

СЕКЦІЯ 9

Трансформація бізнес-процесів у контексті сталого розвитку

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Kramar Iryna

Doctor of Sciences (Economics), Assoc. Prof.
Professor of Economics and Finance Department
Ternopil Ivan Puluj National Technical University
Ternopil, Ukraine

Крамар Ірина

доктор економічних наук, доцент
професор кафедр економіки та фінансів
Тернопільський національний технічний університет імені Івана Пулюя
м. Тернопіль, Україна

GLOBAL WAR THREATS TO SUSTAINABLE DEVELOPMENT

ГЛОБАЛЬНІ ЗАГРОЗИ ВІЙНИ ДЛЯ СТАЛОГО РОЗВИТКУ

“Universal peace and sustainable use of the planet are both utopian visions, but failure to achieve them deprives posterity of a quality life, and even of life itself”, – John Cairns Jr.

Is there a sustainable life behind the war? What are the biggest threats to sustainable development due to the russian-Ukrainian war? A brief outlook of some of the global war threats is presented in the thesis.

The war itself is the biggest threat to sustainability, principles of humanity and has changed the whole paradigm of life and society for all: people, companies, and the state as a whole. The first United Nations Sustainable Development Goals (UN SDG) to be mentioned is Goal 16 “Peace, Justice and Strong Institutions” [1]. The situation in Ukraine has shown how fragile the world is and the level of international organizations’ efficiency in solving disputes, conflicts and wars. What became clear is the necessity in unity and partnership to meet the global challenges of humanity and to ensure sustainable development goals realization. Although “peace, justice and strong institutions” are defined as goal 16 in Agenda 2030, it should be the first one, because if peace and defense are not secured, its’ impossible to talk about other SDGs.

One of the UN SDGs facing war threats is Goal 8 “Decent Work and Economic Growth” [2]. According to the International Monetary Fund (IMF) economic damage from the war in Ukraine will contribute to a significant slowdown in global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest [3]. The war adds to the supply chain problems in the global economy because of the pandemic and creates more shortages. Through integrated global supply chains, production disruptions in one country goes global and affects all. As an example, some companies in russia and Ukraine supply specialized inputs, and their deficit already has impact on car manufacturers. This is just one of the examples that explains why this war is not only Ukraine’s deal but the whole world’s.

Another aspect in terms of decent work and economic growth is the displacement of more than 4 million Ukrainians which has an impact both on Ukraine and neighboring countries, especially Poland, Romania, Moldova and others. This creates economic pressures in the whole region. That is why Government initiatives and incentives for business play an essential role in economic recovery in Ukraine. Currently, there are adopted laws to facilitate business activities that

give certain tax privileges to some business entities and those who employ internally moved people etc.

Talking about business, it is considered that the above-mentioned Goal 16 should be at the forefront of every company's lives, otherwise, there is no sense in doing any business activity. Principles of doing business and living a prosperous life have been influenced by the tragedy of war and those disasters it brought. The war has triggered a costly humanitarian crisis that demands a peaceful resolution. Today it is a challenge for companies to decide which path they should take – a path of making money or a path of keeping business moral. Therefore the sustainability concept of business management – ESG (environmental, social and governance) has faced significant difficulties in times of war, as ESG criteria define a clear business strategy regarding the prevention of war, conflicts and human rights violations [4].

It should be noted that since February, 24th, 2022 hundreds of world companies have left russian market. This happened not only because of sanctions imposed on russia, but also because of the volunteering wish of those companies and as a result, foreign investors stop investments and leave the current projects in russian market no matter the stage of their realization.

It is of huge importance for Ukraine to create such projects which will attract investments, especially in terms of the fact that Ukraine became a center for world financial aid. The European investment bank (EIB) has approved the financial aid of 668 mln Euro for critical infrastructure and social infrastructure renewal [5]. The bank has increased the requirements towards social and ecological standards for all its projects since January 2022.

At the same time The European Bank for Reconstruction and Development (EBRD), a world leader in climate financing, has released 2 billion euros in response to the war in Ukraine. Since the bank's inception in Ukraine, lending has reached 16 billion euros and 511 projects. All investment activities are done in accordance with the EBRD's socio-environmental policy and standards. It plans to become the major green bank by 2025 [5].

Another UN SDG that faces one of the most difficult and serious threats nowadays is Goal 7 “Affordable and Clean Energy”. The importance of fulfilling this SDG also falls in the following – “..energy services are key to preventing disease and fighting pandemics – from powering healthcare facilities and supplying clean water for essential hygiene, to enabling communications and IT services that connect people while maintaining social distancing” [6]. That is why access to energy is essential for sustainable well-being. The war has shown all countries the level of their dependence on russian energy sector and how negative it is.

That is why the direction of particular importance in terms of sustainable investments is the energy sector, not only in Ukraine but in Europe and US as well. Therefore many experts state that one of the best ways to decrease the dependence on russian energy sector is the transition to renewable energy sources and the creation of tax stimulus for business that works in this field; production of electro cars and increase of energy efficiency. The IMF also states that carbon pricing and fossil fuel subsidy reform might also help with the transition to a cleaner mode of production, less exposed to fossil fuel prices which is more important than ever in light of the war impact on the global energy market [3].

The next UN SDG which is in danger due to the war is UN SDG 2 – “Zero Hunger”. Nearly 690 mln people or 8.9% of the world population are hungry [7]. Currently, due to the war in Ukraine, which is known as the world breadbasket, Ukrainian ports are blocked, agriproducts can't be exported, logistic is destroyed, therefore the above-mentioned numbers increase every day. Such a situation requires attention to investments in the food sector and agricultural business. There should be created projects and funds to support established businesses in this sector, as sustainable development of the world is possible to be achieved only with the combination of different tools to be used in all areas of human lives, whilst agriculture and food sector play a crucial role [8].

The next one to be mentioned is SDG 9 “Industries, Innovation and Infrastructure” [9]. Inclusive and sustainable industrialization, together with innovation and infrastructure, unleash dynamic economic forces that generate employment and income. According to the Kyiv School of Economics [10] direct damage caused to Ukraine’s infrastructure during the war has reached \$88 billion as of April, 26, 2022. Rebuilding Ukraine's infrastructure, homes and businesses will cost up to \$1trn. International organizations and investors will play a leading role in this [11]. It points out the perspectives to be opened after Ukraine’s victory in the war in the sector of engineering, in particular civil engineering. There are already announced different projects, competitions etc for sustainable cities and buildings recovery. This is another interesting and well-recognized sector that will require sustainable investments.

As a result, it can be summed some of the war outcomes and threats to sustainable development, which require attention from the Government, corporate and personal sides: threats to humanity as a whole; humanitarian crisis; shortage of certain consumer goods and basic necessities, reduction of exports and imports; energy crisis; food crisis; pessimism, which leads to reduced investments; the collapse of exchange rates, leading to greater uncertainty, lower confidence; decreased personal incomes; reduction of tax revenues and budget deficit increase; suspension of economic activity; destruction of supply chains; manipulative pricing; industrial inflation due to geopolitical changes (energy crisis) and the destruction of infrastructure. It is clear today that it can be possible to overcome the difficulties, meet the challenges and face the threats if only there will be cooperation between the above-mentioned agents and global community in searching for innovative, effective and inclusive solutions.

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