency, IPC Phase 4) and severe aggravating factors.

is already having impacts on world agrifood markets through the channels of trade, production, prices and energy, casting a shadow over the state of global food security and nutrition.

### **C. Risks for global food security**

#### *Rising food prices pose serious risks for food access*

7. Since May 2020, the world experienced a steady rise in the prices of most food commodities. The FAO Food Price Index (FFPI) reached an all-time high in March 2022, up 34 percent up from its level a year before. The index has declined since then, and, in September 2022, it registered its sixth consecutive monthly decline. While it was down 14.6 percent from the peak reached in March, the FFPI remained 5.5 percent above its already elevated value a year ago.

8. The drivers of changes in international food prices are complex, as in addition to own market fundamentals, they can reflect other factors or parameters exogenous to food markets. In fact, a host of factors contributed to the increase in world food commodity prices, including unfavourable weather in major supplying countries, rising production and transportation costs, disruptions to supply chains due to COVID-19, uncertainties about export restrictions by major exporting countries, and a strong global demand for food and feed products.

9. Soaring international food prices are a major driver of the increased import costs. The world food import bill is forecast to reach another all-time high in 2022, surpassing USD 1.9 trillion, a 10.3 percent increase, or nearly USD 181 billion, from last year's record level. The predicted rise in the 2022 global food import bill is mostly due to the price effect, with USD 157 billion due to higher international prices.

10. To calm markets and facilitate the export of grains and other foods from Ukraine, the Black Sea Grain Initiative was agreed and signed on 22 July 2022. As of 20 October 2022, about 8 million tonnes of grains and other foodstuffs have been exported from Ukrainian ports, with 23 percent destined to low and lower-middle income countries, 25 percent to upper-middle income countries and 52 percent to high-income countries. In terms of commodity composition, maize accounted for 42 percent, wheat for 30 percent and sunflower products for 14 percent, with other products accounting for the rest.<sup>2</sup> The Initiative is set to be renewed in 120 days from its signing date.

#### *Soaring fertilizer and other input prices pose risks for food availability*

11. While currently the world is facing a food access problem, there is enough food globally to feed everyone in the world. However, concerns are raised with regard to the coming planting seasons because of lack of availability and affordability of fertilizers. World fertilizer prices have soared since late 2021, as a result of increasing energy and natural gas prices, the COVID-19 pandemic, and trade restrictive policies imposed by some major exporting countries.

12. The most notable increases have been registered for nitrogen (N) fertilizer, with prices of urea rising almost fourfold since 2020. Prices of phosphorous (P) fertilizer have also risen significantly, while those of potassic (K) fertilizer, remained less affected until the beginning of 2022. In September 2022, prices of nitrogen fertilizers, which rely heavily on natural gas as a feedstock, further increased while other fertilizers saw slight price declines in view of lower seasonal demand.

13. With prices of fertilizers and other energy-intensive products rising as a consequence of the war in Ukraine, overall production costs are soaring. This situation poses an additional burden to farmers who have to face lower profitability and squeezed revenues and is raising concerns about lower fertilizer and other input application by farmers, and thus lower production in 2023. This could lead to a food availability problem, compounding the ongoing food access crisis.

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<sup>2</sup> More information can be found on the dedicated to the Initiative webpage: <https://www.un.org/en/black-sea-grain-initiative>

*Slow economic growth and soaring inflation pose further risks*

14. In October 2022, the International Monetary Fund (IMF) in its World Economic Outlook highlighted that global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. Global growth is projected to slow down from an estimated 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 in 2023. This would be the weakest growth since 2001, except for the global financial crisis in 2008 and the acute phase of the COVID-19 pandemic. Global inflation is forecast to increase from 4.7 percent in 2021 to 8.8 percent in 2022, but to decline to 6.5 percent in 2023 and further to 4.1 percent by 2024.<sup>3</sup>

15. The negative effects of the conflict on the economies of Ukraine and the Russia Federation are having worldwide spillover impacts through commodity markets, trade and financial channels. The reduction in economic growth in many parts of the world is affecting demand for food, especially in low- and low middle-income countries, with negative consequences for food security and nutrition. Lower gross domestic product (GDP) growth will also likely reduce the availability of funds for development and humanitarian assistance, mainly if global military expenses continue to increase.

### III. FAO's Response

16. This section points out the response to the topical food security challenges in key functional areas of the Organization, focusing on the provision of timely information, shaping global food security governance, stepping up the emergency and humanitarian response, and advancing proposals to address key policy areas.

*Provision of neutral timely and up-to-date information*

17. **Information to enhance food market transparency and inform policy responses.** Through its regular activities on market intelligence and early warning, FAO has provided timely and objective data and information on market developments and outlook. These included regular reporting on food commodity prices through the monthly FAO Food Price Index and the Food Price Monitoring and Analysis (FPMA) Bulletin, the publication of the Agricultural Market Information System (AMIS) Market Monitor, providing a synopsis of major market developments for wheat, maize, rice and soybeans, and the publication of Food Outlook, presenting a comprehensive assessment of food commodity markets, and the Crop Prospects and Food Situation report, providing an analysis of the food situation and food security conditions by geographic region, by the Global Information and Early Warning System on Food and Agriculture (GIEWS). Furthermore, following the outbreak of the war in Ukraine, FAO has provided a series of briefs and information notes, including assessments of impacts on global agrifood markets and food security. All the materials are posted and publicly available on the dedicated webpage to the FAO response to the Ukraine crisis.

18. **Strengthening food security information, assessments and analysis through partner initiatives.** As co-lead of the Global Network Against Food Crises (with the European Union and World Food Programme), FAO issued the annual Global Report on Food Crises (May 2022) and its mid-year update (September 2022), as well as two issues of the Hunger Hotspots report and two of the Monitoring Food Crises in Food Crisis Countries with Conflict Situations report<sup>4</sup> and informal briefings to support discussions and actions in the UN Security Council. FAO's Data in Emergencies (DIEM) hub continues to collect primary data in 30 countries experiencing food crises, providing a regularly updated and highly accessible picture of agricultural livelihoods and food insecurity in fragile environments, and triggering mitigating and response actions.

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<sup>3</sup> International Monetary Fund. 2022. World Economic Outlook: Countering the Cost-of-Living Crisis. Washington, DC. October. Available here: <https://www.imf.org/en/Publications/WEO/Issues/2022/10/11/world-economic-outlook-october-2022>

<sup>4</sup> [Monitoring food security in food crisis countries with conflict situations \(fao.org\)](https://www.fao.org/publications/monitors-reports/report/monitoring-food-security-in-food-crisis-countries-with-conflict-situations) May 2022, next issue November 2022.

19. Through the **Integrated Food Security Phase Classification (IPC)**, an innovative multi-partner initiative for improving food security and nutrition analysis and decision-making, FAO contributes to determining the severity and magnitude of acute and chronic food insecurity, and acute malnutrition situations in country. Assessments are carried out in collaboration with Governments, UN Agencies, non-governmental organizations (NGOs), civil society and other relevant actors, based on a protocol of internationally-recognized scientific standards. Results inform emergency responses as well as medium- and long-term policy and programming. The IPC and the *Cadre Harmonisé (CH)*, the IPC equivalent in West Africa and the Sahel, currently cover 47 countries, and proposals are underway to expand significantly IPC coverage. FAO has also made available its expertise to the development of a dashboard under the **Global Alliance for Food Security (GAFS)**. The dashboard draws on key FAO data resources, such as the prevalence of undernourishment (PoU), the Food Insecurity Experience Scale (FIES), the Global Network Against Food Crises, as well as the IPC.

#### *Global Governance for Food Security*

20. FAO has helped frame the approaches for addressing the global food crisis in a wide range of mechanisms for global governance. Highlights include the following:

- a. At the meeting of the UN Security Council in May 2022, the FAO-Director General alerted Security Council Members that conflict remained the single greatest driver of hunger and called for increased funding for agriculture in the emergency responses to ensure that food is available and accessible in crisis situations.
- b. FAO co-leads the work stream on food of the UN Global Crisis Response Group on Food, Energy and Finance. The group supports decision-makers in identifying solutions and developing strategies to help countries address the interlinked crises related to food, energy and finance. Three technical briefs have been developed and are publicly available.
- c. FAO's Chief Economist provided the framing of a session entitled: "Time to Act Together: Coordinating Policy Responses to the Global Food Crisis", convened by the President of the UN General Assembly and the Chair of the Committee on World Food Security (CFS) on 18 July 2022 in New York.
- d. FAO's Director-General highlighted issues related to the food crises in various G7 Ministerial Meetings and outlined a strategy for addressing the crisis at a high-level conference on "Uniting for Global Food Security", organized by the G7 Presidency in Berlin, Germany.
- e. FAO's Director-General alerted global leaders at the G20 Joint Finance and Agriculture Ministers Meeting to the risks of a food access crisis to turn into a food availability crisis and outlined policy proposals to map a pathway out of a global food crisis.
- f. FAO joined forces with the Heads of the International Monetary Fund, World Bank Group, World Food Programme and World Trade Organization and issued a second Joint Statement on the Global Food Security and Nutrition Crisis. The statement highlights the importance of supporting efficient production and trade, improving transparency, accelerating innovation and joint planning, as well as investments in food systems transformation.
- g. FAO continued to strengthen its leadership of major coordination and convening bodies. As co-leader of the Global Network Against Food Crises, FAO continued to monitor the evolution of acute food insecurity and fostered efforts to identify and implement lasting solutions to acute food insecurity, including by **convening two regional, ministerial**

**dialogues** (in East<sup>5</sup> and West Africa<sup>6</sup>) together with relevant regional organizations and governments. The Global Food Security Cluster (co-led by FAO and WFP) has also monitored global humanitarian needs for food and livelihoods assistance, issuing a global inter-cluster statement on famine and food crises.

### *Emergency and Humanitarian Response*

21. In 2022, FAO has continued to scale up its humanitarian and resilience programming and aims to exceed the 30 million people reached in 2021 with urgently needed, life-saving and cost-effective agricultural assistance. FAO advocates for putting investments in agriculture at the core of humanitarian response to the global food crisis. At a conservative estimate, two-thirds of people experiencing acute food insecurity rely on agricultural livelihoods. For example, in Somalia, those at immediate risk of famine are agro-pastoralists for whom livestock represent their very survival. Yet, globally, just 8 percent of humanitarian funding to the food security sector is allocated to agriculture. In a global cost-of-living crisis, livelihoods assistance is an extremely cost-effective means of getting the most food to people in need. Highlights of FAO's response in countries at highest alert are outlined in Annex 1.

### *Policy proposals*

22. **Food Import Financing Facility.** Already in April 2022, FAO proposed to establish a Food Import Financing Facility (FIFF) to support countries to shoulder the soaring costs of food imports and improve access to food at country level. Based on a comprehensive technical assessment, the FIFF covers 62 countries with a total population of 1.78 billion people. In this regard, FAO welcomes the decision by the Executive Board of the IMF to approve a Food Shock Window to provide access to emergency financing for countries facing balance-of-payment problems related to the global food crisis. FAO stands ready to provide all the needed technical support for the implementation of this instrument, which is in line with the Facility proposed by FAO. An informal briefing session on the FIFF was organized for the Members on 13 September 2022, and the presentation was uploaded on the Members Gateway.

23. **Fertilizer assessments and policy responses.** As part of the above-mentioned assessments of the risks of the war in Ukraine on global agrifood markets and world food security, FAO has also addressed the issue of availability of, and access to, fertilizers. As early as 3 March 2022, FAO organized an informal briefing to the Members, accompanied by a document describing the extent and the drivers of soaring fertilizer prices. An expanded information note covering recent developments in global fertilizer markets was prepared for the 75th Session of the Committee on Commodity Problems (CCP) in July 2022. In parallel, FAO has developed a Fertilizer Trade Tracker, an online tool which allows countries to gauge remaining import needs and/or unrealized export availabilities for the current crop and calendar year. The estimates distinguish between the main nutrients (N, P and K), and the results are updated on a monthly basis. In response to rising import prices and growing difficulties in accessing international fertilizer markets, FAO has developed a methodology to prioritize the allocation of international fertilizer supplies to countries in Africa. The methodology and results have already been made available to the Global Crisis Response Group and the Sustain Africa Initiative and will soon be published on the FAO website. Finally, FAO and the World Trade Organization (WTO) are preparing a paper to track recent trends and assess trade restrictions in global fertilizer markets, as well as fertilizer needs in vulnerable countries, with a view to proposing concrete options to the G20 Leaders, by the G20 Bali Summit.

24. **Soil nutrient maps.** The status of soil health varies around the world and the impact of soil nutrient availability on crop yield depends on current soil condition, water availability and crop

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<sup>5</sup> <https://igad.int/igad-regional-ministerial-meeting-to-agree-on-the-process-of-strengthening-adapting-and-accelerating-national-and-regional-efforts-to-address-food-crises-in-east-africa/>

<sup>6</sup> <https://search.oecd.org/swac/about/events/food-nutrition-crises-april-2022.htm>

requirements. Decisions on sustainable soil management, including the application of all types of fertilizers, should be based on soil analytical data. To this end, FAO promotes the adoption of the International Code of Conduct for the Sustainable Use and Management of Fertilizers. In this framework, FAO advocates the use of soil nutrient maps to guide informed decisions for the judicious use of fertilizers, with the objective to help farmers boost productivity, face the rising prices of fertilizers while protecting the environment. FAO, through a trust fund, will fast track an impact-oriented project in Central America (Guatemala, Honduras) and in sub-Saharan Africa (Zambia) for digital soil nutrient mapping to improve the efficiency in the use of fertilizers and help to boost food security and nutrition. FAO is also working on the strengthening of national analytical capabilities for soil and fertilizer quality through the Global Soil Laboratory Network (GLOSOLAN) and the International Network on Fertilizer Analysis (INFA). FAO's Global Soil Partnership (GSP) follows a country driven approach for establishing the Global Soil Information System (GLOSIS) and is currently working with countries on the preparation of the Global Soil Nutrient and Nutrient Budget Maps (GSNmap).

25. **One Health and Zoonosis.** Disruption of supply chains, animal and plant health services and surveillance impacts early warning, prevention and control of high impact animal, zoonotic and plant pests and diseases. Left uncontrolled and unchecked, pests and diseases can exacerbate the strain on food production, security and safety as well as ecosystem services and trade, thereby threatening One Health – animal, plant, human and ecosystem health. FAO is working together with the Quadripartite partners (FAO, World Health Organization [WHO], World Organisation for Animal Health [WOAH] and United Nations Environment Programme [UNEP]) through the One Health Joint Plan of Action and the FAO-WOAH Global Framework for the Progressive Control of Transboundary Animal Diseases (GFTADs), bringing an agrifood systems perspective to the support to countries to enhance prevention and control of high impact diseases; enhance the distribution of essential supplies including vaccinations; strengthen early warning systems and emergency management applying the One Health approach. To step up responses, FAO has launched a “One Health in Agrifood Systems Fund” to target efforts to countries most in need.

26. **Social Safety Nets and Social Protection.** In many countries, the price shocks in the cost of food, fuel and fertilizer have squeezed household budgets already depleted by two years of pandemic-induced job and income losses. Humanitarian and social protection responses will be needed to cushion the negative impact of these developments on the food security and nutritional status of people around the world. To inform these responses, FAO has led the drafting on an inter-agency statement on the Social Protection Response to the Food Price Shocks, which was released by the Social Protection Inter-Agency Cooperation Board (SPIAC-B) in August 2022. FAO, along with other international agencies, recommends that countries expand their social protection programmes, either by expanding the coverage of existing programmes or increasing the level of their benefits, or by introducing new measures to sustain households' purchasing power and food consumption.

#### IV. Conclusions

27. FAO has been instrumental in framing the food and agriculture-related response to the global food crisis, as a provider of neutral and timely information on markets, food security and nutrition, as a reliable partner in the global food security governance, and through targeted policy proposals as well as a set of concrete emergency and humanitarian response measures in countries.

28. The FAO response to the global food crisis goes beyond the specific interventions outlined in this document. FAO's support to transforming agrifood systems to be more efficient, inclusive, resilient and sustainable, leaving no one behind, integrates short-term and long-term measures and brings the full strength of FAO's Strategic Framework to bear in the current crisis.

29. The Council is invited to note the information presented in this document and provide guidance as deemed appropriate.

**Annex I****Highlights of FAO's response in countries at highest alert**

In **Afghanistan**, 9 million people (50 percent of the rural population in IPC Phase 3 or above) are expected to have received livelihoods assistance from FAO by the end of 2022, including cash, wheat production kits, vegetable and backyard production support, and livestock-saving aid.

In **Somalia**, over USD 24 million in cash, alongside livelihoods assistance, has been provided, while more than 11 million livestock have received feed, water and basic health treatment. FAO continues to scale up support to reach rural communities who are most exposed to famine and by the end of 2022, with sufficient resources, expects to reach over 2 million people.

In **Yemen**, an estimated 1 million people have received urgent livelihoods assistance, representing just over 50 percent of those targeted, owing to funding shortfalls that threaten to aggravate high levels of acute hunger and malnutrition among the country's rural population.

In **Nigeria**, just 270 000 people received time-sensitive support ahead of the planting season owing to major funding shortfalls – a significant drop compared with over 1 million provided with assistance for the main season in 2021.

In **Ethiopia**, 1.65 million people in Tigray Region have benefited from life-saving livelihood interventions since the beginning of the conflict. In 2022, FAO and Agriculture Cluster partners were in line to distribute 19 305 tonnes of fertilizer into Tigray by the end of August. However, just 10 907 tonnes were distributed before the resumption of hostilities and closure of the humanitarian corridor, benefiting approximately 218 140 households. In addition, over 375 000 people in conflict-affected areas of Afar and Amhara regions have benefited from animal health services, supplementary livestock feed, agricultural inputs, and cash. In drought-hit parts of Ethiopia, over 2.5 million people have so far received urgent livelihoods assistance to cope with the worsening conditions – destocking, water trucking, animal feed and health, alongside cash. FAO continues to scale up efforts to address the drought, focusing on the needs and priorities of affected communities.

In **South Sudan**, over 2.6 million people received urgently needed livelihoods assistance ahead of the main planting season and benefited from livestock interventions. In 2021, emergency seed distributions by FAO accounted for about 35 percent of national staple food production in the country, demonstrating the critical role of humanitarian livelihoods assistance in securing a stable supply of nutritious food despite a still high degree of instability and exposure to climate extremes. Funding cuts have forced FAO to halve the number of people actually reached compared with original targets.

In **Ukraine**, over 90 000 rural people have received emergency agricultural support (seed potatoes, vegetable seeds, winter wheat packages) and cash assistance. To safeguard existing and upcoming harvests and food reserves, FAO aims to provide storage for 4.07 million tonnes of grain (about one-quarter of national production) through the distribution of polyethylene grain sleeves, grain loading and unloading machinery, and a variety of modular storage units to small- and medium-sized farmers. Likewise, export capabilities of grain and food commodities are being enhanced through strengthened national laboratory facility for certifying exports and the damaged National Gene Bank of Plants is being supported.