

# WoS FSS: Repercussions of Ukraine crisis on food security in Syria

Sitrep 1- April 2022



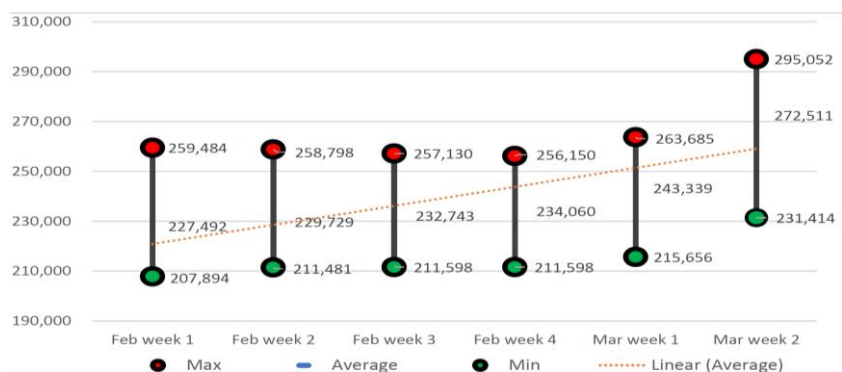
## 1. WoS Situation overview

The conflict in Ukraine has plunged global food and energy markets into turmoil, raising high food prices even further. These increases have an impact on markets in Syria, which limit people's access to food. As well as, simultaneously increase operational costs for FSS partners in Syria, constraining its response at a time when people need it most.

In Syria, WFP have conducted an analysis on potential ramifications of the crisis in Ukraine on food security, more large scale assessment to follow in the coming months. FAO is monitoring the impact on agriculture imports, supply chain and wheat trends since the conflict started in Ukraine. In NWS, FSL WG disseminated an informative note on Ukraine Crisis and its impacts on northwest Syria markets jointly with ERL/ and CWG. As well as, a number of analysis conducted by research organizations working in Syria.

In Syria, signs of price fluctuations are already starting to show. Ongoing price monitoring of commodities by WFP from 75 markets across all 14 governorates in Syria, indicate that food prices have already started to rise over the past few weeks as a result of the Ukrainian crisis and its repercussion on global food and energy markets. For example, the price of WFP's standard reference food basket at governorate level during the second week of March 2022 was at its highest level since monitoring started (2013). By the second week of March the national average price of WFP's standard reference food basket was 18 percent higher than compared to its average price in February 2022 and 12 percent higher than the price during the first week of March. This indicates that even though some markets started to factor in possible supply shortages and fuel price increases into the price of goods in the first week of March, by the second week of March such contingencies were heavily factored into trading, highlighting the possibility of supply-side shocks in the future. The expected impact on Syria is not only one of lack of grain but also one of increased prices as noted previously. This is a troubling scenario in a country which has seen the price of food rise by nearly 800 percent since October 2019 (start of the Lebanese financial crises)

Chart: Weekly national min., max. and average food basket cost, SYP from the first week of February 2022 till the second week of March 2022 (Source: WFP Syria)



Increased food insecurity :- Over the space of 2-3 years, the number of food insecure in Syria increased by roughly 50 percent, from 7.9 million in 2019 to 12 million in 2021 with a peak 12.4 million in 2020. The potential ramifications of the Ukrainian crisis on Syria already heightened food insecurity levels is evident. Syria procures food both from Russia and Ukraine as well

as depending on international markets for key food staples such as wheat, vegetable oil, rice and sugar. There is a very high likelihood that as world food stocks reduce in response to export bans and food prices increase in reaction, food security in Syria will worsen to levels beyond 2020's record high. Of concern specifically is the 1.9 million people (10 percent of the Syrian population) found to be on the edge of food security currently categorised 'at risk' of falling into food insecurity according to the recently conducted FSA-FSLA. The repercussions of the Ukrainian conflict on world markets, has the very high likelihood to push these people into food insecurity which would bring the number of food insecure in Syria to a record high of 13.9 million people or 65% of the population. Currently, key highlights on increasing food insecurity in Syria due to the Ukrainian conflict impact:-

- Vulnerable families faced with high prices would further deplete their coping capacities, pushing them not only to poor diets but also incurring more food based loans/debt. This will be further exacerbated by the crucial moment of the holy month (Ramadan)
- The GoS had already revised the subsidy programme leaving about 600,000 people out of access to subsidy services. High prices would further erode the governments capacity to afford the subsidy basket with potential reviews that may leave even more people out of the programme
- Lack and rationing of electricity has affected several businesses, causing losses of income and income sources to some households due to reduced wages resulting from reduced working hours mainly caused by rationed electricity. Increase in energy prices would only worsen the situation.

## Situation / Vulnerabilities / impact of Ukraine conflict on Food Security by Syria Hub's

### Syria HCT Hub

- A. The Food and Agriculture Sector (FAS) Syria HCT hub is still getting better understanding on the implications of the Ukraine - Russia conflict on Syria and the delivery of humanitarian assistance by the FAS HCT hub.
- B. In terms of commodity breakdown, those that experienced the greatest increase in their national average price by the second week of March 2022 compared to their average price in February 2022 were as follows: vegetable oil (up 39 percent); bananas (up 20 percent); bulgur (up 15 percent); red split lentils (up 13 percent); transport diesel (up 12 percent), chickpeas and wheat flour (up 10 percent).
- C. As the sector seeks to better understand the implications, there are particular concerns about wheat, livestock fodder and other agricultural imports, especially as it relates to possible effects on prices and disruption of supply chains, which have a direct bearing on the sector's operations. The sector also has concerns on the overall effect the conflict abroad, will have on food production and overall food security.
- D. We have seen some continued devaluation of the local Syria pound and a general increase in food and agriculture input prices. However, this cannot be wholly attributed to the Ukraine crisis since Syria already had pre-existing economic and contextual challenges, including the unilateral coercive measures, the Lebanese financial crisis and climate-induced shocks and water scarcity, which continue to impact food production and food security. The causes of the continued weakening of the local currency and subsequent increase in food prices and agriculture input prices, will be better understood in coming months.

### Syria NW Hub

- A. Fuel; Brent crude oil prices rose significantly and are expected to reach up to \$140. Oil production in Syria is currently very limited. Diversification of sources (including investment to green energy resources), with proper feasibility assessment, might prevent high price peaks.
- B. 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.
- C. Wheat is a strategic crop that is culturally and economically the most important staple in Syria. Bread from wheat flour is the most important food item for the communities, and it is essential for food security of the most vulnerable people. Currently, food prices have skyrocketed in most areas across NWS especially in Idlib. Non-subsidized bread price is 5TRY for 550 grams of flat bread. Ukraine and Russia are one of the main producers and exporters of wheat globally. 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.

## Syria NE Hub

- A. Ukraine's production capacity severely diminished and sanctions on Russian goods is interrupting supply lines.
- B. Global price of sunflower oil and wheat increasing approximately 7% and 39% respectively since the start of the crisis.
- C. Knock-on effect for Turkey. Turkey imports 69.7% of its sunflower oil and 78% of its wheat from Ukraine and Russia.
- D. As result, Ukraine crisis is likely to have a significant impact on the cost and availability of sunflower oil and wheat items in Northern Syria. Related items such as sugar, flour, and bulgur could also be included.
- E. It should be noted that price increases and lack of availability has also been driven by trader monopolization. For example, availability of items has reduced because bannetraders are hoarding items in preparation for supply issues, at which point they will be able to sell their goods at far higher prices. This is particularly the case with Ramadan approaching, when prices increase further. Ukraine crisis reduces the availability of imports, Turkey and KRI are banning exports from their countries to assure their own stocks. List of impacted items below: List is as follows;(source : FSL working group, 10th March 2022)

G1-Legumes: Chickpeas, lentils, red lentils and beans.
G2- Seeds and oils: -sunflower oil, -soya seeds, -soya oil, -olive oil>5kg. -rapeseeds, -safflower: seeds - oil. -Palm seeds, palm oil.
G3-Fodder: - All types of Wheat bran and all seeds' peel are already mentioned in the 1,2 Group. - All woods peel peanut bran. - Al alfalfa and sunflower seeds meal. - Cotton, corn, and beet seeds meal. - All Soya oil products for feed, bran. - Barley, corn, Soya bean bran, and peel. - All types of seeds meal.

## 2. Impact on FSC partners' activities in each Hub

### Syria HCT Hub

- For Syria HCT hub, the impacts on delivery of humanitarian assistance have not yet been felt. The sector will be analyzing these and once more evidence and data is gathered, reporting on this aspect will be done in upcoming SitReps.
- Impact on the cost of food baskets and procurement for partners, additional cost to the current funding which challenge partners in adjusting for the coming rounds, more analysis to take place to understand the overall impact on collective assistance provided.

### Syria NW Hub

- A. Impact on voucher programs
  - 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.

- B. 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.
  - Different stakeholders subsidizing bread by providing flour to bakeries, may abruptly stop their support, which will 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 Existing budgeted costs from humanitarian service providers may be insufficient to meet needs and to honor grant agreements with donors.
  
- C. Impact on in-kind food kit supplies
  - Disruption of supply chains will make it challenging for suppliers to provide kits under existing framework agreements.
  - It will be harder to sign long-term framework agreements.
  - For particular items such as fuel, problems will arise to find interested suppliers to tender.
  - The difference between budgeted prices of food kits, fuel etc. and actual prices will cause contractual risks for humanitarian practitioners.
  
- D. Impact on consumer purchasing power and employment
  - Purchasing power will continue to decline
  - In case of high inflation and weak economic performance, daily job opportunities will be lost, several businesses may be forced to shut their operations, adding to already very high levels of unemployment and poverty, which may cause and fuel in community tensions - both within communities and households, as well as inter-communities - , and put additional stress on humanitarian service providers.

### Syria NE Hub

- 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).

## 3. Funding situation

The increase in food prices, which reported by FSS partners in Syria in all hubs, this add an additional cost to the current implemenation, food and agriculture activities / assistance which challenge partners in adjusting for the coming rounds, also reports from partners included that funding allocated is cannot keep the same level of assistance or support to the same people in need planned for due to the increase in prices overall, WoS FSS in Syria is flagging the operational and funding constraints that partners are facing to cover the food security and agriculture gaps/needs and to maintiain assistance in Syria.

## For more information

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