



@WFP/Gabriela Vivacqua

# Implications of the Conflict in Ukraine on Food Access and Availability in the East Africa Region

Update #5

August 2022

## Highlights

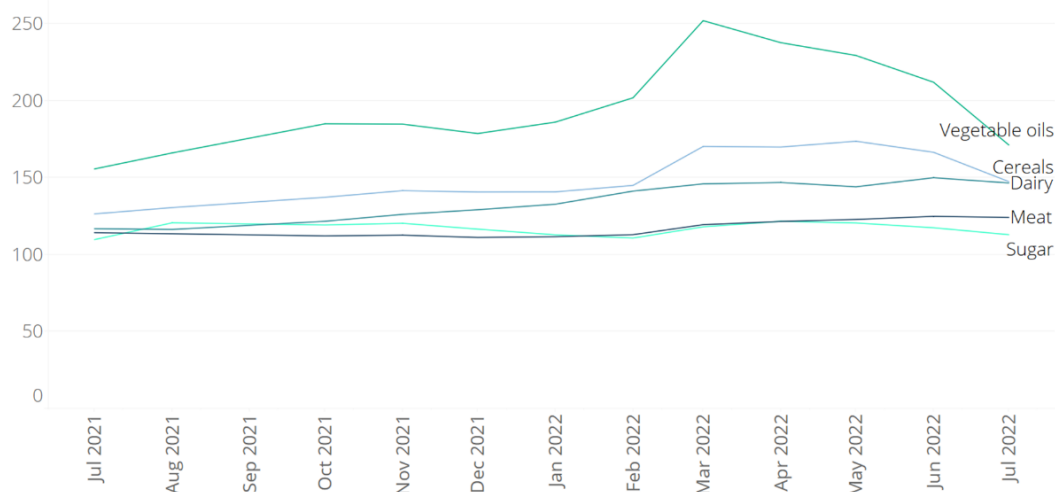
- Purchasing power across the Eastern Africa Region continues to be affected by the fallout of the conflict in Ukraine amongst other factors. The price of a local food basket has increased by 49 percent over the past twelve months, with **Somalia**, **South Sudan** and **Sudan** continuing to record the most expensive food baskets in the region (USD 31.8, 27.3 and 26.5, respectively).
- Cereals and vegetable oils continued to push the cost of the food basket up, with **Sudan** recording a more than twofold increase in cereals prices since the conflict in Ukraine started. Nutrient-rich food continue to be less affordable than a year ago, with **Sudan** recording a more than twofold increase in milk price and **Somalia** recording a 44.5 percent increase in the cost of milk.
- Between July 2021 and July 2022, the cost of fuel went up by 62 percent, adding to economic hardship for people already struggling with high food prices. **Burundi** has continued to suffer from fuel shortages since the conflict in Ukraine broke out, which resulted into more than a twofold increase in fuel prices compared to a year ago. The fallout of the conflict in Ukraine have also affected fuel prices in **Somalia**, which increased by almost 92 percent compared to a year ago.
- **Sudan** keeps on recording hyperinflation (125.4 percent in July 2022), whilst **Ethiopia**, **Rwanda**, **Burundi**, and **Djibouti** continued to record double digit inflation. Soaring fuel and food prices coupled with a prolonged drought, accelerated the annual inflation rate in **Kenya** (8.3 percent, the highest rate since June 2017).
- Except for South Sudan, all countries in the region recorded double digit food inflation in July 2022, stressing food is becoming less and less affordable. Average regional food inflation stood at 27.9 percent, pushed up by **Sudan** (recording the highest food inflation rate in the region at 83.7 percent), **Ethiopia** (35.5 percent) and **Rwanda** (32.7 percent). In **Somalia** food inflation was more than double than annual inflation.
- Currencies across the region depreciated against the U.S. dollar between July 2021 and July 2022; with **South Sudan** and **Ethiopia** recording the highest year-on-year depreciation in the official and parallel market. **Kenya** and **Uganda** also saw their domestic currencies losing value against the USD, however to a lesser extent.

### Short-Term Outlook (end 2022 – early 2023)

- Good harvest in exporting countries and the lift of the Russian blockade of Ukraine’s ports have pushed global cereal prices down in the past two months; yet prospects for 2023 are not favourable as export volumes of grains remain below 2021 level.
- Global fertilizers prices have also moderated; yet the surge in natural gas prices (used to produce fertilisers) might affect affordability of agricultural inputs. This, coupled with an anticipated fifth below average rainfall season is likely to disrupt harvests for the upcoming October-December season across most parts of the Greater Horn of Africa – and worsen an already dire food security situation.
- Declined imports of food coupled with reduced affordability of fertilizers in the context of a prolonged drought are likely to turn the current crisis of affordability of food into a crisis of availability in 2023.

## I. Overview of Global Food Prices<sup>1</sup>

FAO Food Commodity Price Index, July 2021-2022



Source: FAO

The FAO food price index increased by 13.1 percent in July 2022 compared to July 2021, with prices of dairy products, cereals and vegetable oils significantly contributing to the year on year (y-o-y) increase observed (up 25.4, up 16.6 and up 10 percent, respectively).

In terms of month-on-month (m-o-m) variations, decreasing international prices of vegetable oils, cereals, and sugar pushed the FAO food price index down by 8.6 percent between June-July 2022 – marking the fourth consecutive m-o-m decline. The decline observed followed a sharp decrease in global wheat and maize prices (down 14.5 and 10.7 percent, respectively) due to seasonal availability from the ongoing harvest in exporting countries and the resumption of grain exports from Black Sea ports.

Higher export availability and lower crude oil prices exerted a downward pressure on vegetable oil prices (down 19.2 percent between June-July 2022), marking the sixth consecutive monthly decline. Dairy, meat, and sugar prices also decreased in the same time frame, however to a lesser extent (down 3.8, 2.5 and 0.5 percent, respectively).

Concerns around recession, good harvest in the northern hemisphere and the lift of the Russian blockade of Ukraine's ports have pushed food prices down in July yet, prospects for 2023 are not favourable. Despite more than 720,000 tons of grain have already left Ukraine, grain exports for the August-September period are likely to be a fraction of normal<sup>2</sup>, suggesting reduced export volumes are likely to affect availability and affordability of imported grains in the upcoming months compared to a year ago.

Fertilizers prices have also moderated; yet the surge in European natural gas prices (used to produce fertilisers) to all-time highs could affect affordability of agricultural inputs. This, coupled with the return of La Niña and the high chances of drier than average conditions for the October-December rainfall season is likely to disrupt harvests<sup>3</sup> across most parts of the Greater Horn of Africa and worsen an already dire food security situation.

Declined imports of food coupled with reduced affordability of fertilizers in the context of a prolonged drought are likely to turn the current crisis of affordability of food into a crisis of availability in 2023.

<sup>1</sup> The section is based on FAO Food Price Index. More information on the methodology is available [here](#)

<sup>2</sup> [Reuters, U.N. ship brings food relief from Ukraine to drought-hit Horn of Africa, August 30 2022](#)

<sup>3</sup> [IGAD-ICPAC Statement from the 62nd Greater Horn of Africa Climate Outlook Forum \(GHACOF62\)](#)

## I. Annual and Food Inflation Developments

Purchasing power continues to be affected by higher costs of living, with average annual inflation rate across the region reaching 26.6 percent in July 2022.

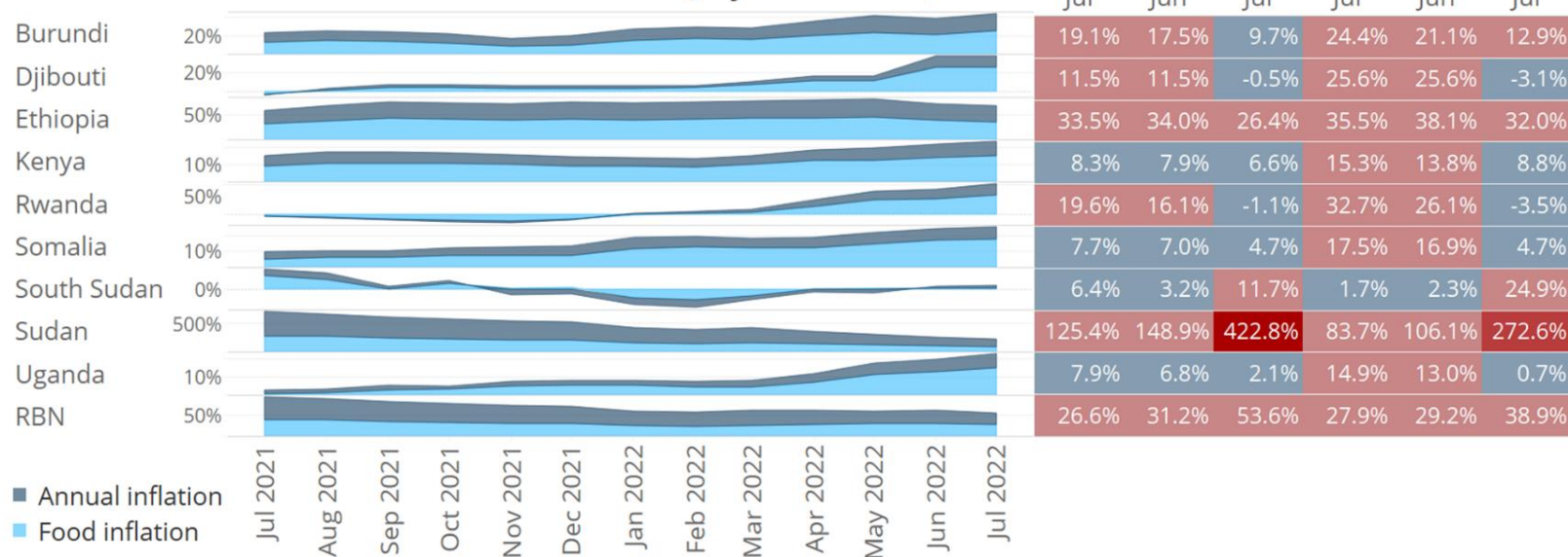
Despite pressure on prices eased since the March 2022 (marking a 5-month low), **Sudan** keeps on recording hyperinflation (125.4 percent in July 2022), whilst **Ethiopia, Rwanda, Burundi, and Djibouti** continued to record

double digit inflation in July 2022 (33.5, 19.6, 19.1 and 11.5 percent, respectively).

Driven by soaring prices of fuel and food and non-alcoholic beverages amidst the global food crisis and a prolonged drought, the annual inflation rate in **Kenya** accelerated for the sixth consecutive month (8.3 percent) in July of 2022 – the highest rate since June of 2017.

Except for South Sudan, all countries in the region recorded double digit food inflation in July 2022, stressing food is becoming less and less affordable. Average regional food inflation stood at 27.9 percent, pushed up by **Sudan** (recording the highest food inflation rate in the region at 83.7 percent), **Ethiopia** (35.5 percent) and **Rwanda** (32.7 percent). Similar to June, food inflation continues to exceed annual inflation, mainly in **Kenya** and **Uganda**, where with food inflation was almost more double than annual inflation (15.3 vs. 8.3 percent for the former; 14.9 vs. 7.9 percent for the latter). In **Somalia** food inflation was more than double than annual inflation.

Annual inflation and food inflation trends (July 2021-2022)



Source: National Bureaux of Statistics.



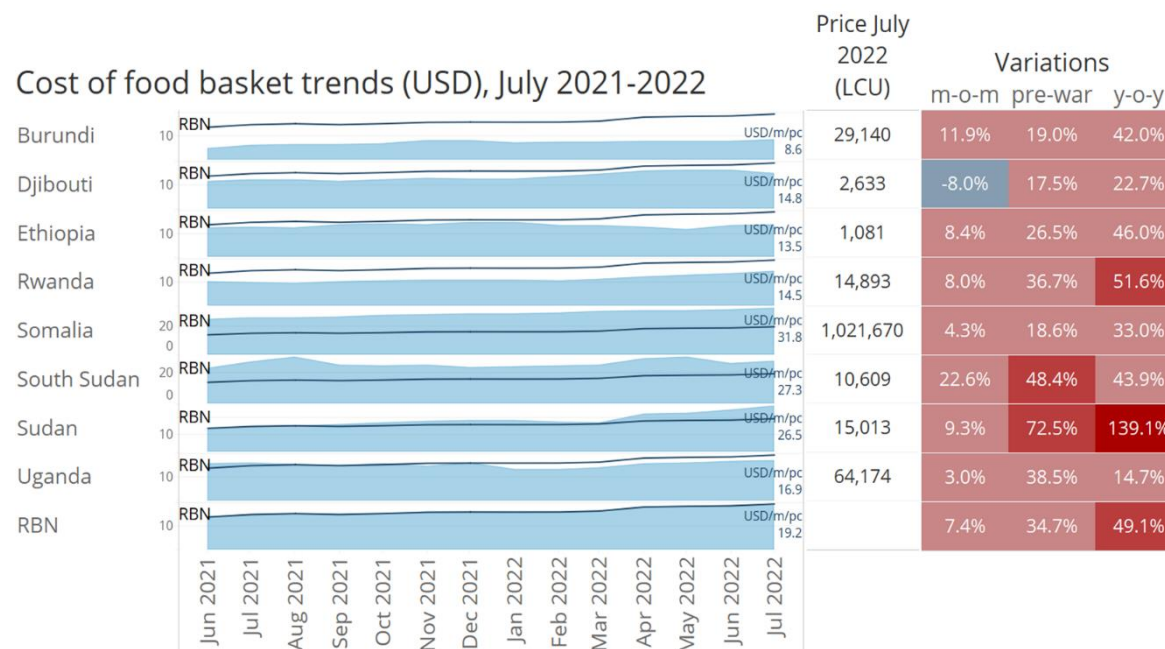
## II. Food Basket and its Components

In July 2022, the average per capita monthly price of a local food basket reached **USD 19.2** across the Eastern African countries<sup>4</sup> – representing **49.1 percent** increase from the same month last year and **34.7 percent** from pre-conflict levels. **Sudan** and **South Sudan** recorded the highest increase compared to pre-conflict levels (**up 72.5 and 48.4 percent**, respectively); whilst **Somalia**, **South Sudan** and **Sudan** continued to record the most expensive food baskets in the region (**USD 31.8, 27.3 and 26.5**, respectively).

Cereals and vegetable oils continued to push the cost of the food basket up, with **Sudan** recording a **more than twofold** increase in cereals prices since the conflict in Ukraine started. Price of beans also contributed to the overall increase observed, mainly in **Rwanda** (where beans prices **more than doubled** compared to pre-conflict levels) and **Ethiopia** (**up 84.7 percent**).

Compared to June 2022, the food basket was more expensive in **South Sudan** and **Burundi** (**up 22.6 and 11.9 percent**, respectively), pushed up by increased costs of cereals; **Djibouti** recorded an **8 percent decrease** in the cost of food basket.

Soaring prices of all commodities led to significant y-o-y increase in the cost of the food basket in all countries in the region, with peaks in **Sudan** and **Rwanda** (**up 139.1 and 51.6 percent**, respectively). Nutrient-rich food continue to be less affordable than a year ago, with **Sudan** recording a **more than twofold increase** in milk price and **Somalia** recording a **44.5 percent** increase in the cost of milk.



### Variations in selected components of the food basket

	Cereals			Vegetable oil			Beans			Milk		
	m-o-m	pre-war	y-o-y	m-o-m	pre-war	y-o-y	m-o-m	pre-war	y-o-y	m-o-m	pre-war	y-o-y
Burundi	24.1%	19.5%	54.0%	-3.3%	9.0%	23.8%	0.4%	33.3%	33.3%			
Djibouti	-8.6%	6.7%	7.9%	-2.7%	50.0%	41.2%	-17.4%	-10.8%	1.4%			
Ethiopia	-10.0%	20.5%	39.9%	-5.5%	50.4%	69.0%	81.1%	84.7%	84.6%			
Rwanda	6.2%	25.1%	56.8%	-0.4%	36.7%	38.7%	31.7%	116.0%	52.2%			
Somalia	4.9%	18.3%	34.2%	4.7%	47.5%	75.4%				1.6%	22.9%	44.5%
South Sudan	26.2%	56.7%	48.5%	14.0%	37.1%	38.7%	8.8%	15.3%	22.5%			
Sudan	16.3%	145.5%	213.6%	-2.7%	30.5%	17.3%				7.3%	86.1%	144.7%
Uganda	7.3%	91.6%	6.7%	1.4%	22.8%	39.2%	3.3%	42.1%	27.9%	4.3%	8.6%	-1.7%
RBN	8.3%	48.0%	57.7%	0.7%	35.5%	42.9%	18.0%	46.8%	37.0%			

Source: WFP Field Monitor, National Central Banks.

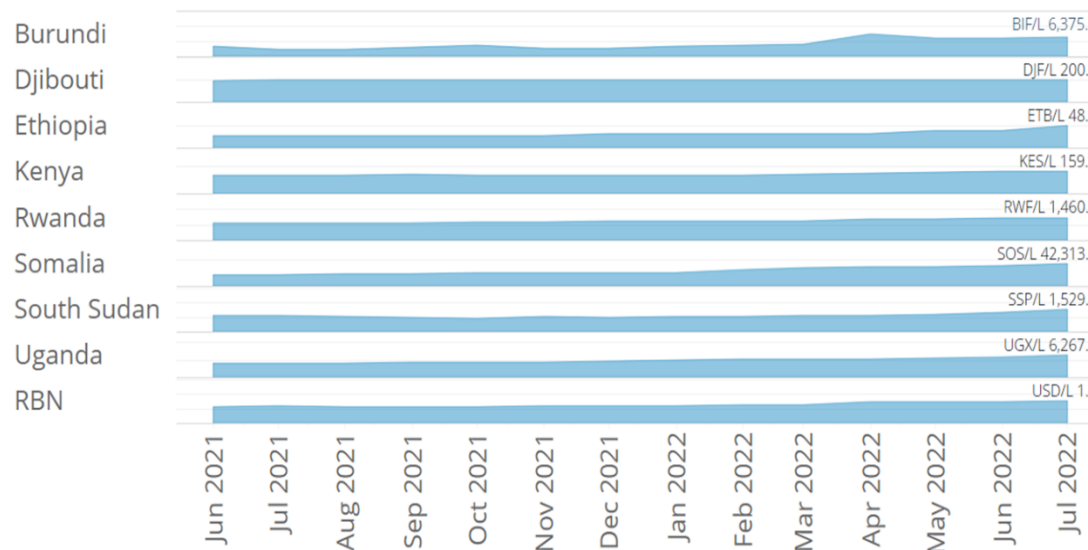
<sup>4</sup> Excluding Kenya due to lack of data during the reporting period

### III. Crude oil and fuel

Crude oil spot prices declined in July following two consecutive months of sharp rises; however, spot prices remained significantly higher than a year ago, with WTI selling at USD 100.25/barrel (up 60.2 percent compared to July 2022) and Brent selling at USD 105.1/barrel (up 60.6 percent)<sup>5</sup>. In addition, crude oil prices were 21 percent higher than pre-conflict levels.

The decline in global oil prices observed between June-June 2022 has not been

Petrol price trends, in local currencies (LCU), July 2021-2022



Source: WFP Field Monitor, National Bureaux of Statistics. No data for Sudan.

Price July 2022 (USD)	Variations		
	m-o-m	pre-war	y-o-y
1.9	7.4%	85.5%	163.6%
1.1	0.0%	0.0%	0.0%
0.6	32.4%	53.8%	88.8%
1.4	0.0%	22.5%	25.0%
1.4	0.0%	19.2%	34.2%
1.3	9.9%	62.9%	91.9%
2.8	13.5%	49.2%	38.2%
1.7	7.0%	28.3%	55.9%
1.5	8.8%	40.2%	62.2%

locally reflected yet, as petrol prices across the region increased by an average 8.8 percent compared to last month (corresponding to USD/L 1.5) and by 62.2 percent compared to a year ago. Fuel prices soared in Ethiopia in July after the government reduced subsidies (up 32.4 percent compared to June 2022 and up 88.8 percent compared to July 2021), adding to economic hardship for people already struggling with high food inflation<sup>6</sup>. Developments in international energy markets coupled with the depreciation of the South Sudanese Pound (SSP) have led to fuel price hikes in South Sudan (up 13.5 percent compared to July 2022 and up 49.2 percent compared to pre-Ukraine conflict levels).

Burundi has continued to suffer from fuel shortages since the conflict in Ukraine broke out, which resulted in an 85.5 percent increase compared to pre-conflict levels and more than a twofold increase compared to a year ago. Transport cost have also increased accordingly<sup>7</sup>. The fallout of the conflict in Ukraine have also affected fuel prices in Somalia, which increased by 62.9 percent since January 2020 and went up by almost 92 percent compared to a year ago.

<sup>5</sup> [OPEC, Monthly Oil Market Report, July 2022](#)

<sup>6</sup> [WFP Ethiopia, Market Watch, June 2022](#)

<sup>7</sup> [BurundiEco, Le Burundi toujours face à la pénurie du carburant, 5 August 2022](#)

## IV. Currencies

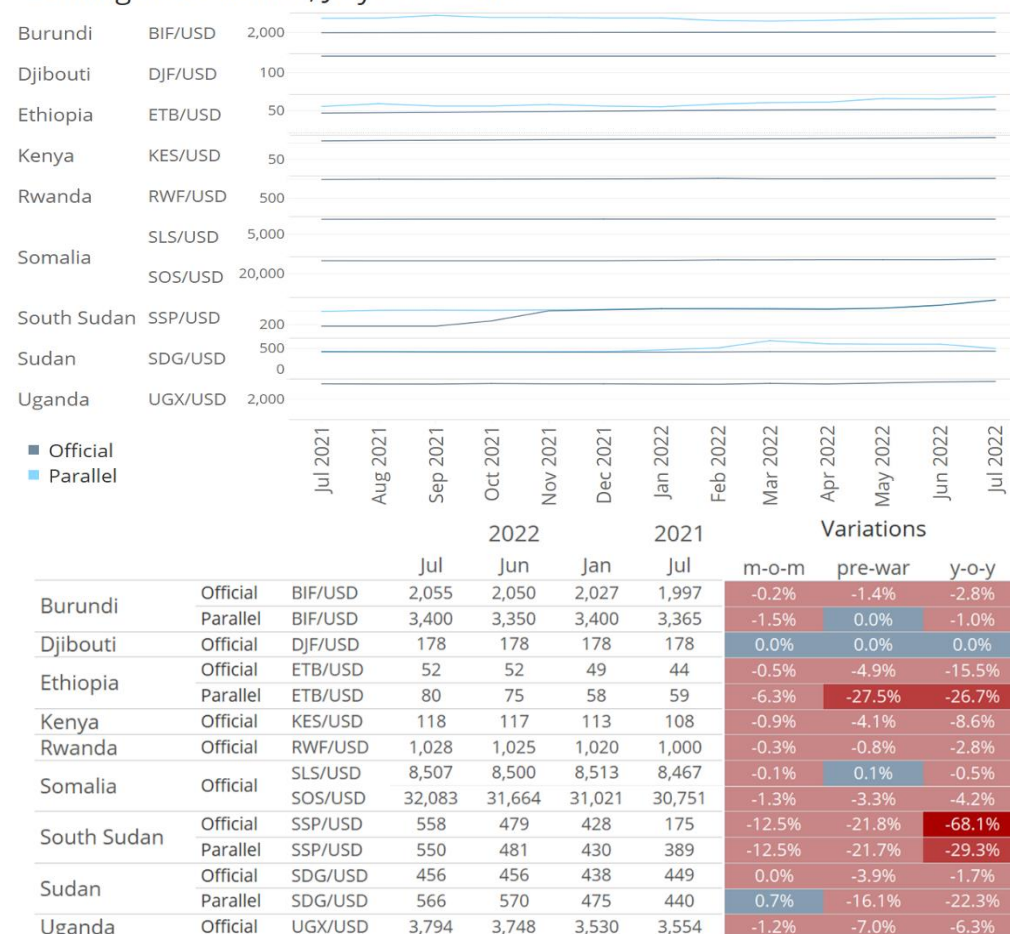
The conflict in Ukraine continues to make macro-economic developments uncertain, with countries facing high food inflation rates, supply chain disruptions and financial instability. As countries across the region rely on imports to meet domestic demand for many food commodities and energy products (which are priced in USD in the international markets), increased global prices since the beginning of the conflict in Ukraine are increasing demand for the USD, inflating import bills and affecting central government’s balance of payments, which is resulting into a continued depreciation of domestic currencies.

**South Sudan** and **Ethiopia** continue to record the highest y-o-y depreciation of local currency against the U.S. dollar in the official market. with 1 SSP trading at USD 558 (down 68.1 percent) and 1 ETB trading at 52 USD (down 15.5 percent). The two countries also recorded the highest depreciation in the parallel market (down 29.3 and 26.7 percent, respectively).

**Kenya** and **Uganda** also saw their domestic currencies losing value against the USD, however to a lesser extent. In July 2022, 1 KES traded at 118 USD, representing an **8.6 percent depreciation** of the KES compared to a year ago. It is worth noting that July marked the 14<sup>th</sup> consecutive month of depreciation of the KES, with the shilling hitting its lowest level<sup>8</sup>. Skyrocketing costs of imported fuel, cooking oil and steel have led to the depreciation of the Ugandan shilling, which traded at 3,794 USD in July 2022 (down 22.3 percent compared to a year ago)<sup>9</sup>.

Exchange rate in **Sudan** was stable in the past three months, with the SDG trading at 456 USD in the official market and at 566 USD in the parallel market. Yet, it is worth noting that the SDG **depreciated by 22.3 percent** compared to a July 2021, stressing reduced economic access to imported goods compared to a year ago.

Exchange rate trends, July 2021-2022



Source: WFP Field Monitor, National Central Banks.

<sup>8</sup> [Bloomberg, Kenyan Currency Heads for 14 Months of Decline Ahead of Election, July 2022](#)

<sup>9</sup> [Business Times Uganda, Why the Ugandan Shilling continues to depreciate against the dollar, August 2022](#)



**vam**  
food security analysis

**Siddharth Krishnaswamy**

Regional RAM Adviser

[siddharth.krishnaswamy@wfp.org](mailto:siddharth.krishnaswamy@wfp.org)

**Edith Amondi**

Programme Assistant

[edith.amondi@wfp.org](mailto:edith.amondi@wfp.org)

**Alberto Gualtieri**

ENA/Targeting Officer

[alberto.gualtieri@wfp.org](mailto:alberto.gualtieri@wfp.org)

**Cinzia Monetta**

VAM Officer

[cinzia.monetta@wfp.org](mailto:cinzia.monetta@wfp.org)

**Kennedy Nanga**

VAM Officer

[kennedy.nanga@wfp.org](mailto:kennedy.nanga@wfp.org)