



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

Update #7

Executive Summary

Main Highlights

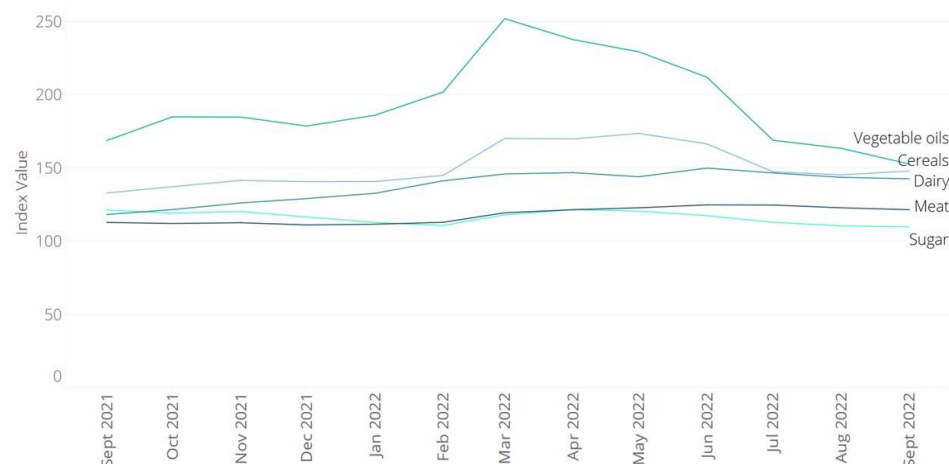
- The conflict in Ukraine continues to have repercussions on food access and availability in the Horn of Africa. Increasing energy and food prices, rising inflation rates, and soaring petrol prices keep challenging the fragile economies of the region and put an additional burden on the most vulnerable households.
- The price of a local food basket has **increased by 55.6 percent** over the past twelve months, **reaching an average cost of USD 20**. Sudan and Somalia continued to record the most expensive food baskets in the region (USD 30.3 and USD 27.7 respectively).
- **The price of vegetable oils decreased between August and September 2022**, while the price of cereals slightly increased. However, the cost of both items soared compared to a year ago. **Sorghum prices in Sudan were 3 times more expensive compared to the same month last year** driven by higher transport costs and the compound effect of poor produce and high demand during the peak lean season. **The cost of imported wheat in the region has increased by 58.4 percent since the conflict in Ukraine started.**
- Government policies to cushion people from price spikes helped keep fuel prices stable across most of the region; however, **pump prices have soared compared to the pre-conflict levels (reaching an average cost of USD/L 1.55)**. Due to shortages, **in October fuel prices in Burundi increased by 127 percent compared to September 2021**. In Somalia and South Sudan fuel prices have almost doubled compared to October 2021.
- Higher energy costs have contributed to the spike in households' cost of living across the region, with the **annual inflation rate averaging 29.9 percent**. September marked the seventh monthly decline in annual inflation in Sudan; however, the country is still recording hyperinflation (at 107.3 percent, ranking as the fourth-highest inflation rate in the world). **Ethiopia, Rwanda, and Burundi continued to record double-digit inflation (30.7%, 23.0%, and 20.9%, respectively).**
- **All countries covered continued to record double-digit food inflation in September 2022**, mainly Sudan (recording the highest food inflation rate in the region at 78.6%), Ethiopia (31%), and Rwanda (33.2%).
- **Local currencies across East Africa continue to depreciate against the U.S. dollar**; with South Sudan recording the highest depreciation of the local currency against the USD both in the official market and parallel market.

Short-Term Outlook (end 2022 – early 2023)

- **Global food prices have decreased in the past six months; however, the decline was not reflected in local markets.** Agroclimatic shocks and the consequent reduction in produce are making locally produced food more expensive; increased input and transport costs are also contributing to the surge in prices of locally produced foods.
- This trend is likely to persist until the end of the year considering the prolonged drought and floods affecting different producing areas of the region and the forecasted peak in inflation rates for the last quarter of 2022.

I. Overview of Global Food Prices¹

FAO Food Commodity Price Index, September 2021-2022



Source: FAO

The continued drop in the price of vegetable oils reflects the lower prices of palm, soy, sunflower, and rapeseed oils. The **price of oils was marked by a 7 percent month-on-month decline and a 9.5 percent decline compared to the same month last year**. Prices of palm oil dropped in September, largely driven by heavy inventories coinciding with a seasonal increase in production in Southeast Asia.

Compared to the same month last year, the prices of meat, dairy, and cereals continued to be significantly higher than their respective values in 2022. **Dairy products increased by 20.7 percent, followed by cereals (11.3%) and meat (7.7%)**. However, the values of the staple components of a nutritious food basket are still less affordable compared to the same month last year.

As reported in September, the demand for imported goods has remained high despite the elevated international prices. Facing higher import costs, importers' demand for USD dollars has increased, which, in turn, is contributing to the depreciation of local currencies observed and eventually pushing up the overall costs of living.²

After peaking in March 2022, the Global FAO Food Price Index (FPI) has kept gradually decreasing with September marking the sixth consecutive month of decline.

Between August and September 2022, **four of the five sub-indices of the FPI** (vegetable oils, dairy products, meat, and sugar) **recorded a moderate drop**. Cereals is the only sub-index experiencing a slight increase of 2 percent.

This continued monthly decline was driven by a **sharp decrease in the global price of vegetable oils** (down 7 percent compared to August 2022) and a moderate decrease in the price of sugar, meat, and dairy products (with an average of 1 percent drop across all items). Nevertheless, from a year-on-year perspective, **the FPI remains 5.5 percent above its value compared to the same month last year**.

In September, **international wheat prices increased by 2 percent** likely due to the heightened uncertainty around the continuation of the November Black Sea Grain Initiative and its potential impact on Ukraine's cereals exports.

¹ The section is based on the FAO Food Price Index [Last Access: 08/11/2022]. More information on the methodology is available [here](#)

² [WFP Eastern Africa Market and Trade Update, October 2022](#)

II. Annual and Food Inflation Developments

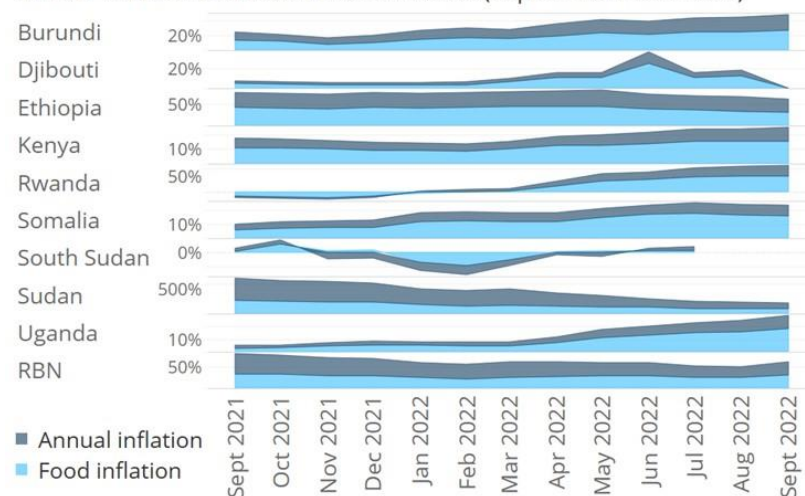
Inflation continues to rise across the Eastern Africa region, with higher energy and food prices putting an additional burden on the most vulnerable households.

In September 2022, the **annual inflation rate across the region averaged 29.9 percent**.³ September marked the seventh month in a row that annual inflation declined in Sudan; (10 percentage points compared to the same month last year). However, the country is still recording hyperinflation at 107.3 percent. **Ethiopia, Rwanda, and Burundi** continued to record double-digit inflation (**30.7%, 23.0%, and 20.9%** respectively), with slight increases compared to August 2022.

Driven by soaring food prices amidst the global food crisis and a prolonged drought; the **annual inflation rate in Kenya increased** for the seventh consecutive month to **9.2 percent**. The annual inflation rate in **Rwanda increased to 23.9 percent** – the country's highest inflation rate since January 2009.

Food prices are pushing up the overall cost of living for households, with **food inflation exceeding annual inflation across the whole region at an average rate of 31.3 percent**. All countries covered continued to record double-digit food inflation in September 2022, mainly Sudan (recording the highest food inflation rate in the region at 78.6 percent), Ethiopia (31%), and Rwanda (33.2%). Despite the overall increase in food inflation in the region, **Ethiopia, Rwanda, Somalia, and Sudan**, reported on average a 2 percent decrease in their food inflation compared to the same month last year.

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



Source: National Bureaux of Statistics. No data for South Sudan.

Country	Annual inflation			Food inflation		
	2022 Sept	2022 Jan	2021 Sept	2022 Sept	2022 Jan	2021 Sept
Burundi	20.9%	12.3%	10.5%	26.6%	14.4%	13.7%
Djibouti	0.0%	2.6%	2.6%	0.0%	3.5%	4.7%
Ethiopia	30.7%	34.5%	34.8%	31.0%	39.9%	41.9%
Kenya	9.2%	5.4%	6.9%	15.5%	8.9%	10.6%
Rwanda	23.9%	1.3%	-3.2%	33.2%	-2.8%	-8.4%
Somalia	7.2%	6.8%	4.2%	16.1%	11.6%	5.9%
South Sudan	0.0%	-12.0%	5.1%	0.0%	-14.6%	0.6%
Sudan	107.3%	259.8%	365.8%	78.6%	154.9%	226.9%
Uganda	10.0%	2.7%	2.2%	18.4%	5.3%	2.9%
RBN	29.9%	34.8%	47.6%	31.3%	24.6%	33.2%

³ At the time of the writing of this report (08/11/2022), updated inflation rates for Djibouti and South Sudan were missing. The average could change once these values will be made available.

III. Food Basket and its Components

In September 2022, **the average per capita monthly price of a local food basket reached USD 20** across the Eastern African countries – representing a **55.6 percent increase** from the same month last year and 44.5 percent from levels before the conflict in Ukraine. **Sudan and South Sudan** continued to record the highest increases compared to pre-conflict levels (**up 96.7% and 71.5%** respectively). **Sudan and Somalia** continued to record the **most expensive food baskets in the region** (USD 30.3 and USD 27.7 respectively).

Increased production and transport costs and reduced productivity due to poor harvests led to price spikes for all commodities of the food basket across all countries in the region.

The price of vegetable oil slightly decreased between August and September 2022 in line with global prices.

Sorghum prices in Sudan were 3 times more expensive compared to the same month last year, driven by higher transport costs and the compound effect of poor produce and high demand during the peak lean season. **The cost of imported wheat in the region has increased by 58.4 percent** since the conflict in Ukraine started.

Nutrient-rich food continues to be less affordable than a year ago, with Sudan continuing to record an almost twofold increase in milk price and Somalia recording a 34.6 percent increase in the cost of milk.

Beans have also become more expensive than a year ago, mainly in Ethiopia, Rwanda, and Uganda (up 80.2, 57.4, and 49.7 percent, respectively).

Cost of food basket trends (USD), September 2021-2022



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	12.8%	17.9%	31.6%	2.5%	16.2%	23.1%	12.8%	42.7%	49.2%			
Djibouti	1.6%	8.3%	12.1%	0.0%	50.0%	56.6%	-1.4%	-12.0%	1.4%			
Ethiopia	13.4%	37.4%	45.5%	4.7%	53.9%	31.1%	7.1%	96.1%	80.2%			
Rwanda	16.3%	48.3%	75.0%	-1.2%	32.1%	37.6%	17.0%	159.2%	57.4%			
Somalia	-19.8%	-3.5%	6.9%	-22.4%	16.1%	32.1%				-4.9%	19.3%	34.6%
South Sudan	13.1%	77.9%	78.6%	4.4%	61.1%	69.3%	8.2%	47.8%	41.8%			
Sudan	8.4%	198.7%	252.5%	5.8%	35.6%	18.9%				7.9%	91.0%	147.9%
Uganda	0.8%	81.9%	0.7%	-2.1%	18.9%	29.0%	11.5%	56.9%	49.7%	2.5%	13.6%	4.2%
RBN	5.8%	58.4%	62.9%	-1.0%	35.5%	37.2%	9.2%	65.1%	46.6%			

IV. Crude oil and fuel

Crude oil spot prices continued to record a decline in September. Nevertheless, **spot prices remained significantly higher than a year ago, with the OPEC Reference Basket (ORB) selling at USD 95.3/barrel** (up 29 percent compared to September 2021) and Brent selling at USD 90.6/barrel (up 21.6 percent).⁴ **On average, crude oil prices were 8.5 percent higher than pre-conflict levels.**

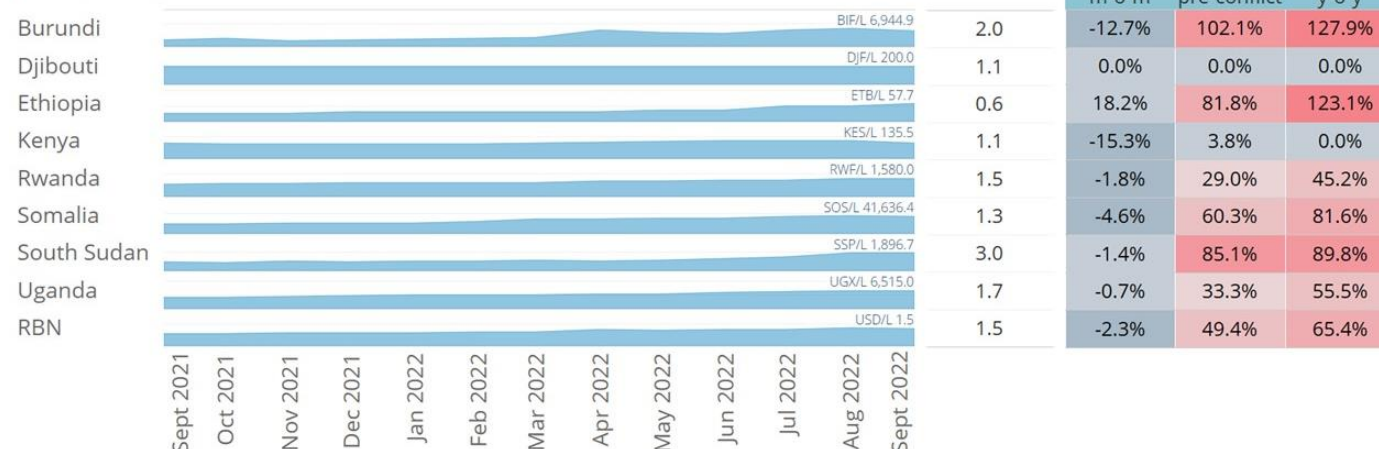
At the local level, **petrol prices across the region decreased** by an average of 2.3 percent compared to last month (corresponding to **USD/L 1.55**). Despite the decrease, the price of oil remains **65.4 percent higher** compared to September 2021.

Faced with soaring crude oil prices this year which are widening the State's deficit, the **Ethiopian government decided to start phasing out subsidies** on petroleum products in July 2022. The phase-out continues to have repercussions, **fuel prices rose by 18.2 percent** compared to August 2022. On the other hand, since the governments of Rwanda and Burundi decided to revise fuel prices in August 2022, there has been a reduction of **2 percent** (Rwanda) and **12.7 percent** (Burundi) observed in the overall price of oil products.

Government policies to cushion people from price spikes helped keep the price of fuel stable across most of the region; however, **pump prices have soared compared to their level in September 2021**. In **Burundi** and **Ethiopia**, fuel prices experienced **a three-digit increase compared to September 2021** and have almost **doubled compared to the pre-conflict level**; in Somalia and South Sudan fuel prices have almost doubled compared to the same month last year.

The compound effect of higher fuel prices and reduced yields (due to climate shocks) have hit food prices on markets, by making basic foods more expensive, hereby squeezing household budgets. The high fuel prices will continue to drive very high food transportation costs, keeping food prices above average in the upcoming months.

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



⁴ OPEC, Monthly Oil Market Report, October 2022

V. Currencies

As the global economy sinks into another period of crisis, local currencies across Eastern Africa continue to weaken against the U.S. dollar, resulting in higher import costs, widened public debts, and adding to existing inflationary pressures.

South Sudan continues to record the highest depreciation of the local currency against the U.S. dollar (USD) both in the official market and parallel market. Compared to a year ago, 1 SSP traded at USD 615 (down 33.7 percent) and USD 633 (down 35.3 percent), respectively.

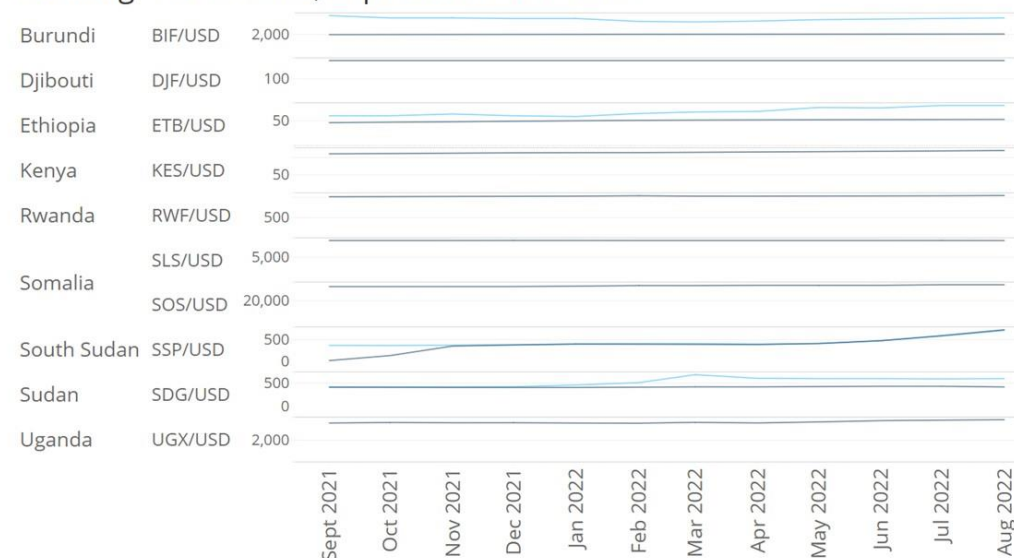
Ethiopia, where a parallel market for exchange rates also exists, also recorded a significant year-on-year (y-o-y) depreciation of the Birr (ETB) on both the official and parallel market, with 1 ETB trading at USD 53 (down 12.8 percent) and USD 90 (down 33.9 percent), respectively.

Despite showing stability in the official market, the Sudanese Pound (SDG) depreciated against the USD in the parallel market, recording a y-o-y decrease of 20.9 percent, with 1 SDG trading at USD 565.

The Kenyan Shilling (KES) continued to depreciate against the USD, with 1 KES trading at USD 120 (down 8.4 percent compared to a year ago). The depreciation recorded is mainly due to high demand for U.S. dollars from importers as the prices of key imports (i.e., petroleum products) remained elevated.

Despite government interventions to lower the pace of the depreciation, **the Ugandan Shilling (UGX) lost value against the USD compared to a year ago**, with 1 UGX trading at USD 3,818 (down 7.5 percent).

Exchange rate trends, September 2021-2022



Exchange Rate Variations, September 2021 - 2022

				2022	2021	Variations		
				Sept	Jan	Sept	m-o-m	pre-conflict
								y-o-y
Burundi	Official	BIF/USD	2,065	2,027	2,007	-0.2%	-1.8%	-2.8%
	Parallel	BIF/USD	3,500	3,400	3,650	-1.4%	-2.9%	4.3%
Djibouti	Official	DJF/USD	3,500	178	178	0.0%	0.0%	0.0%
	Official	ETB/USD	53	49	46	-0.4%	-5.8%	-12.8%
Ethiopia	Parallel	ETB/USD	90	58	60	-11.1%	-35.6%	-33.9%
	Official	KES/USD	120	113	110	-0.6%	-5.6%	-8.4%
Kenya	Official	RWF/USD	1,040	1,020	1,006	-0.5%	-1.9%	-3.3%
	Official	SLS/USD	8,500	8,513	8,500	0.0%	-3.3%	-4.3%
Somalia	Official	SOS/USD	32,083	31,021	30,699	-0.1%	0.2%	0.0%
	Official	SSP/USD	615	428	175	5.4%	-29.3%	-33.7%
South Sudan	Parallel	SSP/USD	633	430	409	0.5%	-32.0%	-35.3%
	Official	SDG/USD	445	438	442	0.2%	-1.5%	-0.6%
Sudan	Parallel	SDG/USD	565	475	447	0.9%	-16.0%	-20.9%
	Official	UGX/USD	3,818	3,530	3,531	0.4%	-7.5%	-7.5%
Uganda	Official	UGX/USD						

Source: WFP Field Monitor, National Central Banks.

Siddharth Krishnaswamy

Regional RAM Adviser

siddharth.krishnaswamy@wfp.org

Edith Amondi

Programme Assistant

edith.amondi@wfp.org

Alberto Gualtieri

ENA/Targeting Officer

alberto.gualtieri@wfp.org

Cinzia Monetta

VAM Officer

cinzia.monetta@wfp.org

Kennedy Nanga

VAM Officer

kennedy.nanga@wfp.org