The devastating war in Ukraine threatens to further reduce the development progress of many least developed countries. As the world's most vulnerable countries, many least developed countries (LDCs) are negatively affected by the impacts of the war on food and energy markets. LDCs have to face the economic consequences of the conflict, while dealing with the ongoing COVID-19 pandemic, the worsening impacts of climate change and persistent inequalities.

Many LDCs are at risk of being severely impacted because of their simultaneous exposure to multiple transmission channels between the war and development as well as their high structural vulnerabilities to external shocks in general. Those that are food and oil import dependent are directly exposed to reduced supplies and higher international prices for affected staples such as wheat and maize, other affected food products such as sunflower oil, and fossil fuels. High levels of external debt, limited access to international financial markets, and low fiscal space, often depleted due to financing responses to and recovery from the COVID-19 pandemic, reduce the ability of many LDCs to react to the crisis. Most people in LDCs and their Governments lack the resources to absorb higher prices, resort to alternative sources of supply or reduce consumption. Poverty remains widespread, with 33.6 per cent of the LDC population living below the international poverty line before the pandemic in 2019, and social protection is very limited in most LDCs, further exacerbating the impact of high prices on food security. Previous crises have shown that food price increases can disproportionately harm the nutrition of women and children, with the potential of long-term consequences for health and cognitive development.

Impacts on food could last beyond the current period as well: the reduced availability and affordability of fertilizers could affect a broad range of agricultural products, by reducing domestic production in LDCs and further raising food prices in international markets. Moreover, as high food prices incentivize greater production, there are concerns that ecosystems could be threatened, particularly in countries already facing high levels of deforestation.

It is important to acknowledge that impacts of the war will vary across LDCs. Most LDCs are import dependent for food and energy. In particular, there are only four LDCs that are net exporters of cereals (Cambodia, Lao PDR, Myanmar, Zambia). While wheat is the main staple only in a few LDCs, imports are often from Russia and Ukraine.

On the other hand, there are eight LDCs that are net exporter of fossil fuels, potentially benefitting from higher prices on international markets.<sup>2</sup> For example, if Angola exports the same quantity oil as in 2021 and prices stay on average at \$100 per barrel, its current account surplus would improve by more than \$11 billion. This provides opportunities to address vulnerabilities caused by higher food prices, continue investing in expanding productive capacities and address the severe level of external debt.

Besides export structure, pre-crisis fiscal and external balances are key factors of heterogeneity among LDCs. Generally, LDCs entering the crisis with lower levels of external debt and sound macroeconomic fundamentals remain in far better position to address some of the impacts domestically.

Due to the evolving nature of the crisis, it is essential to closely monitor the situation by considering both indicators for relevant structural vulnerabilities of LDCs and more rapidly moving indicators on relevant price and supply changes. It is also important to consider impacts holistically, as interlinkages across the indial to consider impacts holistically.

The monitoring -

in total energy supply is highly relevant for several Central and Western European countries but not included in this monitoring given the low share of gas imports in energy supply in LDCs.

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Price index based on international export prices of five food commodity groups	Global	Latest month	FAO, World Food Situation
Number of commodities ir international food markets characterized by excessive price volatility, covering nine commodities	S	Latest month	IFPRI, Food security portal
Share of food products in global food markets (measured in calories) affected by export bans and licensing	Global	Latest week	IFPRI, Food security portal
Percentage of population with a poor or borderline food consumption score (FCS)	Country	Latest available day	WFP
Year-on-year change in food prices	Country	Latest available month (varies by country)	Trading economics, b10 g0 G4n8 ref†43.2



Share of wheat imports from Russia and Ukraine in total wheat imports	Country	2022	<u>UNCTADStat</u>
End-of-month stocks in wheat divided by domestic wheat consumption	Country	Latest month	USDA, <u>PSD Online</u> (usda.gov)
Price index based on ten quotations, January 2000=100	Global	Latest 14-day average	International Grain Council, <u>market</u> <u>information</u>
Share of food supply in kcal from rice in food supply in kcal from all cereals	Country	2018-2020 average	FAO, FAOSTAT food balances
Share of net imports in rice in total domestic rice supply (production plus net imports)	Country	2018-2020 average	FAO, FAOSTAT food balances
End-of-month stocks in rice divided by domestic wheat consumption	Country	Latest month	USDA, PSD Online (usda.gov)
Based on 5 market prices for phosphate, potash and urea	Global	Latest month	World Bank Commodity Price Data
Share of fertilizer imports from Belarus, Russia and Ukraine in total fertilizer imports	Country	2022	UNCTADstat, Trade matrix
Ratio of the value of net fertilizer imports to value of crop production	Country	2021	UNCTADstat, Trade matrix and FAOSTAT, Value of production
Share of net fertilizer imports in fertilizer consumption	Country	2021	FAOSTAT, Fertilizer by nutrient

Net coal imports as share in total merchandise imports	Country	2022	UNCTADstat, Trade matrix
Aluminum futures	Global	Latest available price	Trading economics
Net exports of aluminum as percentage of total exports	Country	2022	<u>UNCTADstat, Trade</u> <u>matrix</u>
Copper futures	Global	Latest available price	<u>Trading economics</u>
Net exports of copper as percentage of total exports	Country	2022	<u>UNCTADstat, Trade</u> <u>matrix</u>
Nickel futures	Global	Latest available price	<u>Trading economics</u>
Net exports of nickel as percentage of total exports	Country	2022	<u>UNCTADstat, Trade</u> <u>matrix</u>
Interest rate set by Central Bank on reserves, interbank loans or other flow	Country	Latest available data	Trading economics, based on national data
Year-on-year change in exchange rate (LCU/USD)	Country	Latest available date	Trading economics, based on national data
Current account deficit as percentage of GDP	Country	2022	World Bank WDI
Year-on-year change in consumer price index	Country	Latest available month (varies by country)	Trading economics, based on national data
External debt as percentage of gross national income	Country	2021	World Bank IDS
Expected debt servicing as percentage of exports of goods and services and primary income balance	Country	2023 for expected debt servicing, 2021 or earlier for exports	<u>World Bank IDS</u>
General government net lending/borrowing as percentage of GDP	Country	2023 (estimates)	IMF Fiscal Monitor (April 2023)
Estimate for the effect of habitat loss, degradation and fragmentation on the expected retention of terrestrial biodiversity	Country	2022	Environmental Performance Index, based on CSIRO