

# ANALYSIS OF THE GLOBAL FOOD CRISIS & LINKS WITH THE UKRAINE WAR

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# 1. A HURRICANE OF FAMINES TO BE EXPECTED ?

An **unprecedented global food crisis** is underway and a set of factors are both the causes and the consequences: climate crises, ecological crises, economic crises, political crises. The Covid-19 pandemic has disrupted food systems around the world, which had already contributed to higher food prices. The latest conflict, the Russian-led war in Ukraine, has only exacerbated this situation: disruptions in the supply chains of basic foodstuffs such as wheat, some seeds, fertilizers and oil, leading to soaring prices and weakening agricultural production in many countries.

Antonio Guterres, Secretary-General of the United Nations, **warns of "this situation that could lead to a hurricane of hunger in many countries"**. In 2021, global hunger levels surpassed all previous records, with 828 million people suffering from hunger, 150 million more than in 2019 before the Covid-19 pandemic (State of Food Insecurity in the World 2022, SOFI Report). The consequences of the Ukraine war, disruptions to global food systems and major agricultural inputs can only increase these already dramatic figures. And it is important to keep in mind that food insecurity is both a consequence of conflicts but also a factor that can contribute to their creation or intensification.

SI is one of the 4 permanent members who represent NGOs in the SAG (*Strategic Advisory Group*) of the Food Security cluster coordinated by WFP and FAO. At the level of **United Nations advocacy**, 4 clusters (Food Security, WASH, Health and Nutrition) issued a statement last June to warn of the risks of hunger in certain countries and call for better intersectoral coordination to improve the impact of humanitarian interventions on hunger prevention. FAO's *Integrated Phase Classification* (IPC) projects that by 2022 **more than half a million people** (570,000) **will be in the last category (5): risk of starvation and death**. This would be a new record since the 2011 famine in Somalia. The regions and countries highlighted as most vulnerable are : Afghanistan, the Horn of Africa, the Sahel, South Sudan and Yemen, but this list could grow in the coming months. In May, then in August, the Food Security Cluster launched an unprecedented call for immediate action: *"This is no longer a warning, Food Security actors are already active on the ground to meet the most urgent needs but it will not be enough. It is our responsibility to intensify this response now. A world of hunger is a world of instability"*

**Solidarités International**, very aware of this alarming situation, **conducted a survey of its field teams** to analyze their observations and recommendations towards this food crisis. This document highlights the analysis coming directly from the field but also the more global analysis made by the Food Security & Livelihoods unit at headquarters through the reading of many documents and exchanges within its networks of expertise. Thus, it is important to note that this analysis is not intended to be an exhaustive synthesis of the situation and represents only the analysis of Solidarités International at a given moment. The current food crisis is complex and will certainly evolve considerably in the coming months and years. However, this document can contribute to the ongoing reflection within the humanitarian sector to better understand the scope of the situation and to provide relevant and effective solutions.

## 2. THE LINKS BETWEEN THE RUSSIAN-UKRAINIAN CRISIS AND GLOBAL FOOD INSECURITY

### MORE EXPENSIVE FOOD AND HAMPERED AGRICULTURAL PRODUCTION

**Russia and Ukraine account for 30% of world wheat exports** and Russia is responsible for 20% of world fertilizer exports. Wheat is not only a staple food for humans, but it is also intended to feed livestock in many farms around the world. Some countries such as Yemen or Lebanon are more than 80% dependent on Russian or Ukrainian wheat imports (FAO). And some countries that used to export wheat no longer do it in order to protect themselves by keeping their stocks (India). However, in terms of world wheat production, Russia and Ukraine harvest only 13% of the world's wheat, and Ukraine alone, only 3.7% (FAO). In addition, with the increase in the wheat price, many farmers, from the United States to India,

have sown more wheat while others can no longer access the means to produce this wheat (**seeds, fertilizer**) or have their crops destroyed by climatic events.

The issue of **oil** is also at stake with an increase in price, which leads to an increase in the cost of transport at the global level. At the agricultural level, the increase in the price of oil reduces the possibilities of using agricultural machinery (tractors, pumps for irrigation), impacts the production and transport of agricultural inputs (fertilizers, pesticides, etc.) as well as the transport and delivery of the production. Many farmers are forced to reduce agricultural areas or even stop some crops this year. Let us also not forget all the small non-agricultural businesses that depend on oil to operate, which suffer income losses and reduced employment opportunities.

**Rising wheat prices** hit low-income countries hardest for two reasons: 1. their population consumes more starchy food ; 2. food is a much larger share of their spending (often more than 50% compared to less than 10% in high-income countries) (Washington Post). "*Grain prices remain at levels not seen since the panic of 2008-2010, when demonstrations erupted in several countries to protest against rising food prices. In some countries in the Middle East, they had helped to overthrow the governments in place.*" (Washington Post).

Regarding these different situations, it is therefore difficult to rule on a shortage of wheat. According to the Washington Post, Vladimir Putin is using **wheat as a psychological weapon**, manipulating perceptions about this potential shortage. "*The real danger is not that there is a global shortage, but that fear creates a climate of panic that drives up prices and deprives hungry people of food.*" The increase in the price of wheat also helps Putin to finance the war in Ukraine. But in the end, price volatility is especially beneficial to the 4 multinationals (ADM, Bunge, Cargill and Louis Dreyfus) who control 90% of the world's grain trade: purchase, transport, storage and distribution (The Guardian) but also invest in the seed and fertilizer sector, the circle is closed.

## **A HUMANITARIAN RESPONSE IN DIFFICULTY**

*"Famines are never linked to food production. They are caused by access problems."* (Arif Husain, WFP Chief Economist).

On the one hand, the number of people in need of food assistance is increasing and on the other, food aid is increasingly expensive to implement (cost of food and oil for the transport of food). In 2021, half of the wheat that WFP procured came from the Black Sea region, which currently poses a challenge for WFP to continue its food aid in kind. Between March and June 2022, the costs of food distributed by WFP (wheat, wheat flour, sunflower oil, palm oil, peas and nutritional supplements) increased by 27.1 million USD per month and the cost of oil increased their operational costs by 5.5 million USD per month. Globally, the crisis in Ukraine increased WFP's monthly costs by 73.6 million USD above 2019 levels, an increase of 44%. Last May, Richard Ragan, WFP Representative in Yemen, said in an interview with Reuters that "*we take food from the poor to feed the hungry.*" At the end of June, WFP announced that it was providing food aid to 13 million people in Yemen, with 5 million receiving only 50% of their daily food needs and the remaining 8 million receiving only 25%, due to budget cuts.

Food aid provided through cash transfers is also impacted. Now, with the same amount of money, people who receive these remittances can buy far less food due to rising prices. Humanitarian actors are forced to increase the amount of these transfers, which decreases the number of people who can be covered by this aid.

The scenario developed by WFP shows that if the conflict in Ukraine affects future wheat and maize production in 2022/23, acute food insecurity (IPC phases 4 and 5) is likely to increase by 17% or 47 million people compared to 2021 which had already reached a record 193 million people.

### 3. FOCUS ON SI COUNTRIES & REGIONS OF INTERVENTION

The crisis is expected to continue and lead to an overall increase in commodity prices on the world market. SI field teams in charge of food security projects in our countries of intervention have confirmed that this will have major consequences on the food security of the populations. The increase in price of oil and fertilizers as well as other agricultural inputs will also paralyze many farmers in most of our countries of intervention.

In this chapter, we highlight the observations and analyses carried out in June 2022 by our field teams on different missions in Africa, the Middle East, Latin America and Asia.

#### AFRICA

Several African countries are seeing their food and agricultural imports impacted (directly or indirectly) by the conflict in Ukraine. The FAO Food Price Index rose by 12.6% between February and March 2022 and reached its highest level since its inception in 1990.

**CAR**, for example, depends directly on Ukraine for its supply of wheat flour and Cameroon for several food products. As **Cameroon** is itself dependent on Ukraine for its imports, the restrictive measures it has put in place since the beginning of the conflict considerably reduce the possibility of supplying food to CAR, leading to a significant increase in prices (+28.6% and 33% depending on the type of flour, +20% for rice and +56% for oil). This rise in prices in CAR already has an impact on food practices for populations where Solidarités International teams are working, who are observing coping strategies typical of food crisis situations: use of less popular and less expensive foods, or the reduction of quantities consumed.

In **Sudan**, according to the Global Food Security Cluster, food prices have nearly tripled compared to 2021 and are expected to be more than 400 to 500 percent higher than the five-year average. Harvests at the beginning of 2022 were 35% below average and 64% of households do not have stocks that allow them to last until the end of the lean season. Domestic wheat production covers only 15 per cent of Sudan's wheat demand. In 2020, 60% of the total wheat imported into Sudan came from Russia (55%) and Ukraine (5%). With a deficit of 1.7 million metric tons of wheat and a shortage of foreign exchange for imports, wheat prices are to be expected to soar.

In **Burkina Faso** and other Sahelian countries, fertilizer imports from Russia and Ukraine are significant. It is estimated that **the West Africa region** will face a deficit of 1.2 to 1.5 million tons of fertilizer, equivalent to 10 to 20 million tons of cereals (WFP/FAO, 2022). Thus, the region could face a loss of about 1/4 of its cereal production compared to 2021 (WFP/FAO, 2022). Beyond the sharp increase in food prices that will be generated, this shortage of fertilizers will also reinforce the pre-existing situation of acute food insecurity in the region. In just one year, there has been an 82% increase in the population facing the IPC4 phase (FAO). Again, our teams are observing the effect of the crisis on the living conditions of households that sometimes resort to contracting debts in order to meet their food needs.

The widespread rise in agricultural and food prices, coupled with the global rise in the price of oil, is already impacting humanitarian interventions. Indeed, the increase in prices of agricultural commodities and fuel generates an increase in the costs of humanitarian interventions. In several of its countries of intervention, SI is trying to adapt to these new conditions, in particular by readapting food baskets with cheaper food (in **CAR**) or by readjusting the value of cash transfers (in **Burkina Faso** for example). In these countries, NGOs are faced with the need to review contracts with their suppliers who are no longer able to obtain supplies at the prices initially negotiated. Some organizations have suspended their activities due to insufficient funds to implement activities and meet the needs of the most vulnerable.

The conflict in Ukraine, and the resulting increase in prices, are putting additional strains on an already insufficient overall budget for humanitarian interventions. As a result, humanitarian actors are with considerable difficulties in reaching the most vulnerable. In **South Sudan**, for example, it has been the case for the WFP, one of the pillars for humanitarian response in the country.

## MIDDLE EAST

Due to the significant weight of Ukraine and Russia on world agricultural markets, many countries depend on Russian-Ukrainian imports of food stuffs such as wheat, flour, and vegetable oils; this is the case in **Iraq**, **Lebanon** or **Yemen**. For example, in 2020, **Lebanon** was 81.2% dependent on Russia for wheat importations (USAID & Mercy Corps, 2022). However, between 20 and 25% of the wheat exported is no longer available on the world market due to the conflict (WFP, April 2022). Similarly, today in **Iraq**, 32% of edible oil is imported from Ukraine (WFP, March 2022). In **Syria**, between January and May 2022, the average food basket increased by 17% (NES Cash WG), making access to food even more difficult for the most vulnerable households.

The increase in the price of oil also makes it more expensive for humanitarian NGOs to intervene, as they depend on oil, particularly for the transport of food. Even before the Ukrainian crisis, **Lebanon** was experiencing an oil crisis that had a strong impact on the lives of the population. Since March 2022, the price of diesel has increased by 80% (WFP, April 2022). Today, our teams on the ground cannot adequately meet the needs of the population. They have adapted some of their practices by reducing car travel and promoting the use of solar energy.

While the costs of humanitarian interventions are rising, humanitarian budgets remain largely insufficient. For example, in **Yemen**, families are forced to sell their belongings to buy food.

Again, it should not be forgotten that the catastrophic consequences of the Russian-Ukrainian crisis are added to the often unstable economic and political contexts that some countries are facing. Indeed, **Lebanon** is facing a major economic crisis, prior to the Ukrainian crisis; this translates into a financial collapse and a continuous rise in the prices of all foodstuffs and agricultural inputs. In 2021, the price of bread increased by 600% (WFP, 2022) and since the beginning of the crisis, the currency has lost almost 92% of its value (WFP, 2022). Similarly, in **Afghanistan**, the humanitarian crisis is causing a fall in the Afghan currency and an overall increase in the price of food and agricultural inputs. **Iraq** is also experiencing a serious humanitarian crisis, with 10% of the population in need of humanitarian assistance (WFP, March 2022). Since last year, agricultural production has fallen by 38% and food imports have increased by 35%. As the price of the food basket rises, forcing the most vulnerable to adapt their consumption habits, the government is launching an extension of social safety nets and a tax reduction campaign. Finally, **Syria** is experiencing recurrent drought episodes (2018, 2021, 2022) that have affected local production, particularly wheat production. This drop in production exacerbates the unavailability and inflation of staple foods.

## LATIN AMERICA

Heavy dependence on imports of agricultural inputs can be observed in the region : 75% of the fertilizers used in **Colombia** are imported; 42% of them come from Russia or Ukraine. There is currently an inflation of 128% on their price. The price of pesticides has also increased by 27%.

The fuel price increased by 8% while food and beverages suffered an inflation of 23.3% between 2021 and 2022. The causes of these increases are multifactorial, but the crisis in Ukraine is one of them.

73% of the sunflower oil consumed is imported. A sharp increase in its price has already been noted. This increase is explained by the bad weather conditions in sunflower seed exporting countries such as Russia and Ukraine during the year 2021, which affected their sales abroad. The conflict in Ukraine has exacerbated this pre-existing situation (Colombia Food Security Cluster). At this stage, no adaptation strategy on the part of the population has been observed, nor any impact on humanitarian interventions, particularly food assistance.

## ASIA

The military coup in **Myanmar** has serious consequences for the country's economic situation. There is no basis for the teams on the ground to claim that the increase in the costs of food and agricultural inputs is due more to the Russian-Ukrainian crisis than to the coup.

However, the Russian-Ukrainian crisis is causing an increase in the price of fuel, which limits humanitarian interventions and paralyzes the country overall. In addition, as oil is less available on world markets, humanitarian assistance is not sufficient to provide Myanmar. Our teams have observed a reduction in the consumption of cooking oil, or the purchase of lower quality and less expensive oils. Finally, financial support from donors is concentrated on Ukraine, whose needs are in competition with other countries and forgotten crises such as Myanmar.

## 4. WHAT SOLUTIONS TO THIS GLOBAL FOOD CRISIS?

### IN THE SHORT TERM, AN URGENT FOOD RESPONSE AND SUPPORT FOR AGRICULTURAL PRODUCTION

Regarding the **urgent food aid** to be provided to the many people who fall into a situation of acute food insecurity, it is important to sensitize donors to increase the funds allocated to countries with part of their population at risk of famine. Food aid must also adapt and enhance the value of locally available products.

Concerning **the supply chains of foodstuffs and agricultural inputs**, governments need to ensure that they remain fluid. They must also not abuse subsidy or protectionist policies, which contribute to further disrupting these supply chains and reduce the ability of global markets to absorb shocks.

In the case of wheat blocked in Ukraine, it is necessary to be able to export it securely. With the help of the United Nations and Turkey, Ukraine and Russia signed an agreement on 22 July to resume Ukrainian grain exports through the Black Sea. For the first time since the Russian invasion in February, a cargo of grain left Ukraine on August 1st for Turkey and Lebanon. Several shipments have since followed. It is also important that the sanctions imposed on Russia do not prevent the most dependent countries from importing Russian inputs.

Existing **social protection** systems need to be supported and strengthened to continue to help the most vulnerable populations to cover their basic needs, including food, and to cover new populations entering this cycle of vulnerability due to rising food prices.

**Agricultural support programs** must focus on the production of local cereals and other alternative crops and the use of organic fertilizers to ensure sufficient agricultural production in the coming months. It is also important to support grain storage infrastructure to cope with future shocks.

In general, humanitarian actors need to be even more involved in **multisectoral coordination** spaces and working groups in order to analyze the situation and design appropriate responses.

### IN THE LONG TERM, SUPPORT CHANGES IN FOOD AND AGRICULTURAL PRACTICES TOWARDS A MORE SUSTAINABLE SYSTEM

Long-term solutions to this global food crisis have been known for a long time but require several drastic changes to take place at different scales.

In terms of **our diets**, they are very concentrated on a small number of staple foods, common to all countries. It is necessary to reappropriate local foods, sometimes neglected but easier to grow locally

because better adapted to agroecological contexts. Ivory Coast and Cameroon have recently set an example by starting to make bread from cassava flour to replace wheat flour. It is necessary to find the basics of a balanced diet and not to eat in excess certain foods such as meat or dairy products, whose production is very polluting and consumes a significant part of the cereals grown in the world. *Rice, sugar and different types of meat are the foods whose production is most encouraged in the world, while fruits and vegetables are generally less supported.* (State of Food Security and Nutrition in the World 2022) We must also fight against food waste, which destroys 1/3 of food production every year according to the FAO, the equivalent of food for 3 billion people. This waste takes place at different times in the life of food, from the field to the plate and could be largely avoided.

At the level of **production and marketing of agricultural products**, mirroring the diversification of diets, agricultural production must be more diversified and agricultural sectors more localized. Today only 4 multinationals (ADM, Bunge, Cargill and Louis Dreyfus) control 90% of the world's grain trade: purchasing, transport, storage and distribution (The Guardian). Governments must rethink their agricultural policies with the objective of food sovereignty<sup>1</sup>, through the maintenance of local agriculture intended primarily to supply regional and national markets. For this agriculture to sustainably provide quality food accessible to all, it must be more **resilient to climate shocks and not contribute to environmental degradation and global warming**. Once again, the solutions already exist: agroecological practices, use of organic fertilizers, implementation of irrigation systems that are less expensive in energy, cereal banks to conserve seed diversity and cope with shocks, etc. These solutions must be appropriate locally but above all accompanied by governments through the definition of policies accompanied by financing and capacity building for the development of resilient agricultural sectors.

According to projections in the *State of Food Security and Nutrition in the World 2022*, nearly 670 million people will still suffer from hunger in 2030 – 8% of the world's population, the same proportion as in 2015, when the 2030 Sustainable Development Goals were defined. We are therefore far from achieving Goal 2 of "zero" hunger in the world. Faced with the unprecedented level of the current food crisis, a drastic change of trajectory is to be taken for the global food system, and it has to start now.

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<sup>1</sup>Food Sovereignty is the right of people and countries to define their own food and agricultural policies, which must be ecologically, socially, economically and culturally appropriate." (World Food Summit in Rome, 2002)



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## 6. ACRONYMS

FAO : Food and Agriculture Organisation

FSL : Food Security and Livelihoods

IPC : Integrated Phase Classification

NES Cash WG : North East Syria Cash Working Group

PAM : Programme Alimentaire Mondial

CAR : Central African Republic

SAG : Strategic Advisory Group

SOFI : State of Food Security and Nutrition in the World

WASH : Water Sanitation Hygiene



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