

FSC perspectives from the field on the repercussions of the Ukraine conflict on major food crisis

April 2022



GLOBAL OVERVIEW

Available data analysis indicates an alarming impact of the Ukraine conflict on major food crisis at global level: food and fuel prices increase as well as decrease of import of cereals and other agricultural inputs (e.g. fertilizers) will have detrimental repercussions on food security crisis especially in highly import-dependent countries and on the cluster's capacity to provide assistance to millions of people across the globe.

The conflict is indeed triggering a wave of collateral hunger and exacerbating pre-existing crisis, hampering humanitarian aid.

As Russia and Ukraine rank among the top three global exporters of wheat, maize oil seeds, and Russia also stands among the worlds top exporters of fertilizers (nitrogen, potassium and phosphorous)¹, the conflict is **disrupting the production and supply chain**, potentially affecting the most vulnerable, especially in hunger hotspots. Ukraine was also among the primary sources of wheat procurement globally for humanitarian agencies — more than 50% of WFP's global procurement e.g. — which also poses a threat to **disrupt humanitarian assistance**, in areas of the globe where any disruption would cause for millions of families to fall into absolute destitution.

From the information shared by the FS country clusters, as of 15 April 2022, some countries are being more affected, among which the countries in the MENA region (Yemen, Syria, Lebanon) Asia (Afghanistan, Pakistan) and Eastern Africa (Somalia, Ethiopia).

PRIORITY CONCERNS

The gFSC is particularly concerned by the **significant increase in operational costs** and the **funding reallocation strategy** they have either already witnessed or are most likely to witness— both in terms of funds or human resources — **effectively reducing the capacity to assist** population in need. There is a need to ensure adequate funding in the most affected population especially those at risk of famine, to prevent loss of lives due to hunger and malnutrition.

¹ The importance of Ukraine and the Russian Federation for global agricultural markets and the risks associated with the current conflict <https://fscluster.org/sites/default/files/documents/cb9236en.pdf>

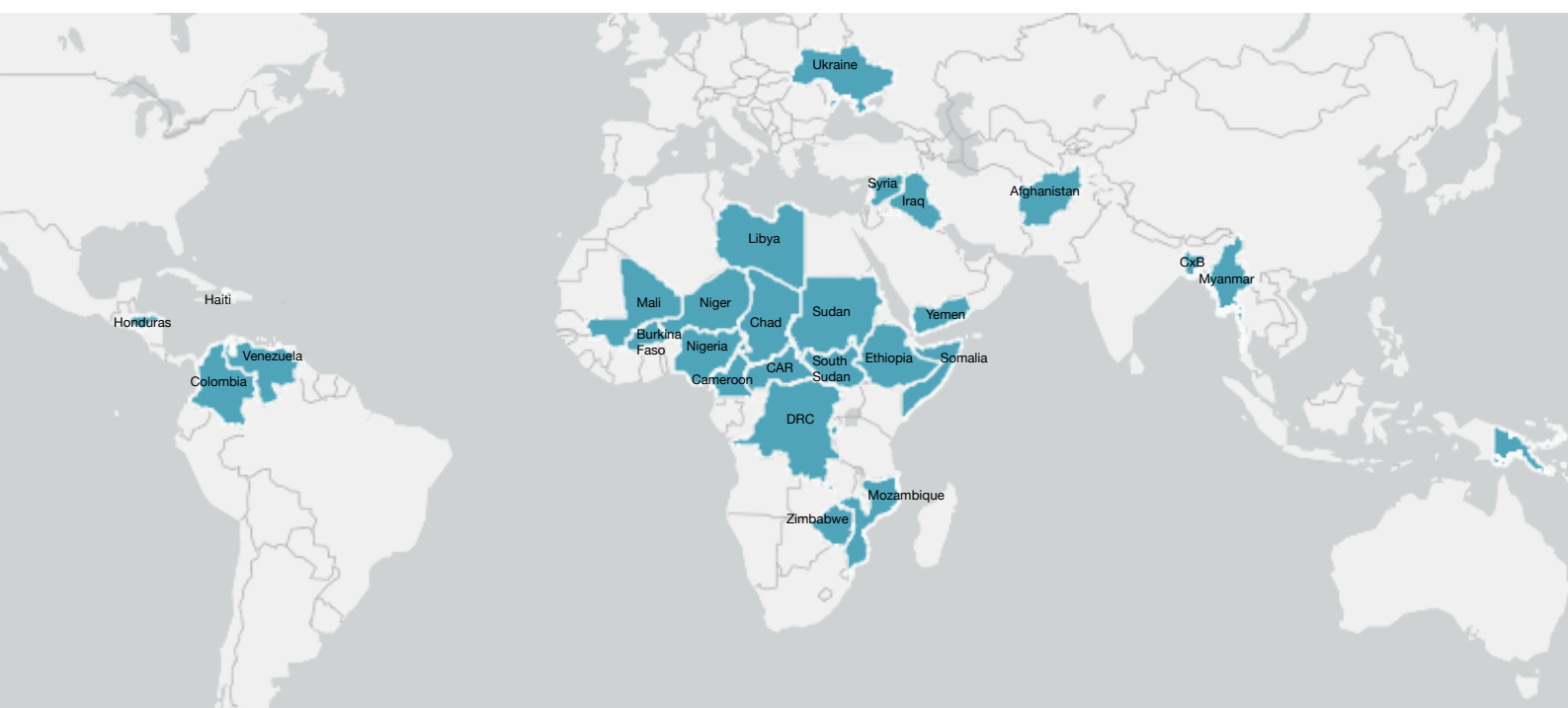


FSC PERSPECTIVES FROM THE FIELD

Click on the country to see the feedback from a specific FS country cluster.

ASIA PACIFIC	EAST AFRICA	CENTRAL AMERICA
AFGHANISTAN	ETHIOPIA	COLOMBIA
BANGLADESH & CXB	SOMALIA	HONDURAS
MYANMAR	SOUTH SUDAN	EL SALVADOR
PAKISTAN		GUATEMALA
		HAITI
		VENEZUELA

MENA	SOUTHERN AFRICA	WESTERN AFRICA
IRAQ	DRC	CAR
LEBANON	MOZAMBIQUE	CHAD
LIBYA	ZIMBABWE	MALI
PALESTINE		NIGERIA
SUDAN		
YEMEN		
WHOLE OF SYRIA		
ARMENIA		



AFGHANISTAN

- Operations are particularly **dependent on** the supply of vegetable oil from **Turkish suppliers**, and therefore highly affected by the **export bans to protect Turkish domestic supply**.
- Expected impacts on food security in Afghanistan are primarily related to **price increases** (last estimate 21%) and increased regional competition for commodities, which may spark further export bans.
- Globally, China is facing its worst wheat crops in decades, India has seen a tripling of demand, and supply is already constrained in the United States, Canada and Argentina. Australia is already at full shipping capacity. This will affect procurement rates and competition for supply.
- There is highly likely to be an **increase in operational costs related to commodity procurement** and across the supply chain from production (fertilizer) to transportation.
- The **increased prices for staple commodities** in Afghanistan, including for commercial supply, which is import dependent in its food system, may lead to higher levels of humanitarian needs.

BANGLADESH (CXB)

- The Ready-Made Garments (RMG) sector contributes about 84% to Bangladesh's overall exports. Recessionary trends in Europe and the US could dampen demand for RMG exports increasing unemployment rates.
- **Belarus and Russia are two key source countries for Bangladesh's fertilizer import.**
- **About 41% of the total imported wheat comes from Russia and Ukraine** which became unsure. Bangladesh is **currently looking for alternate sources** to import.
- Expected impact in two categories:
 - **Supply and Price shock** in the global market (Fuel, Vegetable oils, pulses, onions etc)
 - **Direct trade and investment with Russia and Ukraine** (Wheat, Fertilizer, Ready Made Garments, etc).
- **Cost of import** dependent essential food commodities has **already gone up** in Bangladesh markets and if the Russia Ukraine conflict continues for a longer period the impact will intensify.
- **Increased fuel cost** will have a negative effect on all spectrums of life especially for the marginal population. Fuel Price hike will push production costs up, reduction in exports and rise in import bills.

MYANMAR

- **Prices have steeply risen since the coup** (February 2021), Ukraine crisis contribute to the current inflation on fuel and fertilizers: this will have further knock-on effects on retail prices in Myanmar.
- Farmers in Myanmar were already affected by high agricultural input prices in 2021, if prices of fertilizers continue to increase, they will become even less accessible to farmers.
- **Reduction in purchasing power**: increasingly households are spending more on food, but also expenditures on transport for work (taxis, buses) will increase, further squeezing households, increasingly likelihood of going into debt, and reducing ability to save.



PAKISTAN

- Pakistan has [significant dependence on Russia and Ukraine](#) for wheat, pulses, and oilseeds imports.
- [Wheat](#): in 2021, imports from Russia and Ukraine contributed 77.3% of total wheat imports, with \$813 million worth of wheat (Ukraine 58.8%, Russia 18.5 %).
- [Other imports](#): imports from Russia and Ukraine contributed 19.3% of total pulses imports and 10.4% of total oilseed imports.
- [Fertilizers & fossils](#): Pakistan is not primarily dependent on these two but is likely to bear the brunt of rising international prices for fertilizers and energy.

Note: Government or FSWG partners have not yet conducted assessments or studies related to Ukraine/Russia conflict's impact.

EASTERN AFRICA

ETHIOPIA

- [Nearly 45% of wheat imports for Ethiopia food response in 2021 were from Ukraine and Russia.](#)
- [High food inflation level prior to the conflict](#): 41.9% in February, up from 39.9% the previous month.
- [Drivers of high inflation rate](#) – possibly to be impacted by the Ukraine crisis: “spike in price of cooking oils and fats, non-alcoholic beverages, bread and cereals, fish and sea foods, dairy, and meat products”. Price of cooking oil have increased by an average of 70%.
- [Expected impact](#):
 - [Shortage of fertilizer](#) for the coming agriculture season.
 - [Increased delivery costs due to fuel shortage](#)

Note: partners are monitoring the resource and analyzing commodity preference for possible cereal substitution in case of significant shortfalls or pipeline breaks.

SOMALIA

[On the brink of famine with its 4th consecutive year of severe drought. According to the results of the just concluded IPC “risk of Famine” analysis, IPC Phase 5 could occur in six areas across Somalia through June 2022: there is a need for immediate mobilization of international community in support of a massive scaling up of humanitarian food assistance.](#)

- [Import dependent for food products](#) (rice, wheat flour, pasta and vegetable oil):
 - Estimates indicate [Somalia relies on Ukraine and Russia for over 90% of its wheat import requirements.](#)
 - The country is already facing soaring food prices that have posed a major challenge for food security, especially in urban areas across the country.
- [Expected impact](#):
 - [Food prices](#) are expected to [increase up to 50% and more](#) above the average of the previous 5 years.
 - [Exacerbated drivers of food insecurity](#): failed local harvests, continuing regional drought affecting neighboring countries and hampering cross-border supplies, record high global food prices, high inflation, depreciation of the local currency in some regions.
 - Increased global oil prices have [reflected higher costs of petrol and diesel](#) in the country and pump prices have increased [by 20% to 37% percent.](#)



- The rise in fuel prices will lead to **further increases in the cost of FSC partners operations**, both through food prices and supply chain related fuel costs, including land transportation, air transport, airlifts and facilities.

SOUTH SUDAN

- Minimal import sorghum & yellow split pea imports; alternative sources being explored.
- **High import for fuel/ transport costs.**
- Land locked country, **import dependent for food, consumer products and commodities: rising fuel and related transportation costs** by land, water & air will further impact already high food prices
- **Beneficiaries could be impacted by market functionality** if the Ukraine crisis impacts commodity prices & also availability in the markets where CBT is distributed:
 - **CBT transfer values** are linked to the closest local market price of commodities in SSP.
 - If local prices of core commodities increase, the amount that beneficiaries receive will increase alongside them.
 - **Budgetary impact for CBT actors** overall would be felt, as the USD amounts to transfer the same purchasing power would increase.

CENTRAL AMERICA

Colombia, Honduras, El Salvador, Guatemala, Haiti, Venezuela

- **Low dependency** on imports from Ukraine or Russia.
- However, as the conflict between Ukraine and Russia will influence the supply and international prices of cereals, local prices are also expected to increase.
- Similarly, with energy prices increasing on the international markets, in country fuel prices are also expected to increase (though in Guatemala the government has announced a transitory measure to stabilize prices through subsidies to the sector).
- In Haiti, European **donors** have already **re-allocated the funding** dedicated to Haiti and **further re-allocations are expected.**

MENA

ARMENIA

- Armenia belongs to a group of developing economies that **are heavily reliant on Russia and Ukraine for food.**
- **Disruption of supply routes, production and export** of wheat, maize, barley sunflower seeds and other food product as well as fuel and fertilizer from Russia and Ukraine will **negatively impact food availability and increase food prices** consequently **driving up food insecurity** in Armenia.
- This will exacerbate 2021 food crisis with food inflation staggering to 13.2%, below-average rainfall in the winter growing months of cereal (December 2021 to June 2022) combined with high fertilizer prices were.
- Analysis of socio-economic implications was conducted based on secondary data by different UN agencies, WB and the Government. Key findings regarding the effect of the hostilities include:



- Assuming food prices further increase by 20% or more, [food insecurity in Armenia is expected to increase from 21.4% to 30%² or more](#),
- Other variables include the combined impacts of the expected low agricultural production in Armenia (due to below-average rainfall and high fertilizer prices), the availability of food from Russia, the flow of remittances, the demand for Armenian goods and services, and the ability of the Armenian Government to compensate vulnerable Armenians for inflation.
- Also to be considered is the [need for food and basic assistance for the Armenians](#), as well as the [refugees and Armenian workers coming back from Russia](#) as they lost their livelihoods

IRAQ

- Iraq imported commodities worth US \$548 from Ukraine, including edible oil worth US\$325 (majorly sunflower oil). [Ukraine was the largest exporter of edible oil to Iraq, providing around 32% of the country's total edible oil imports](#). This has come to halt.
- Iraq [imported around US\\$59.4m from Russia](#), including US\$1.6 worth of cereals (majorly wheat). This has paused amidst uncertainty and sanctions.
- Due to the above, the [government's social safety needs are unable to do regular food distributions](#) and cover the needs of food insecure populations in a consistent manner.
- WFP assessments show increase of prices of retail vegetable oil and wheat flour by 16% and 9% on the national level respectively.

LEBANON

- Lebanon is [very highly dependent on cereals import from Ukraine and Russia](#), with a share of 96% on the overall import (81% from Ukraine and 15% from Russia). Lebanon estimated wheat needs are 50,000 MT per month – as announced by the Ministry of Economy, with the current stock level that could last for approximately six weeks.
- [Bread price](#) already registered a 760 percent increase since the start of the crisis in Lebanon in October 2019, and a [direct 27 percent increase in March 2022](#) alone (following the start of the Ukraine conflict).
- All fuels' prices have increased in Lebanon, with an impact on all value chains production costs, as well as the supply of energy country wide, whereas the state provides energy for some 2-3 hours/day and the rest being managed by private generators businesses.
- [In March alone, the cost of gasoline increased by 31 percent, diesel by 61 percent, and cooking gas by 19 percent](#) -- mainly due to the depreciation of the informal exchange rate market, complications regarding payment modalities between suppliers and petrol stations, and increasing international oil prices.
- [Cost of the Food SMEB already increased by 14 percent \(in LBP terms\) on a weekly basis since the start of the conflict](#).
 - This included the increase lead by sunflower oil (82 percent increase), sugar (72 percent increase), and bread (31 percent increase).
 - This will [require an upward revision in the CBT transfer value](#) provided to beneficiaries This could be done either [increasing the amount](#) of local currency (budget or targeting implications) or [modifying the content of the basket](#) (effectiveness implications).

² Calculations based on the Integrated Living Condition Survey in Armenia 2020.



LIBYA

- 85% of Libya's food consumption is imported, which makes Libya very much reliant on global market fluctuations in prices and availability. It is heavily reliant on imported Ukrainian and Russian grain for its bread flour. Prices of other basic foodstuffs such as flour, cooking oil, sugar, and tomato paste also rose.
- The Joint Market Monitoring Initiative (JMMI) revealed that the average overall cost of the minimum expenditure for basic food basket in Libya has increased by 7% during March 2022, in particular reported increase of flour price by 12 %. Libya depends for over 40 percent on wheat imports and is one of top importers of Ukrainian wheat with 0.55 million tons (FAOSTAT 2020).
- Libyan consumers have been complaining about the sudden food price rises upon the outbreak of the Russian-Ukrainian war. Within days of the war starting, bakeries increased bread prices by over 30%. Scarcity of food items in the Libyan Market is observed, coupled by the arrival of Ramadhan.
- The population complained and asked the government to act on the subsidized bread flour.
- Due to the war, vessel owners are avoiding Black Sea making supply chain more expensive.

PALESTINE

- Palestine is an import dependent. 15,000 tons of wheat flour was imported by end of March.
- Price increase by 13% for the wheat flour in Gaza, 15-20% in West Bank (compare to 15-20% in Israel) in the local markets comparing with February 2022; around 40% increase in maize in the local markets compare to March 2021
- With the government support of fuel prices, there is increase of 4% per litre of benzene (April)
- Increase of the unit cost for organizations providing food assistance (mainly WFP and UNRWA) while they are facing funding difficulties
- 32% Increase in the cost for WFP Palestine's operational supply chain activities compared to 2019
- Also, due to COVID, the container costs increased from USD 666 to 2,718 USD causing delayed orders. Further increase in shipping and transportation costs is expected.

SUDAN

- Russia is the first supplier to Sudan, whereas imports from Ukraine have declined: about 35% of its wheat were imported from Russia and Ukraine in 2021. Due to the ongoing conflict, there is a need to look for an alternative and pay higher prices.
- There is a severe shortage of basic imports of wheat, flour, gas, oil derivatives and fertilizers; the price of bread has risen tenfold; inflation is approaching 388%.
- Supply chain disruption is due to the Ukrainian conflict exacerbating preexisting drivers of insecurity among which the military coup in Eastern Sudan (end of 2021)
- Fuel and electricity prices are highly likely to increase even further this year and beyond. This will have a knock-on inflationary effect on most basic commodities, transportation and other services, and will also raise the cost of inputs for local production overall, while further eroding the already degraded purchasing power of populations.



WHOLE OF SYRIA

- The expected impact on Syria is on the shortage of grain and increased prices, when food prices already rocketed by nearly 800% since October 2019 (Lebanese financial crises)
 - 1.9 million people (10 % of population) categorized at risk of falling into food insecurity according to the recently conducted FSA-FSLA
 - Price monitoring of commodities by WFP from 75 markets across all 14 governorates indicate that [food prices have already started to rise](#) over the past few weeks.
 - It is still [uncertain if Russia will fulfill the December 2021 agreement to March 2022 provide Syria with 1 million MT of wheat](#)

SYRIA HCT

- By the second week of March, the [national average price of WFP's standard reference food basket was 18% higher](#) than compared to its average price in February 2022;
 - Vegetable oil (39%), bulgur (15%), red split lentils (13%), chickpeas and wheat flour (10 %).
 - Transport diesel (12%)
 - The impacts on delivery of humanitarian assistance have not yet been felt.

SYRIA NW AND NE HUBS

- [Fuel](#): Brent crude oil prices rose significantly and are expected to reach up to \$140. Oil production in Syria is currently very limited.
- [Natural Gas](#): Turkish electricity production is highly dependent on natural gas. In NWS, [electricity is mainly imported from Turkey, where the prices have increased 125% since January 2022](#). This increase in prices caused several [demonstrations](#) recently and may continue to [fuel protests](#) and tensions.
- Wheat is a strategic crop that is culturally and economically the most important staple in Syria. [Turkey's wheat market is dependent on imports from Russia and Ukraine](#).
- Oilseeds: as [Turkey is the largest oil seed importer from Ukraine](#) and considering its share of exports towards NWS is significant, [stakeholders should closely monitor availability](#) of the referred product on the NWS Syria markets, [as well as affordability](#) of it.
- Turkey imports 69.7% of its sunflower oil and 78% of its wheat from Ukraine and Russia.
- Also, with Ramadan, prices increase further.

Impact NW Hub

- The [pre-decided transfer values for voucher support no longer have the same purchasing power](#) as intended when designed. The market assessments used to inform these values are outdated with the rise of prices not only in TRY but also in USD. For instance, the restricted vouchers for fertilizers, seeds, etc. are no longer sufficient to buy the planned amount of supplies from the markets given current prices.
- In some areas, vendors are unable to cancel contracts with suppliers for the items they were importing from Turkey, such as sugar, sunflower oil, and margarine. Therefore, it is [impossible for beneficiaries to redeem their vouchers](#) for these items.
- [Impact on bakery support programs](#): budgets made reflecting earlier wheat prices will no longer allow the purchase of sufficient flour to reach agreed upon targets on bread production. This may cause popular unrest and further pressure on humanitarian service providers.
- Bakeries may not be able to keep running as a result of [soaring maintenance and production costs linked](#) to high electricity and oil prices as well as wheat scarcity.



- Funding: There is an **anticipated cutting fund from BHA/USAID** to its partners due to the Ukraine crisis.

IMPACT SYRIA NE HUB:

- **Exchange rate depreciation**, reflected on the Food items' prices at market.
- **Increased fodder and fertilizers prices**: internal/external supply chains.
- **Flour provision in NES**: 100% regional flour is from Turkey, KRI. The economic office is hinting at unavailability of import from Turkey and KRI and stocks running out in a one month period, which potential impact possible on partners operation cost or timeline implementation.
- Impact on Bread provision and Nutrition value (shortage is expected).

YEMEN

Prior to the conflict:

- Yemen imported over 90% of its food.³
- Domestic cereal production contributes less than 20% of all food utilization needs, with domestic wheat production contributing between 5–10%.⁴
- **Available figures for 2020 indicate that Yemen imported a total of 1.5 million tons of wheat from Russia and Ukraine**⁵. In 2021, 42 percent of wheat was imported from Ukraine and the Russian Federation combined⁶.
- Imported wheat flour and grain: The prices increase in 2021 by 30% and 100% respectively. A similar pattern is observed for cooking oil or Q1 2002 with price increase by 20%.
- Though Yemen produces and exports crude oil, the prices of diesel and gas have also increased by 78% and 47% but it has decreased in IRG by 9%.

The impact of the current crisis on imports is yet to be fully ascertained and is likely to include:

- **An increase in the cost of importing food commodities**: of the 13 million people reached through emergency food assistance in Yemen, approximately 9 million benefits from in-kind food distribution whose food basket include imported wheat.
- **Price increases and shortage of fuel will impact operations including logistically**. It is anticipated that if the situation were to deteriorate, they will be further **delays in dispatching and distributing assistance** to vulnerable beneficiaries.

SOUTHERN AFRICA

DRC

- In few markets of Eastern DRC, traders have already observed an increase in the prices of basic commodities, due to the increase in transport costs.
- In terms of humanitarian operations, **fuel shortages risk hampering humanitarian activities** in the DRC, as main oil operators are having problems with fuel supplies because import prices for fuel had doubled because of the Ukrainian crisis.

³ <https://blogs.worldbank.org/arabvoices/critical-role-escalating-food-prices-yemens-food-security-crisis#:~:text=Yemen%20imported%20over%2090%25%20of,the%20ability%20to%20afford%20food;https://reliefweb.int/sites/reliefweb.int/files/resources/bn-missiles-food-security-yemen-201217-en.pdf>

⁴ "Yemen: Agricultural Livelihoods and Food Security in the Context of COVID-19." FAO. January 2021.

⁵ [Food security implications of the Ukraine conflict | Food Security Cluster \(fscluster.org\)](#)

⁶ [The importance of Ukraine and the Russian Federation for global agricultural markets and the risks associated with the current conflict | Food Security Cluster \(fscluster.org\)](#)



MOZAMBIQUE

- There is [very low dependence](#) on direct imports from Russia or Ukraine regarding energy, fertilizer, and cereals.
- In terms of [impact on humanitarian operations](#), the fuel increase affected the operational costs in all supply chain stages, in particular the in-country transport of commodities to the distribution sites.
- In terms of funding, given that the humanitarian response plan for 2022 has not been launched yet, many donors did not have sufficient justification to un-block and disburse funding (towards MOZ) from their humanitarian streams.

ZIMBABWE

- There is [very low dependence](#) on direct imports from Russia or Ukraine regarding energy, fertilizer and cereals.
- However, [disruptions of international fuel markets have caused significant fuel prices fluctuations in Zimbabwe in March](#). This resulted in the price of cereals going up and the price of bread went up by 15-25%.
- No impact registered yet on humanitarian operations nor funding.

WESTERN AFRICA

BURKINA FASO

- [Increased prices of wheat by 25% between February and March 2022](#): Burkina imports an average of 200,000 tons of wheat annually for human consumption, while the country's cereal requirement is around 4.5 million tons. So, the share of wheat in human consumption remains below 5%.
- The crisis in Ukraine and sanctions on Russia are [likely to hinder the supply chain](#) and lead to [an increase in the selling prices](#) of products in bakeries. A rise in the price of wheat could ignite the socio-economic and political climate already weakened by insecurity.
- [Disruption of the supply chain and increase in transportation costs](#) will impact prices of several products such as oil, sugar, building materials and fertilizer.

CAMEROON

- Cameroon is [moderately dependent](#) on imports from Russia/Ukraine, especially cereal and fertilizers.
- [Prices of imported cereals and fertilizers](#) increase and are [at near-record levels](#).
 - Additional increases since December 2021:
 - rice (10- 15%),
 - wheat (above 10%),
 - vegetable oil (15%)
 - palm oil (15-20%).
 - Above-average prices will reduce the purchasing power of poor households and increase the number of people in need
- The rise in prices will lead to [population movements](#) which will reduce the impact of some targeting activities already carried out.
- [High food prices and rising shipping costs](#) will negatively impact the implementation of activities already affected by budgets constrains.
- No impact so far on the fundings & donors' commitments.



CENTRAL AFRICAN REPUBLIC

- The government and technical partners think that there is no direct impact at least over the next 6 months

CHAD

- Imports mostly from China, India and Chad (Bread).
- No impact has been reported on their interventions or financing for Chad.

MALI

- At least half of wheat consumed in the country comes from Russia and impact from the crisis has already been witnessed:
 - Increase of [wheat price by 3% in March 2022](#) compared to February 2022 and by 12% compared to March 2021
 - [Vegetable oil: increase of 28% in March 2022](#) compared to March 2021
 - [Gasoline in March 2022: sudden increase of 15% compared to February 2022](#)
 - [Gas oil in March 2022: sudden increase of 28% compared to February 2022](#)
 - The global increase in the price of gasoline and diesel in relation with the crisis in Ukraine has led to an increase in prices in Mali

NIGERIA

- Nigeria is [highly dependent](#) on wheat importation from Russia and Ukraine.
- [Increase in the cost of fuel](#)
 - Diesel +59%, petrol by 34% and cooking gas by 30-40%):
 - Multiplied effects on food items, cost of living and transportation
 - i.e., 20% increase in the cost of a loaf of bread,
 - significant impact on the commonly used large trucks to move agricultural commodities
- The [cost of fertilizer](#) for the rainy season planting [has increased](#) especially for the [NPK fertilizer](#) which components are [sourced from Russia](#) by 38-29%

