



The Russia-Ukraine War and Addressing Africa's Food Security Challenges

By Stephen Buchanan-Clarke and Leleti Maluleke

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Executive Summary

The Russia–Ukraine war has highlighted and worsened systemic weaknesses in the current international food system which pose a disproportionate risk to African countries, and companies doing business in Africa, due in large part to their high dependence on fuel and food imports.

- A surge in food and energy prices along with supply and trade disruptions caused by the Russian war in Ukraine is expected to slow global growth from 5.7% in 2021 to 2.9% this year.¹
- Southern African growth is projected to slow 3.7% this year while price pressures will continue to reduce food affordability and real incomes across the region.²
- As the Ukraine-Russia war transforms into a long war of attrition, with an outright victory unattainable for both sides and diplomatic efforts to end the conflict stalled, so too will prolonged disruptions to food and fertiliser supply chains continue to increase hunger and malnutrition rates.
- Over 40 million people across 20 African countries are facing “crisis” levels of food insecurity or above, with some communities in Ethiopia, Somalia and South Sudan at risk of famine. Food insecurity and food price shocks have spurred protests in Uganda, Malawi, Senegal, and Sudan and will likely generate further civil unrest.

Call to Action

Companies invested in Africa should prioritise policy and investment choices that help to build sustainable, resilient and inclusive food systems in the areas in which they operate, in order to reduce the risk of civil unrest and resource-based conflict associated with high levels of food insecurity.

¹ World Bank. (2022). Global Economic Prospects June 2022. A World Bank Group Flagship Report.

² Ibid.

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Recommendations

- Companies invested in Africa should work to reduce food-related insecurity in areas in which they operate by supporting projects that diversify food-supply sources, reduce reliance on imports and promote local capacity within the agribusiness sector.
- Companies should bolster the capacity of local governments in the jurisdictions they operate in to undertake comprehensive supply chain risk analysis, including assessments of exposure and vulnerability to chokepoint risk at the national and subnational level.
- Food companies can play a positive role in building more resilient, sustainable and inclusive local food systems on the continent by engaging in public-private partnerships that prioritise technical and financial support for smallholder farmers and farmer-allied intermediaries such as aggregators, food processors, and vertically integrated brands.
- African governments should work to create a more enabling environment for private sector engagement by involving the private sector in shaping policies which impact upon their activities; letting market principles drive implementation; minimising unnecessary regulation and red tape; and increasing funding towards the financing of agriculture and food production systems.
- Public-private platforms should be leveraged to harness innovative technologies in food production and as opportunities to invest in building the human capacity requirements within the agri-business sector needed to address food security issues.
- African states should intensify their support for regional integration and economic diversification through platforms such as the African Continental Free Trade Area (AfCFTA) as well as strategic investments in infrastructure, energy and transport required to realise the potential of a continental free trade area.

Global Food (in)Security

Global food insecurity tends to be treated as a challenge predominantly within the realm of the public sector to address. However, it is not only a humanitarian problem; it presents a systemic risk of undermining peace and stability, conditions required for long-run business growth.

The current Russia–Ukraine war has both created new food insecurity and worsened existing systemic weaknesses in the international food system, which pose a disproportionate risk to vulnerable communities in southern African countries. Global food security is supported by trade in just a few select crops and fertilisers. Maize, wheat and rice account for about 60% of global caloric intake. About 180 million tonnes of fertilisers annually is needed to grow enough of these crops to sustain expanding global populations.³ At the same time, the global food system is reliant upon delicate trade routes, which navigate through 14 major ‘chokepoints’ – such as the Suez Canal, Black Sea ports and the Black Sea

rail network, among others.⁴ As illustrated by the Russian invasion of Ukraine, an interruption at one or more of these chokepoints due to war, unpredictable weather events or government intervention leads to supply shortfalls and price spikes, with systemic consequences that go beyond food security and can cause economic downturns, political unrest, and even conflict.

The Russian invasion of Ukraine comes on the back of a number of pre-existing challenges which have battered the global food system, including the COVID-19 pandemic, an energy crisis, and recent climate-induced extreme weather events.⁵ Between 2020 and 2021 the number of people who experienced acute food insecurity at crisis or worse levels rose from 108 to 193 million.⁶ Russia and Ukraine collectively supply 28% of globally traded wheat, 15% of the maize, and 75% of the sunflower oil. Russia is the third biggest exporter of oil, and Ukraine’s food exports alone feed 400 million people.⁷



³ Bailey, R., Wellesley, L. (2017). Chokepoints and Vulnerabilities in Global Food Trade. Chatham House Report. 27 June.

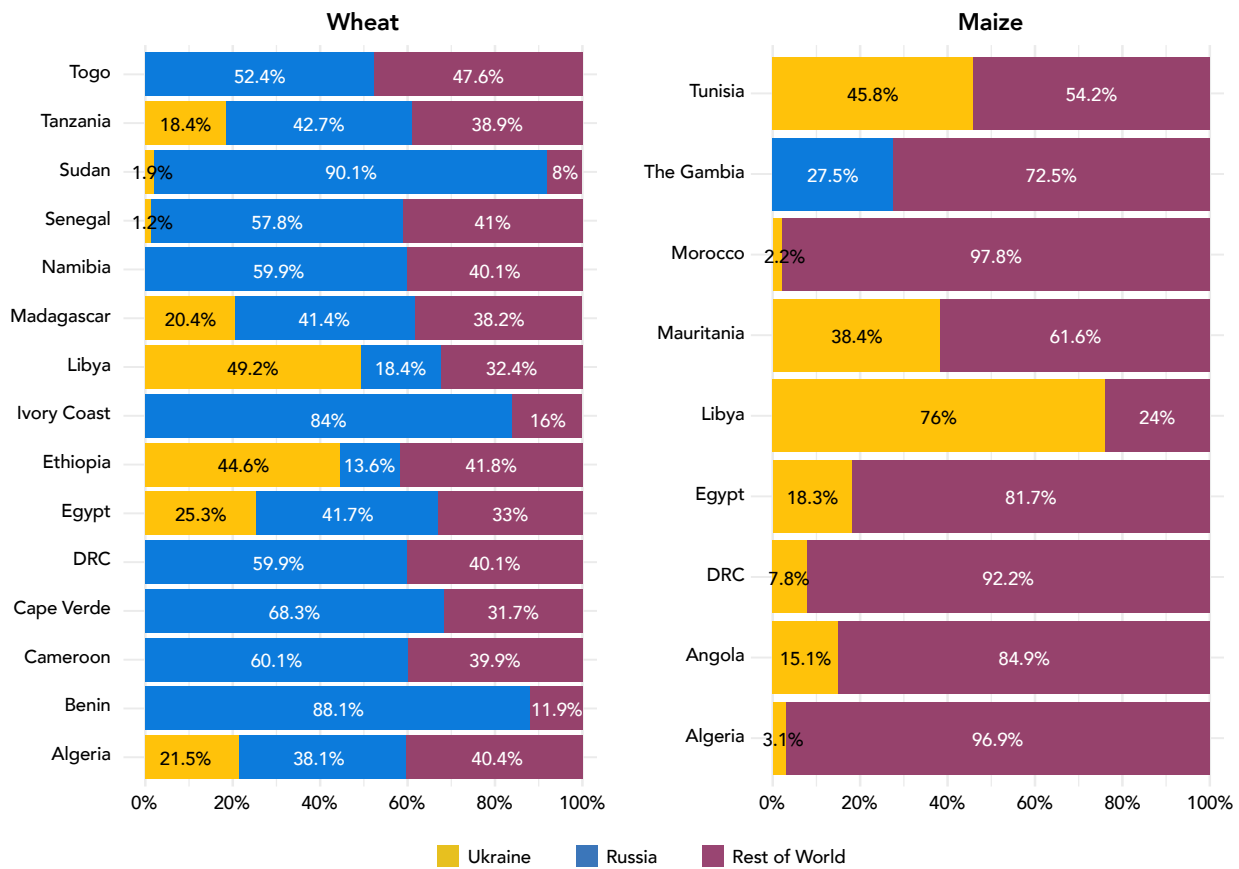
⁴ Ibid.

⁵ Barrett, C. (2022). The Global Food Crisis Shouldn't Have Come as a Surprise. *Foreign Affairs*. 25 July, available at <https://www.foreignaffairs.com/world/global-food-crisis-shouldnt-have-come-surprise>

⁶ World Food Programme. (2022). Global Report on Food Crises: Acute food insecurity hits new highs. 04 May.

⁷ *The Economist*. (2022). The Looming Food Catastrophe. 19 May.

Wheat and Maize imports by origin across Africa (%) | 2021



Source: Trade Map 2021

Graphic: Monique Bennett

Wheat and Maize imports by origin across Africa (%) | 2021

Analysis

Why is Africa disproportionately vulnerable to international food system shocks?

High reliance on Ukrainian and Russian markets

African countries are particularly vulnerable to food insecurity caused by disruptions to the international food system due to their high dependence on food and fuel imports. In 2021, Africa imported USD 4-billion worth of agricultural products from Russia (90% of which was wheat and 6% sunflower oil) and USD 2.9-billion from Ukraine (48% of which was wheat, 31% maize, and the rest including sunflower oil, barley, and soybeans.)⁸ African states most reliant on Russian wheat imports as a percentage of their

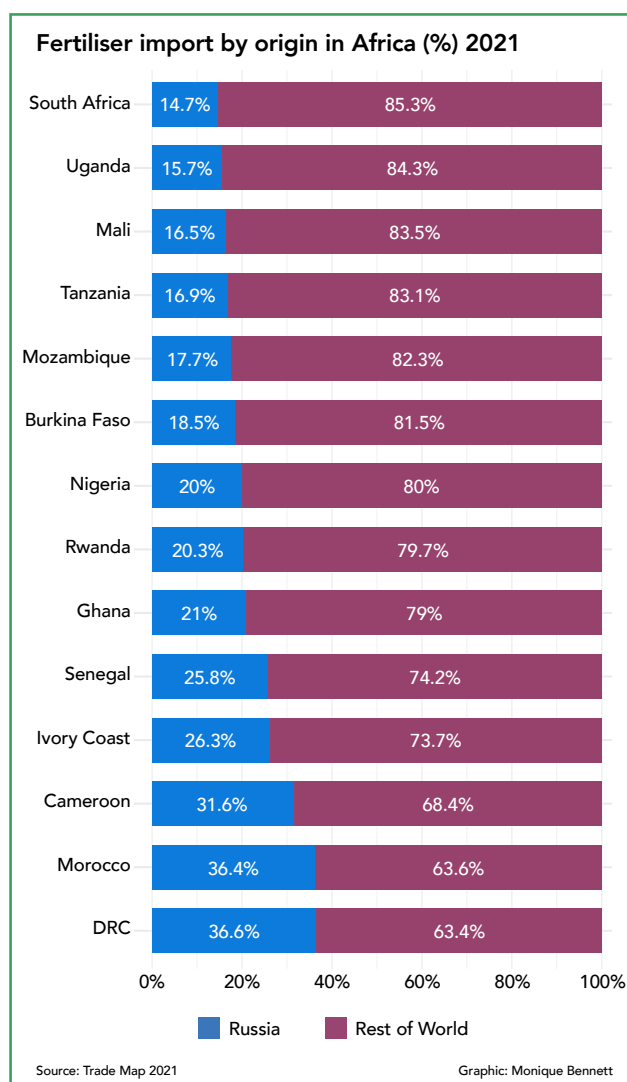
total annual wheat imports include Sudan (90%), Benin (88%), and Ivory Coast (84%). Among those most reliant on Ukrainian maize imports as a percentage of their total annual maize imports include Libya (76%), Tunisia (46%), and Mauritania (38%).⁹ Similarly, African states are highly reliant on fertiliser imported from Ukrainian and Russian markets, with the Democratic Republic of Congo (DRC), Morocco and Cameroon relying on Russia for approximately a third of their respective fertiliser imports.

This overreliance on single origin supply chains can also have a spill over impact on land-locked countries which rely on neighbouring countries tied to Russian or Ukrainian markets. For example, South Sudan is dependent on food supplies from Uganda and Kenya, with roughly 48% and

8 Sihlobo, W. (2022). How Russia-Ukraine conflict could influence Africa's food supplies. 24 February.

9 Data Sourced From The International Trade Centre: <https://www.trademap.org/index.aspx>

30% of their total imports annually coming from Uganda and Kenya respectively.¹⁰ By supporting initiatives which help African states to diversify their food sources, companies invested in Africa can help the states in which they operate offset the risk associated with shocks to the international food system chokepoints.



Fertiliser import by origin in Africa (%) 2021

High dependence on external food aid

Approximately 40% of the World Food Programme (WFP)'s wheat supplies come from Ukraine.¹¹ Currently, 33 African countries are dependent on external food aid and are thus particularly vulnerable to disruptions to global food system chokepoints, such as the Black Sea blockade.¹² These local food crises are predominantly linked to climate-induced extreme weather events and/or civil conflict. For example, consecutively poor seasonal rains since late 2020 has negatively impacted crop and livestock production in Kenya, Somalia, and Uganda while farming communities in Burundi, Djibouti, Mozambique, and South Sudan have all been negatively impacted by flooding.¹³ There are currently 15 countries in Sub-Saharan Africa with active armed conflicts.¹⁴ These local conflicts impact on food security in several ways: by destroying farmland or disrupting food production and trade; inducing displacement of farming communities; or creating opportunities for hunger to be used as a “weapon of war”.¹⁵ By investing in local initiatives which promote sustainable, resilient and inclusive food systems in the areas in which they operate, companies can help to offset the risk associated with resource-based conflict and civil unrest. Investments in this type of risk-mitigation appear likely to secure asset value over time instead of presenting perennial short-term costs to literally secure assets in unstable jurisdictions.

Recent early warning alerts issued by the WFP indicate that the Russia-Ukraine war will compound extant food security crises in Africa, with at least 20 countries facing Integrated Food Security Phase Classification (IPCC) 3 or above.¹⁶ Ethiopia, Somalia, and South Sudan are at the highest risk (IPCC 5), with significant populations of people in each at risk of falling into famine (IPCC 5), while at least 18 countries have populations facing IPCC 4, meaning households have large food consumption gaps reflected in acute malnutrition and are only able to

10 UNDP. (2022). The Impact of the war in Ukraine on sustainable development in Africa. May 2022.

11 BBC. (2022). How can the Ukraine export its wheat harvest to the world? 26 May.

12 United Nations Food and Agricultural Organisation. (2022). GIEWS – Global Information and Early Warning System on Food and Agriculture. <https://www.fao.org/giews/country-analysis/external-assistance/en/> Accessed 17 July.

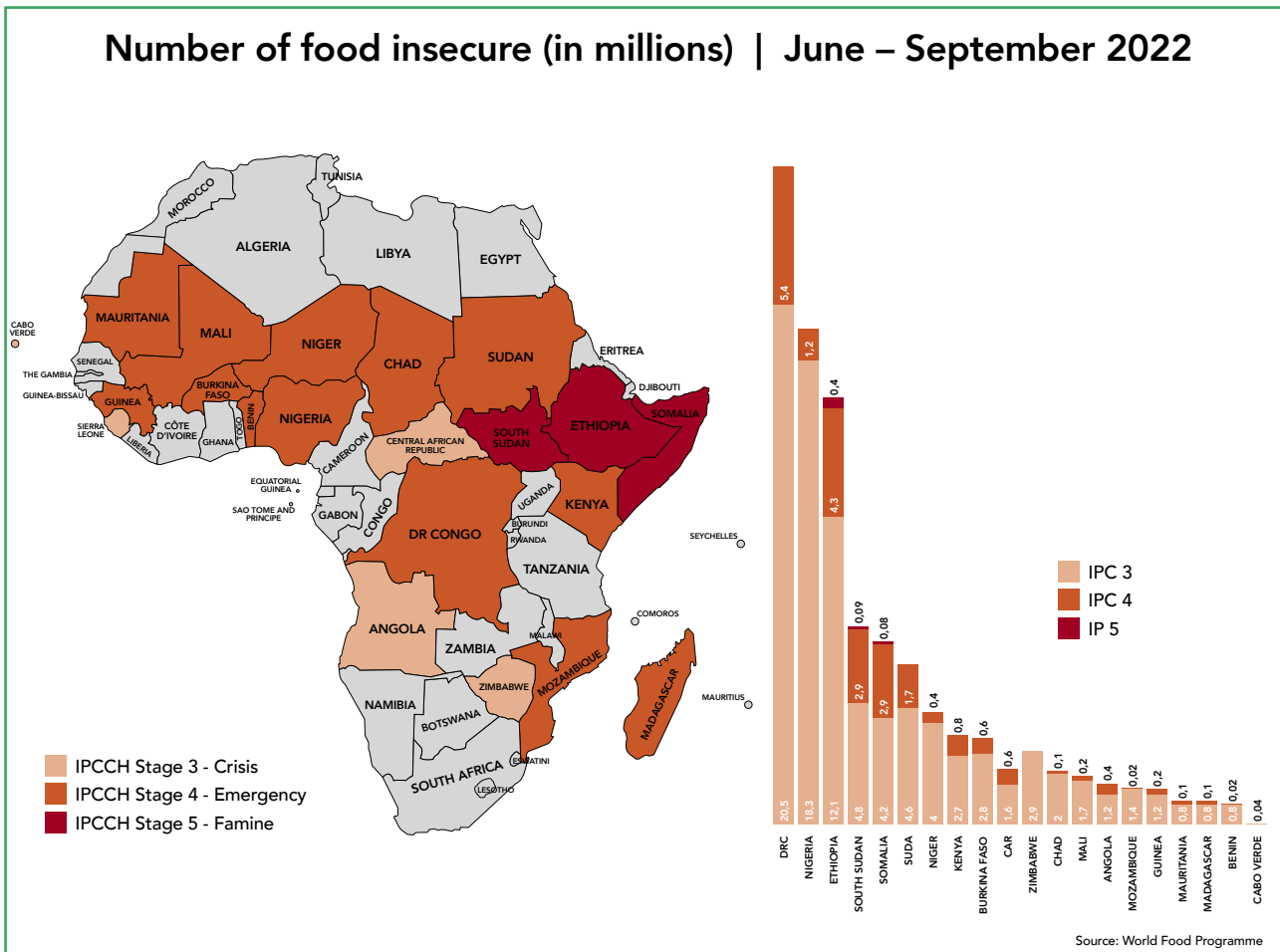
13 Ibid.

14 These include Burkina Faso, Burundi, Cameroon, the Central African Republic (CAR), Chad, the Democratic Republic of the Congo (DRC), Ethiopia, Kenya, Mali, Mozambique, Niger, Nigeria, Somalia, South Sudan and Sudan.

15 Kemmerling, B., Schetter, C., Wirkus, L. (2022). The logics of war and food (in)security. Global Food Security. Vol 33.

16 Thankfully, while Russia is expected to ease its blockade on Ukrainian ports to allow for grain to begin leaving Ukraine, due to disruptions in planting, harvesting, and the destruction of storage capacity, the war is expected to have a lasting impact on the quantity of grain Ukraine can effectively produce and export.

Number of food insecure (in millions) | June – September 2022



Source: World Food Programme

Number of food insecure (in millions) | June – September 2022

mitigate these gaps by employing emergency livelihood strategies and asset liquidation.¹⁷

Structural vulnerabilities

Fragile and developing nations are also generally more at risk of global food system shocks due to a number of structural vulnerabilities. For example, poor or limited transport infrastructure such as railways, silos, and deep-water ports can create local chokepoints for supply chains and further constrain food supplies and/or inflate prices.¹⁸ Undernutrition levels may already be high and the capacity for government to respond may be low. In low income households, families tend to devote relatively high portions

of their income to food and fuel relative to developed nations. When food prices rise, these households tend to dispose of their assets, increasing multidimensional poverty and making them vulnerable to other shocks.¹⁹

Commodity price increases

Food prices have become more globalised and the transmission of international shock to domestic commodity prices has become more rapid in recent years. Even before the outbreak of the Russia-Ukraine war, the oil price was rising, driven in part by strong demand from a global economic recovery following the COVID-19 pandemic. However, due to trade disruptions and sanctions on Russian

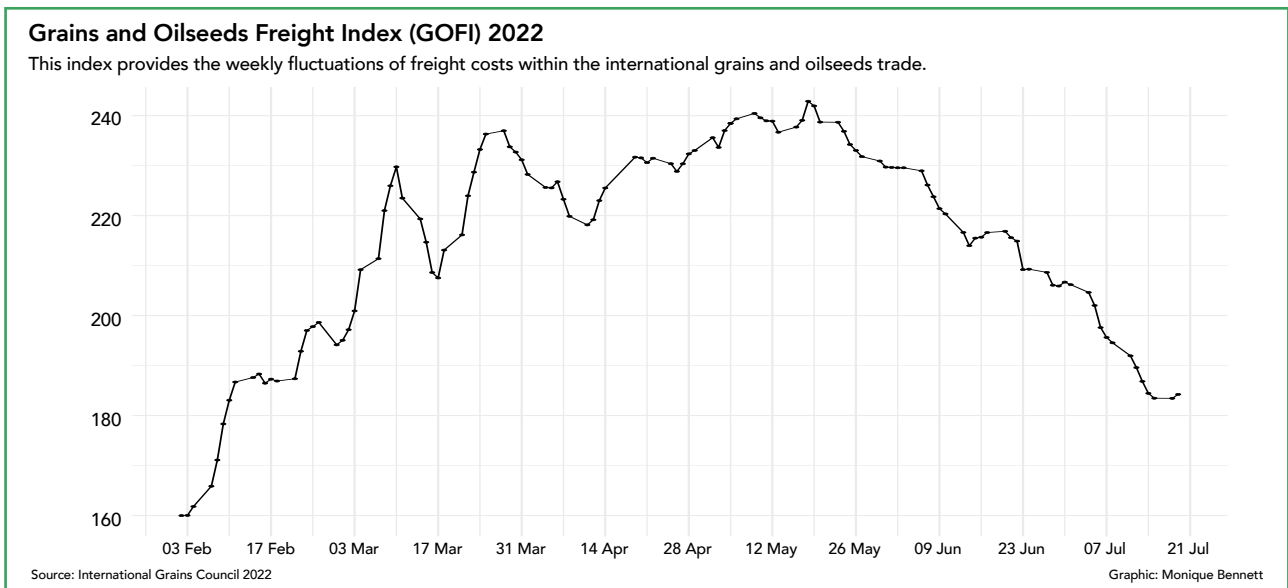
17 IPC/CH Stage 3 – Crisis: Households either have good consumption gaps that are reflected in high or above-usual acute malnutrition or are marginally able to meet minimum food needs. IPC/CH Stage 4 – Emergency: Some households either have large food consumption gaps which are reflected in very high acute malnutrition and excess mortality or are able to mitigate large food consumption gaps but only by employing emergency livelihood strategies and asset liquidation. Stage 5 – Catastrophe/Famine: Households have an extreme lack of food and/or basic needs even after full employment of coping strategies. Starvation, death, destitution and extremely critical acute malnutrition levels are evident. See: World Food Programme (2022). Hunger Hotspots: FAO-WFP early warning on acute food insecurity. <https://www.wfp.org/publications/hunger-hotspots-fao-wfp-early-warnings-acute-food-insecurity-june-september-2022>

18 Hoffman, J. (2022). What supply chain disruptions mean for developing countries. IPS. 06 February.

19 UNDP. (2022). The Impact of the war in Ukraine on sustainable development in Africa. May 2022.



Price of Brent Crude (USD) | 1 February – 2 August 2022



oil, the price of Brent oil increased to USD 139 a barrel in March 2022, its highest in 14 fourteen years.²⁰ While the price has since dropped due primarily to a strengthening US dollar, it is still elevated around USD 100 a barrel. Increases in fuel prices have led to historic freight rates which are transmitted to the prices of food commodities and tend to most negatively impact on developing and landlocked countries with more vulnerable economies where people are less able to purchase a fixed food basket without

jeopardising the consumption of other critical goods and services.²¹ As shown by the International Grains Council's Grains and Oilseeds Freight Index, fuel price hikes have led to surges in global freight prices, with voyage freight rates on major grains and oilseed routes seeing a 21% increase between the beginning of February and March 2022.²²

While crude oil prices have slowly lowered since March, prices remain elevated at about USD 100 a barrel.²³ Fuel prices

20 The World Bank. (2022). Food and Energy Price Shocks from Ukraine War Could Last for Years. 26 April.

21 United Nations Conference on Trade and Development. (2021). UNCTAD Assessment of the Impact of the IMO Short-Term GHG Reduction Measure on States. https://unctad.org/system/files/official-document/dt11b2021d2_en.pdf

22 International Grains Council. (2022). Freight Rates. <https://www.igc.int/en/markets/marketinfo-freight.aspx> Accessed 21.07.2022

23 Trading Economics. (2022). Brent Crude Oil. <https://tradingeconomics.com/commodity/brent-crude-oil> Accessed: 22.07.2022

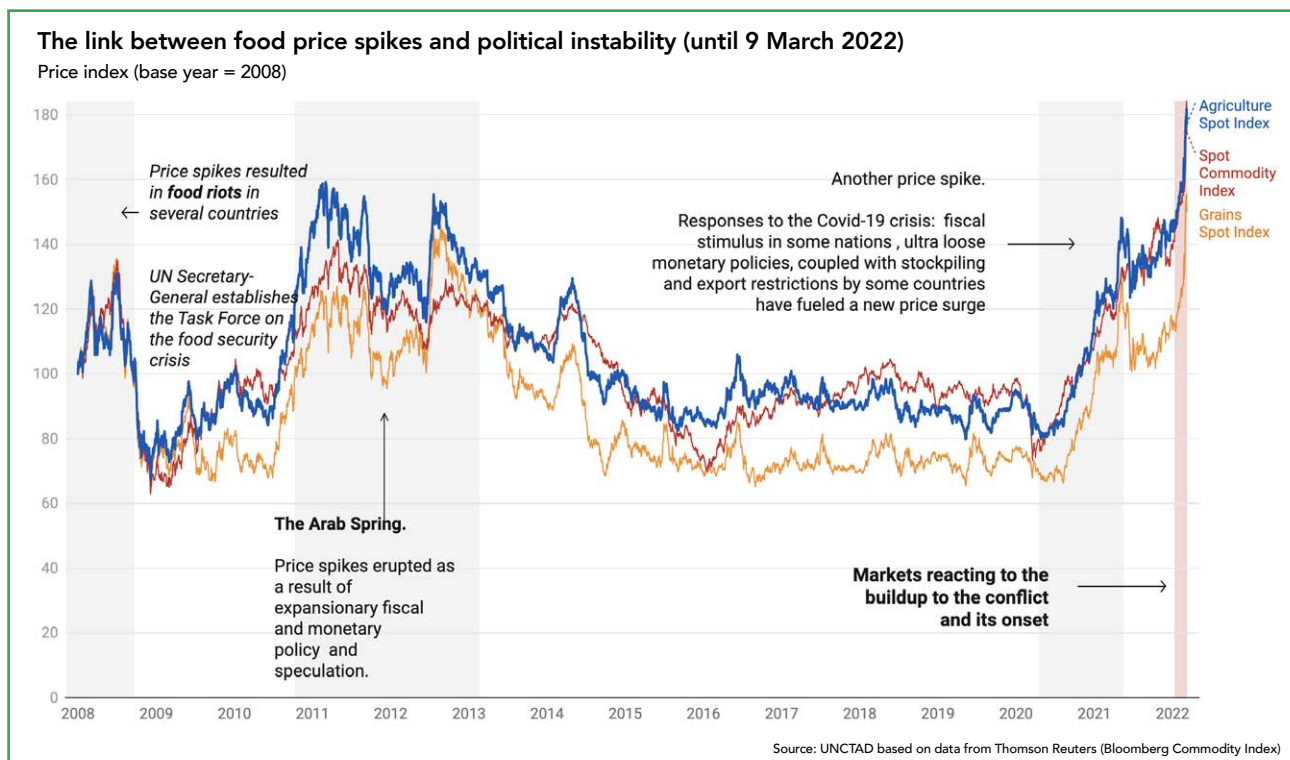
across the southern Africa region are reflecting this trend. For example, in Malawi, Mozambique, and South Africa, fuel prices increased by 26%, 15%, and 7% respectively, while in Namibia and Zambia, fuel prices increased by 17% and 22% in April respectively.²⁴ Collectively, the effects of high fuel prices and the disruption of international value chains are raising food prices and accentuating inflation in the region. For example, in Malawi and Zimbabwe, bread and other food products that use wheat increased by 15% and 50% in March respectively. In Namibia, prices of cooking fats and oil increased 18.8% and 19.5% following disruptions in supply owing to the war, and in the DRC the price of palm oil rose by 50% in Goma markets.²⁵

Food security and civil unrest

Empirical evidence shows a positive and significant relationship between agri-food commodity prices and the

outbreak of civil unrest.²⁶ The Arab Spring is just one example of sharply rising food prices sparking food riots and violent social unrest.²⁷

Simply put, food insecurity constrains livelihood choices to the point where the risks associated with violence become acceptable. In the last three months there have been major protests and riots centred on food and fuel price increases recorded in Uganda²⁸, Malawi²⁹, Senegal³⁰ Sudan³¹, and several other African states.³² In this regard, an immediate global response is required to shield vulnerable communities from the worst of rising food and fuel costs and associated cost of living crisis through the stabilisation of commodity markets, debt relief, and financial aid. However, these are ultimately short term solutions. Africa must address systemic issues to make it more resilient against shocks to the international food system.



The link between food price spikes and political instability (until 9 March 2022)

24 <https://reliefweb.int/report/angola/implications-ukraine-crisis-food-fuel-fertilisers-and-freight-prices-southern-africa-region>

25 World Food Programme. (2022). Implications of the Ukraine Crisis: Food, Fuel, Fertilizers and Freight Prices in the Southern Africa Region. April 2022.

26 Murshed, S.M., Badiuzzaman, M., Hasan, R. (2018). Food Insecurity and Conflict Events in Africa. *Peace Economics, Peace Science and Public Policy*, 24. 10

27 UNCTAD. (2022). Rising prices increase alarm for food security and political stability. 11 March.

28 Washington Post. (2022). Ugandans protest rising prices as police warn of trouble. 25 July. https://www.washingtonpost.com/world/ugandans-protest-rising-prices-as-police-warn-of-trouble/2022/07/25/e6139ede-0c06-11ed-88e8-c58dc3dbae2_story.html

29 Financial Times. (2022). Rising prices fuel protests in Malawi. 06 January. <https://www.ft.com/content/a5efad05-38e0-4043-b39b-2793aaa8e748>

30 France24. (2022). Soaring food prices due to Ukraine war may stoke 'unrest' in Africa, says IMF. 28 April.

31 Quartz Africa. (2022). The "democracy of bread" is threatening to unravel Sudan's three-decade dictatorship. 05 January.

32 <https://www.theguardian.com/global-development/2021/feb/16/sudan-declares-states-of-emergency-after-protests-over-soaring-food-prices>



Conclusion

The Russia-Ukraine war has worsened challenges to food security, especially in sub-Saharan Africa. In line with surging global efforts to secure natural resources to both address the energy crunch and fuel green energy and transport revolutions, these same countries are an increasingly attractive investment proposition, especially for extractive industry players. However, the risks to long-run asset security in light of the food security dynamics analysed above are clear. Therefore, it makes core business sense for companies to invest, wherever possible, in institutional and governance capacity in the jurisdictions that host their business activities. This increases a company’s goodwill standing, the spill over effects of which constitute a foreseeable return on investment.

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