



The Impact of Ukraine – Russia Conflict on food security in Africa

Policy Brief

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Key Messages

The cost of basic food has increased in all countries in Africa albeit to varying degrees. In over half the countries, the changes have reached a severe level i.e., above 25%. This means that low-income households are at greater risk of food insecurity and malnutrition.

Despite the rising cost of food at the national level, food security has not been impacted in the short term. Probably because the price surge has occurred at the onset of the harvest season in Eastern and Southern Africa, and before the lean period in Western African countries. Rural households often rely on their production and use markets to supplement deficits occurring in periods close to harvest as such it is unlikely that most households have started venturing into the markets to buy staples. However, this masks the impact likely felt by urban consumers that rely solely on market access. Unfortunately, the absence of data disaggregated to that level means that specific analysis cannot be carried out.

There appears to be a lag in experiencing the impact of rising food costs. Countries need to monitor food security as they move into lean periods. Interventions to cushion consumption for both urban and rural households are important to averting hunger.

Introduction

Russia and Ukraine are important suppliers in many commodity markets. Together they accounted for about 30% of global wheat exports, 20% for corn, and 11% for oil (OECD, 2022). The combined effect of the war between the two countries that started in February 2022, the economic sanctions that followed from the United States of America and countries under the European Union, and the disruption of operations at Black Sea ports have massively affected international food trade flows.

The global agricultural input markets have not been spared. Russia which accounted for 16% of nitrogenous fertilizer exports, 19% of potash, and 14% of phosphates in 2019 has imposed export restrictions. Besides Russia, China has also ordered export controls to preserve supplies for domestic producers (Bown & Wang, 2022).

The declining supply on the world market and high transportation costs have led to surging cereals and fertilizer prices. The World Bank Food Commodity Price Index, reached a record high in nominal terms two months after the Russia-Ukraine Conflict (RUC) started (March – April 2022) and has since risen by 15% over May and June 2022 (Baf-fes & Tema, 2022).

Similar trends have been observed in Africa (Figure 1) where sunflower seed price per ton on South Africa Futures Exchange (SAFEX) has moved by about 5% from ZAR 10,500 at the beginning of March 2022 to ZAR11,002 in May 2022. The upward shift in soybean prices has been marginal rising (0.4%) from ZAR 9016 to 9052. In terms of cereals, maize registered a 22% from ZAR3,800 to 4,626. Wheat prices increased by 29% from ZAR6470 to 8323. As the RUC continues, markets of other goods in which Russia and Ukraine are not main exporters also reacted causing general inflation. The overall inflation rate in sub-Saharan Africa is expected to grow to 12.2 percent (Faria, 2022). Figure 2 shows that Sudan is projected to have the highest inflation (245%) followed by Zimbabwe (86.7%), and Ethiopia (34.5%). Although the causes of high inflation are not uniform across countries, the effect of RUC has been more pronounced in economies already ravaged by internal conflict and economic mismanagement.

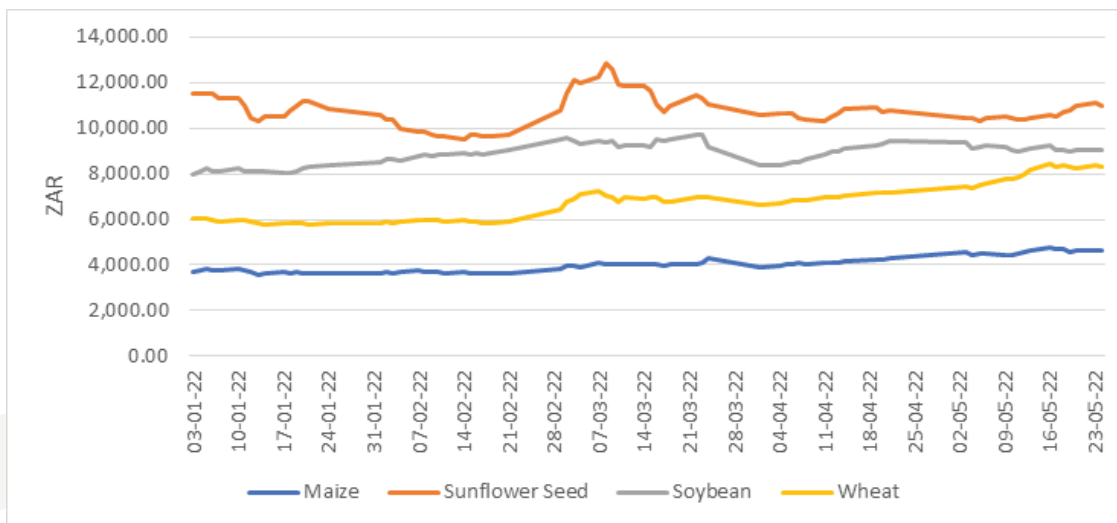


Figure 1: Cereal and oil seed prices at SAFEX January to May 2022

Source: author's calculations using SAFEX data

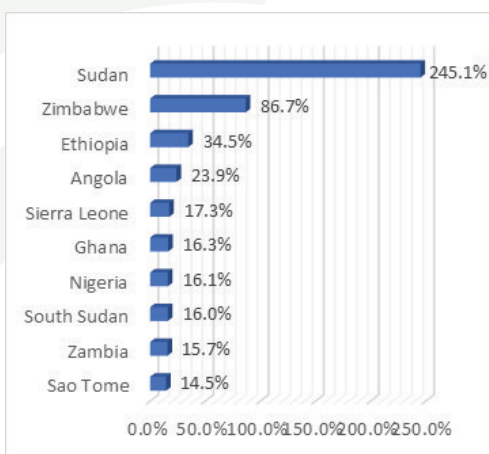


Figure 2: Top 10 highest inflation African Countries

Source: Statistica 2022

Maize is a staple food in most sub-Saharan African countries and wheat is part of diets in most countries. Understandably, there is a large volume of research on the impact of RUC on the supply, consumption, and prices of these key commodities. However, as highlighted above the effects of the war have not been limited to cereals or oil seeds predominantly exported by Russia and Ukraine.

In this brief, we look at how access to food has been affected in Africa by analyzing the changes to the cost of the basic food basket. The basic food basket (BFB) looks at the cost of minimum daily food consumption that would satisfy the nutritional requirements of an individual. Analysis

at this level not only allows us to understand how food access has been impacted but also get insights into how the low-income households who mostly consume goods contained in the BFB have been affected. The brief then concludes by assessing whether the changes in BFB costs have impacted food security.

How has food affordability changed?

We utilize data from the World Food Programme (WFP) Global Market Monitor ([WFP], 2022) to assess the changes in the cost of food baskets in 33 African countries. The indicator compares the cost of food in 3 months period to baseline values or the average cost of food in that period. Changes of between 0–3% are considered normal, 3–10% moderate, 10 – 25% high, and those over 25% severe.

In all countries, the reported changes between March and May 2022 had exceeded the normal threshold i.e., over 3%. In over half [52%] of countries, the BFB costs have risen by levels considered severe, 42% of countries recorded high changes and only 6% reported moderate change. Consistent with the general inflation statistics reported in Figure 2, the high increases were observed in Sudan and Zimbabwe at 667% and 162% respectively.

The rising cost of food poses a serious threat to food security. The most affected are the poor who have low levels of income and the urban consumers who rely on market-based access. Ironically, as of June 2022, only 13 countries (Ethiopia, Kenya, Uganda, Mozambique, Mali, Burkina Faso, Algeria, Tunisia, Ghana, Egypt, Cameroon, Morocco, and Zimbabwe) had response strategies in place to counter surging prices. These included domestic tax policies but also international trade policies such as export restrictions on key commodities and/or import facilitation. The absence of intervention from most governments raises concerns for food security.



Change in food insecure population March - May 2022

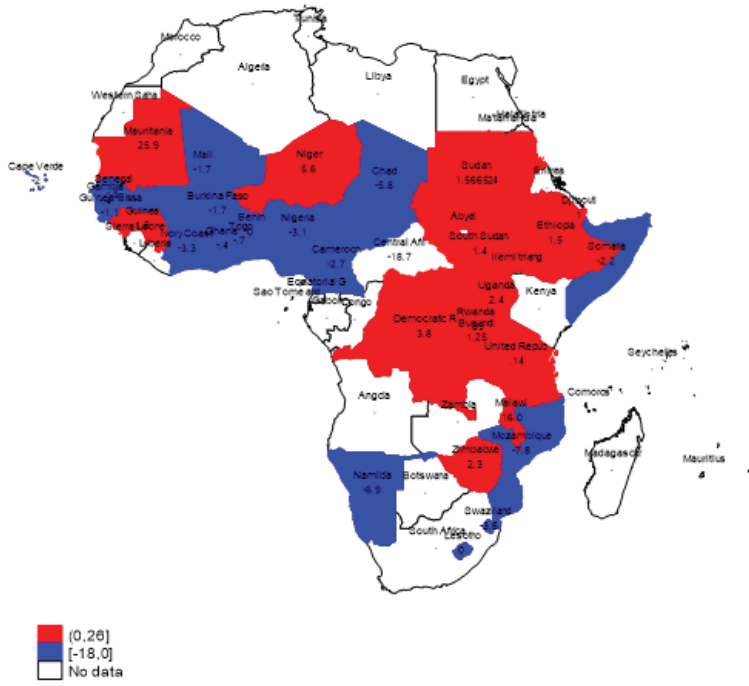


Figure 4: Proportion of population moving into food insecurity April-June 2022

Conclusion

The inflationary effects of the war have extended beyond the food commodities that are internationally traded by Russia and Ukraine. Coupled with the traditional drivers of food prices in Africa i.e., poor weather conditions and conflict, the cost of the food basket has increased in all countries. Pairwise correlation analysis showed that the rising cost of food is yet to negatively impact food security in Africa.

However, these results should be treated in context that subsistence production is still a major source of food in most countries, considering that Western African producers harvested in the last quarter of 2021 it is more likely that they still had food reserves from their own production at the onset of the war. For instance, in Burkina Faso, the key lean period is from June to September which is when the food market and prices become more important in ensuring the majority of the population has access to food.

In Eastern and Southern African countries, the RUC started just some weeks before cereal harvesting season. Rural households in these areas relied on own production for food in the immediate post-war commencement period. However, a below-average harvest expected in some areas means that a larger proportion of households than usual will seek market-based solutions to access food between December 2022 and March 2023, the lean period for the region. However, these national-level statistics mask the impact likely felt by urban consumers that rely solely on market access. Unfortunately, the absence of data disaggregated to that level means that specific analysis cannot be carried out.

Policy Considerations

The Government interventions – Governments that have not introduced response strategies to surging food prices should consider doing so. Immediate attention should be given to supporting urban consumers who rely on markets to access food. As we move into lean period, countries should also have strategies to cushion rural households. The intervention to be considered can include reviewing domestic tax policies, effective strategic grain reserve operations, and trade facilitating measures. These are measures that governments can put in place to ensure the swift movement of goods across borders. Measures designed specifically for crises, such as fast clearance procedures, can help mitigate disruptions that affect international trade flows. Trade facilitation measures have generally proven to be more efficient when they are coordinated across countries, and even more so when they are included in a series of initiatives taken to promote cooperation, regulatory convergence, and the harmonization of rules.

Disaggregated data – Government statistics should consider collecting disaggregated food security data to ensure that quality evidence is generated to support policy intervention. Rural and urban food security statistics would be a good starting point.

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