

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

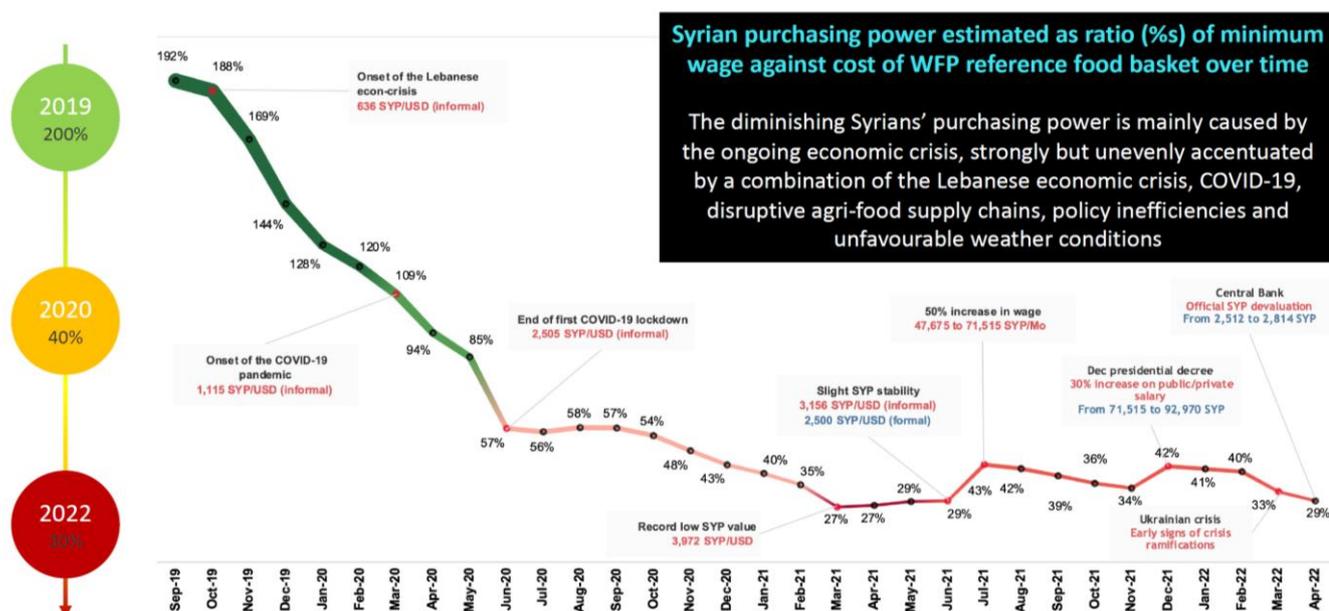
Sitrep 2- July 2022



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## 1. WoS Situation overview

### Syria's compound economic crisis (2019 – 2022)



#### Key summary notes:-

- The politico-economic reverberations of the crisis are likely to entail disruptions to key commodity and energy supplies, a more challenging resource mobilization environment for humanitarian operations, and a re-assessment of options by the various stakeholders mired in conflicts across the region particularly in countries like Syria where Russia is directly involved.
- Triggered by trade sanctions, mounting shipping costs, and reduced exports, disruptions to the food supply chain including for humanitarian aid are very likely and will be accompanied by further increases in food prices that have already risen due to the pandemic and climate change.
- Food production can also suffer since Russia is a top global exporter of agricultural fertilizers, which could potentially limit the impact of a scale up in food production.
- As fuel, electricity, food, and water become increasingly unaffordable, these developments are likely to deepen socioeconomic decline, exacerbate existing vulnerabilities, aggravate food and water security, and spark social unrest (especially in non-oil exporting countries).
- Impacts of the Ukrainian crisis are likely to weigh heavy on Syrians purchasing power (i.e.: during April, the minimum wage of 92,970 SYP could only afford 29 percent of one WFP reference food basket).

## 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 Idleb. 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.
- D. Turkey organized recently the signing of the agreement between Russia and Ukraine to export the seeds from Ukrainian ports through the black sea. The signing took place in Istanbul and attended by the secretary general of united nations The agreement will enable the exporting the seeds from Ukraine to Turkey and then to the importing countries. This will help for the stabilization of the wheat prices in the international markets

### Syria NE Hub

- A. Ukraine's production capacity severely diminished and sanctions on Russian goods is interrupting supply lines.
- B. Knock-on effect for Turkey and regional supply chains for NES. Turkey imports 69.7% of its sunflower oil and 78% of its wheat from Ukraine and Russia.
- C. 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.
- D. Based on REACH market and price monitoring, with years of conflict, a severe economic downturn, and food prices rising relentlessly since 2020, the Ukraine crisis is exacerbating what was already an alarming food security scenario in Syria. In March, food prices increased by 24 percent in just one month, following an 800 percent increase in the last two years. This has brought food prices to their highest level since 2013".
- 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. Ukraine crisis reduces the availability of imports, Turkey and KRI are banning exports from their countries to assure their own stocks.

## 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, continuity of 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 honor 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.
  - The cluster had several discussions with the CWG and SAG members to discuss the cluster proposal to calculate the cash value per individual taking in consideration the SMEB and taking the latest figures of June 2022. It is agreed with WoS to harmonize all the figures depending on the individual figure with WoS which equals in NWS to 13 USD/Individual
  - The increase of the prices caused the delay in delivery and in turn stopping the distribution as agreed in the original contracts
- 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.
  - Due to the increase of the prices for flour and fuel, the prices for bread increased enormously
- 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.
  - The price increase led to decrease the number of beneficiaries because of the budget constraints from donors
- 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, 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 implementation, 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 maintain assistance in Syria.

### 4. Recommendations

Monitoring:

- Support evidence-based decision-making by all relevant stakeholders through the promotion of effective monitoring and reporting on identified likely impacts. Relevant sectors can be tasked to support on this.
- Donors should consider the change of prices due to the Ukraine war in their budget or awards for the current (modification) and up coming (forecasting)
- To continue reviewing the value of cash and voucher quarterly.

Response:

- Prioritize funding of immediate life saving response to vulnerable Syrians, with focus on food and nutrition assistance as well as emergency agriculture interventions.
- Advocate for integrated programming that boosts ability of people to earn a living. Livelihoods programmes, including agricultural projects, market strengthening, and job creation, accompanied with restoration of basic services.
- Enhanced support to the agriculture sector to promote local food production. Programming that help the agricultural sector and households make the best use of limited resources as well as strengthening farmers' resilience with climate-smart approaches, emphasis on conservation agriculture, household garden kits, and soft training on food drying to help households reduce waste amid low electricity

Advocacy:

- Tailored high level advocacy with all relevant stakeholders to proactively address some of envisaged impacts

## For more information

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