

UN GLOBAL CRISIS RESPONSE GROUP BRIEF NO. 3 GLOBAL IMPACT OF WAR IN UKRAINE: ENERGY CRISIS

BUSINESS BRIEF

WHAT'S INSIDE?

SUMMARY & HIGHLIGHTS OF THE UN GCRG BRIEF NO. 3:

**The management of energy demand in
the short term is key**

**Scaling up renewable energy by
addressing bottlenecks in the supply
chain and promoting a just transition for
the long term is a must**

UN RECOMMENDATIONS TO POLICYMAKERS

CALL TO ACTION FOR WBCSD MEMBER COMPANIES



Introduction

In March 2022, the United Nations established a [Global Crisis Response Group on Food, Energy and Finance \(GCRG\)](#) to coordinate the global response to the widespread impacts of the war in Ukraine. WBCSD has been participating and contributing to the work of the UN GCRG since their inception.

This WBCSD business brief presents the key insights of Brief No. 3, provides a synopsis of the UN recommendations to policymakers and outlines opportunities for WBCSD member companies to act and mitigate the effects of the energy and food crises.

Eight key business actions:

- **Make collective contributions** as a percentage of increased profits which help accelerate needed system transformation impacted by the energy and food crises.
- **Identify energy demand reduction potential and implement energy efficiency measures to reduce pressure on demand and supplies.**
- **Identify market-ready, scalable solutions for at risk regions and sectors.**
- **Promote the message “energy and food are not weapons of war”** when advocating for action.
- **Accelerate climate action & net zero emission plans** to reduce fossil fuel consumption.
- **Engage with private sector and multilateral development banks** to increase and accelerate renewable energy and low carbon investments.
- **Develop energy performance standards and collective work on circularity protocols.**
- **Continue to support the UN task force and share individual company actions with WBCSD.**

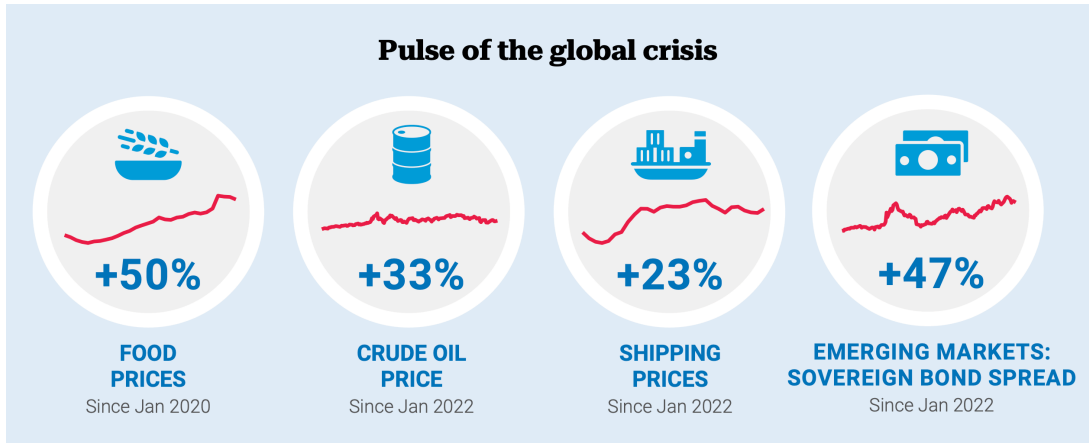
Four key facts from the report:

- **Although commodity prices in the global markets are stabilizing, the prices are still high and above the pre-war levels** (see Figure 1). The UN expects more people to suffer from food insecurity and extreme poverty by year-end.
- **Reducing energy and food prices is key to breaking the vicious cycle of the rising cost of living, poverty and social unrest.** As the heating season approaches in the northern hemisphere, energy markets will likely come under stress; developed countries must manage energy demand and reduce energy waste.
- **High energy and food prices lead to social discontent which puts governments under pressure to embark on a short-term course for potentially high-emission and expensive energy supplies.** The UN calls on the international community to safeguard the targets of the Paris Agreement and take multilateral action to scale-up renewable energy supply. Reducing the material supply chain bottlenecks, diversifying suppliers and boosting manufacturing capacities, especially in developing countries, are key measures to accelerate the energy transition to low-carbon supply.
- **Where energy and food create a nexus (e.g., biofuels, fertilizer shortage), an integrated approach must be taken** in countries where the needs for energy and food might compete with each other (also refer to [WBCSD Business Summary No.2](#)).

The GCRG has published three reports, referred to as briefing documents:

- [Brief No.1](#), published in April 2022, called on all countries, incl. the private sector, to engage in multilateral fora and find solutions, given that the crises constitute a global risk.
- [Brief No.2](#) followed in June 2022 with the focus on the food and the global cost-of-living impacts, which WBCSD summarized for businesses in its [business brief](#) in June, emphasizing the need for stability in global food and energy markets.
- The GCRG released its final report, [Brief No. 3](#), in August 2022; this report highlights the continuing energy crisis and presents six policy recommendations to governments. It also has several key messages for the private sector.

Figure 1: Indicators of the global cost-of-living crisis



Source: Global Crisis Response Group.



Summary of the UN GCRG Brief NO. 3

While commodity prices have recently fallen or stabilized since Q2 2022 (UN GCRG [Brief No. 2](#)), more people are expected to suffer from food insecurity and extreme poverty by year-end.

The World Food Programme (WFP) estimates that in 2022, 345 million people will be acutely food insecure or at a high risk of food insecurity in 82 countries. Coupled with the increasing financial distress across the globe, particularly in low-income countries, hunger, civil unrest, further supply chain disruptions and the threat of a global recession will impact the businesses of many industries. The impacts of the crisis will be felt differently and to varying degrees; rich countries are better positioned to weather the storm. Thus, the location of businesses, suppliers and customers will shape the regional impacts regarding disruptions and opportunities.

The persistent high fossil fuel prices will reduce oil and gas consumption through free market dynamics. Still, governments are encouraged to promote changes in consumer behavior and conserve energy, especially in the short term, to lessen the impacts of the energy crisis globally. Many developing countries will struggle to secure the required energy and the fiscal trade imbalances will push more countries to the brink of insolvency. As many governments will feel the pressure to act quickly, the risk of political uncertainty in general and energy and food policy changes, in particular, will rise. Energy and food hoarding must be avoided to stabilize the world economy and prevent the crisis from worsening.

Developing countries and companies doing business there have an opportunity to leapfrog the energy transition and leverage the crisis as an opportunity. This means unlocking financing and providing energy access through more modular, decentralized, off-grid solutions. There are opportunities to re-design renewable energy supply chains and promote a just, people-centered transition. We must find ways to use the material resources at the world's disposal more

efficiently, maximize the use of industrial and municipal waste streams and innovate recycling technologies. Natural gas flaring and leakage must be reduced to boost supply and revenues (see Figure 2).

Countries should use this crisis to take short, medium and long-term measures in government energy policy and invest in safeguarding the UN Sustainable Development Goals and accelerate efforts to limit global warming to 1.5°C. To this end, the UN identified six policy recommendations for governments, many of which present opportunities for businesses to inform, engage, advocate, co-create and accelerate the renewable energy transition. Key policy enablers are solutions that will unlock financing, especially in the developing world; it is estimated that USD \$4 trillion– USD \$6 trillion in annual investments will be required until 2030. About two-thirds of the investment is expected to come from the private sector.

REPORT SNAPSHOT

Executive summary: recent developments:

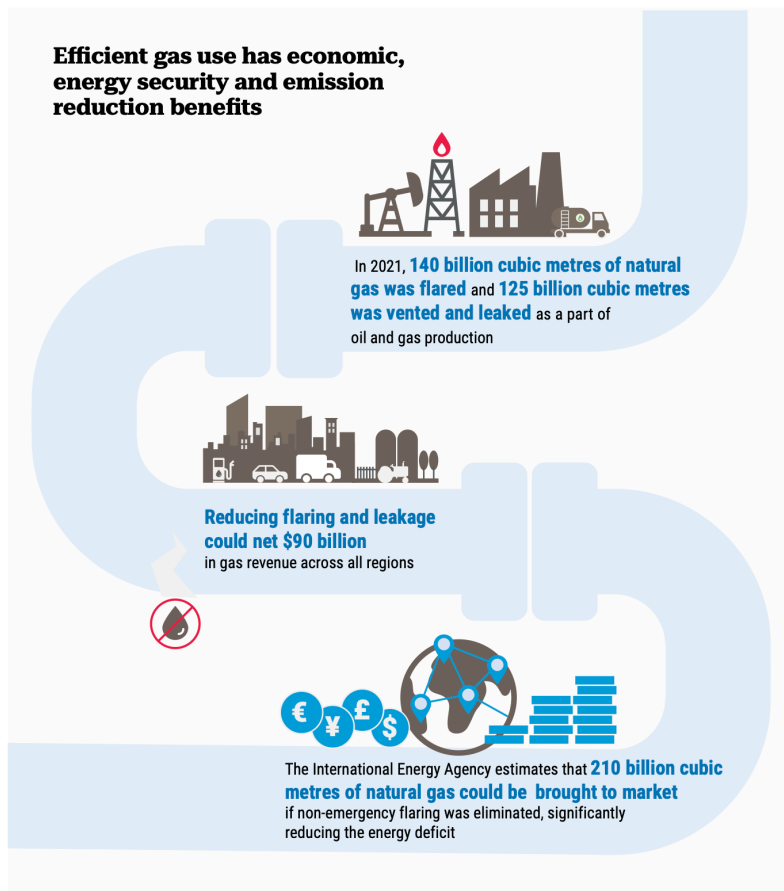
- Commodity prices remain at a high level despite recent falls
- Global energy market at the crossroads
- Energy policy measures must balance the need for urgency and long-term sustainable development

Energy-related measures:

Short-term, medium-term and long-term policies

Conclusion and key messages

Figure 2: The incentives to use natural gas efficiently



Source: Global Crisis Response Group, based on data from the International Energy Agency.

UN recommendations to policymakers and implications for business

The UN GCRG Brief No.3 presents six policy recommendations (summarized below) to be implemented at country and multilateral levels, spanning the short, medium and long term. It should be noted that medium and long-term recommendations imply that the preparations for such measures should start now as many projects and policy actions have extended lead times. The implications and considerations provide examples of actions that businesses can take and are not exhaustive.

Table 1: UN policy recommendations with implications and considerations for business

TIMEFRAME	UN POLICY RECOMMENDATION	DETAILED RECOMMENDATIONS	IMPLICATIONS AND CONSIDERATIONS FOR BUSINESS
Short-term (3-12 months)	Policy 1: Energy demand reduction & conservation and efficiency, primarily in developed countries	<ul style="list-style-type: none"> • Consumers to increase cooling and reduce heating temperatures • Promote sustainable cooling and heating systems • Reduce transport demand through efficiency and promote the use of public transport 	<ul style="list-style-type: none"> • Reduce energy consumption and pursue energy efficiency in their operations. Incentivize the workforce to conserve energy and work with suitable partners up and downstream. • Implement sustainable heating solutions, such as heat pumps, home insulation materials, and retrofit buildings and appliances to improve energy efficiency. • Anticipate reduced consumer demand for oil and gas products, subject to how consumers respond to potential government action, pricing and winter temperatures in the northern hemisphere. • Seek and promote electrification, renewable energy purchasing and electric vehicle sales.
	Policy 2: Governments of developing countries to provide solutions to ensure greater access to affordable energy	<ul style="list-style-type: none"> • Increase clean energy access for households by supporting the deployment of small, modular and decentralized systems, and clean cooking • Provide public funding (rebates, transfers) to low-income families • Explore the option of applying windfall taxes to oil and gas companies 	<ul style="list-style-type: none"> • Invest in and supply more decentralized, modular energy systems and quick deployment to vulnerable communities. • Design and deploy simple pay-as-you-go energy payment methods in the developing world to promote access to energy • Work with governments on the practical aspects and impacts relating to windfall taxation or consider high-profit contributions to vulnerable communities

TIMEFRAME	UN POLICY RECOMMENDATION	DETAILED RECOMMENDATIONS	IMPLICATIONS AND CONSIDERATIONS FOR BUSINESS
Medium-term (1-4 years)	Policy 3: Governments to scale up renewable energy by addressing bottlenecks in the supply chain and promote a just transition	<ul style="list-style-type: none"> • Provide a stable policy environment, reduce investment risk, and set clear policy signals to the private sector • Simplify and accelerate permitting and commissioning of renewable projects • Ensure sustainable access to critical materials and minerals and diversify suppliers and increase local/regional manufacturing capacities, esp. in developing countries with critical raw material deposits • Invest in labor training, up and re-skilling for renewable projects 	<ul style="list-style-type: none"> • Work with governments to identify key material shortages and alternative supplies, seek sustainable and robust (diversified) supply chains, define and recruit the growing labor requirements and develop skill sets, highlight the key obstacles for more extensive participation of business and faster project implementation • Facilitate and increase the recovery of critical raw materials and promote circularity • Engage with governments and regulatory bodies by reacting to new policy proposals and influencing improvements
Long-term (> 4 years)	Policy 4: Governments and producers must immediately tackle natural gas/energy waste	<ul style="list-style-type: none"> • Double down on the reduction of natural gas flaring and methane leaks through incentives and regulation 	<ul style="list-style-type: none"> • Increase sale revenues from economically viable projects which reduce flaring and methane leakage • Innovate and deploy more innovative methane monitoring and reduce product waste
	Policy 5: Governments strategize now, act and prepare for a better future	<ul style="list-style-type: none"> • Promote and invest in emerging technologies, including their robust and diversified supply chains • Enhanced action on energy efficiency measures via standards and modal shifts to public transport • Promote material efficiencies and reduce waste via a circular economy 	<ul style="list-style-type: none"> • Promote and support market creation, increase investment and technology innovation (e.g. for green hydrogen, green cement and steel) and seek assurances for robust and diversified supply chains • Innovate recycling technologies (e.g., wind turbines, batteries) and maximize the use of industrial and municipal waste streams • Influence the formulation of energy performance standards and circularity protocols
	Policy 6: Scale up public, private and multilateral green financing	<ul style="list-style-type: none"> • Restructure public, private and multilateral finance to generate green investments 	<ul style="list-style-type: none"> • Innovate financing solutions and promote adoption by development banks

Source: Compiled by authors, WBCSD.

Call to action for WBCSD member companies

Actions the business community can take now are summarized as follows:

- 1. Identify the most vulnerable communities and customers and make collective contributions** as a percentage increase, which help accelerate needed system transformation impacted by the energy and food crises. We will explore funding avenues and linkages across the energy and food sectors; several members are already developing concepts that will be shared for further engagement.
- 2. Identify energy demand reduction potential and implement energy efficiency measures to reduce pressure on demand and supplies.** This can be achieved **by collaborating** with partners across the value chain to **reduce supply chain bottlenecks.**
- 3. Identify market-ready, scalable solutions for at risk regions and sectors.** This can help address the energy and food crises in the short term.
4. Promote the message **“energy and food are not weapons of war”** when advocating for action for increased activity through your platforms as business leaders. Messaging should be focused on the most vulnerable communities.
- 5. Accelerate climate action & net zero emission plans** to reduce fossil fuel consumption across all emission scopes in the long-term; highlight which sectors are lagging, why and where investments are impeded and promote a just transition for all.
- 6. Engage** with private sector and multilateral development banks to increase and accelerate renewable energy and low carbon investments.
7. Develop **energy performance standards and collective work on circularity protocols and offer business expertise.** Private sector participation in development is essential for successful implementation, given the know-how in WBCSD member companies.
8. Continue to **support the UN task force and share individual company actions** with WBCSD.

The UN GCRG recommendations and the proposed WBCSD action dovetail with many of the ongoing [WBCSD Energy Pathway projects](#); to highlight of few:

- [REscale](#): decarbonizing the electricity sector by bringing together leading companies across the full renewable energy value to chain and accelerate deployment. The project focuses on facilitating the scale of finance, increasing the understanding and use of Corporate Renewable Power Purchase Agreements, promoting dialogue between the private sector and policymakers to integrate renewables into electricity markets, and innovating technologies and business models for low-carbon microgrids.
- [Integrated Energy Strategy](#): a WBCSD guide and framework that helps companies achieve their energy-related financial and environmental objectives – considering all energy uses within its operations and across its energy-related value chain. Crucially, an integrated energy strategy defines these objectives – including cost reductions, energy and carbon savings – and sets a roadmap for achieving them.
- WBCSD is advancing the electrification of heat and will publish industry guides on heat pumps and Heat as a Service (HaaS).
- Other relevant energy pathway projects focus on making the energy system nature-positive and tackling inequality issues and the circularity of critical raw materials.



CREDITS

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CONTACT

For further information and to engage more directly on this topic, please contact [Diane Holdorf](#), Executive Vice President, WBCSD.

WHAT'S NEXT?

The WBCSD will monitor the next UN General Assembly in September and may seek targeted member input and support as requested by the UN for specific measures and action.



ABOUT THE WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD)

WBCSD is the premier global, CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature positive, and more equitable future.

We do this by engaging executives and sustainability leaders from business and elsewhere to share practical insights on the obstacles and opportunities we currently face in tackling the integrated climate, nature and inequality sustainability challenge; by co-developing "how-to" CEO-guides from these insights; by providing science-based target guidance including standards and protocols; and by developing tools and platforms to help leading businesses in sustainability drive integrated actions to tackle climate, nature and inequality challenges across sectors and geographical regions

Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD \$8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. Since 1995, WBCSD has been uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability, united by our vision of creating a world in which 9+ billion people are living well, within planetary boundaries, by mid-century.

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