

Center for Food and Land Use  
Research at KSE Institute

# FOOD SECURITY AND POLICY REVIEW IN UKRAINE

*Marginal improvement by mid-May*

June 22, 2022

## ISSUE PREVIEW

RF's invasion has brought severe economic downturn to Ukraine. Ukraine used to be a country with prospering food availability and affordability thanks to its agricultural production capacity and widespread initiative of Ukrainian producers to provide the domestic market with new, unique and high-quality food commodities. Now its food affordability index (FAI) has dropped by **37%**, food prices have increased severely and the number of food items available at the stores dropped.

	FAI	Prices
21.02-13.05	37%	4.4%
21.02-22.04	37.9%	5.8%

## FOOD AFFORDABILITY INDEX **↑1.3%**

Food security is a complex phenomenon generally composed of three elements: food availability, access, and utilization. We start with the food access or, alternatively, having adequate income or other resources to access food and use Food Affordability Index (FAI)<sup>1</sup> for monitoring. FAI is estimated as a ratio of the average

salary<sup>2</sup> to the price of the basket of food products (see the methodology on our webpage).

The average price for the “basket of goods”<sup>3</sup> in Ukraine went down by 1.3% for the week spanning May 9-May 13 as compared to April 18-April 22. Only one-third of the products in our basket increased in price, while two-thirds became cheaper. Still, the price of our basket is 4.4% higher compared to the week prior to the RF invasion, February 21-February 25. Compared to the previous period of observation, the most significant drop in the price of the goods basket is for the temporary occupied Kherson oblast: the basket's price there went 10.7% down in less than a month. Nonetheless, Kherson oblast experienced the highest price increase since the beginning of the war. The price of our basket in this region is still 21.5% higher compared to February 21-February 25. The next two regions with the highest price increase for our basket are Chernihiv and Zaporizhzhia. The Chernihiv region was liberated from RF's invaders in late March, and as of May 9-May 13, the basket's price there jumped up by 9.1% since the beginning of the war.

<sup>2</sup> Since pensions and social payments have not changed its current values by June 2nd, they are considered constant throughout the index. Respectively, they do not affect the value of the index.

<sup>3</sup> The constructed basket of products differs from the consumer basket used by the State Statistics Service of Ukraine to estimate food inflation. The basket constructed for our estimation considers only 21 essential food products rather than the whole basket. As a result – our findings could differ from the SSSU estimates for the price changes.

<sup>1</sup> INDEX Project (2018), Data4Diets: Building Blocks for Diet-related Food Security Analysis. Tufts University, Boston, MA. <https://index.nutrition.tufts.edu/data4diets>. Accessed on 2 May 2022.



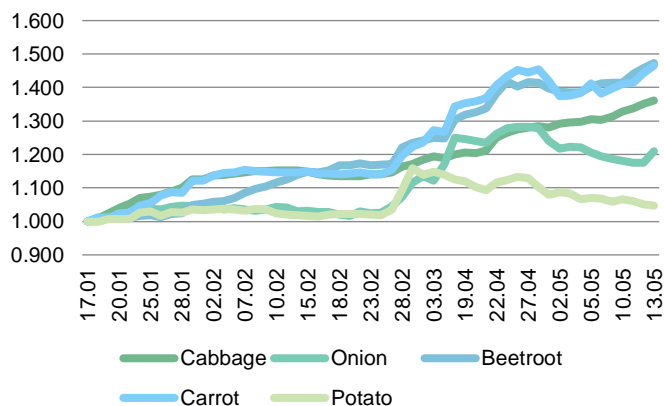
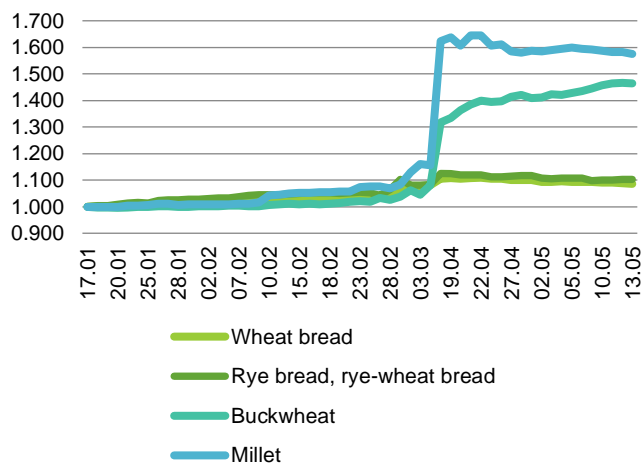
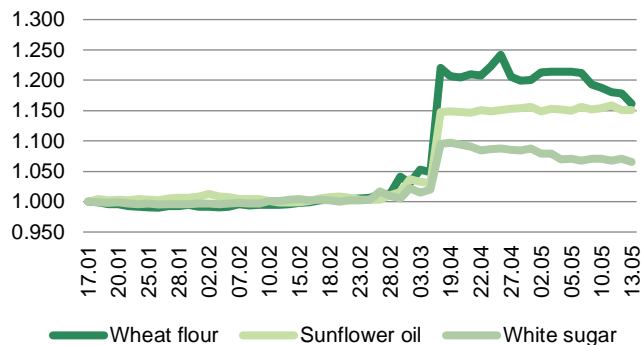
Zaporizhzhia region is currently partially occupied and experienced an 8.3% price jump for the same period. There is no information available for another two regions occupied by the RF's army – Donetsk and Luhansk regions.

Average salaries before and after<sup>4</sup> the invasion, as well as the price of the basket of food products, allow for estimating the FAI. Due to the data limitations – we will use the estimated average salary from issue 1 of our report. FAI measures the number of monthly baskets of food products a person with an average salary could purchase at a given moment.

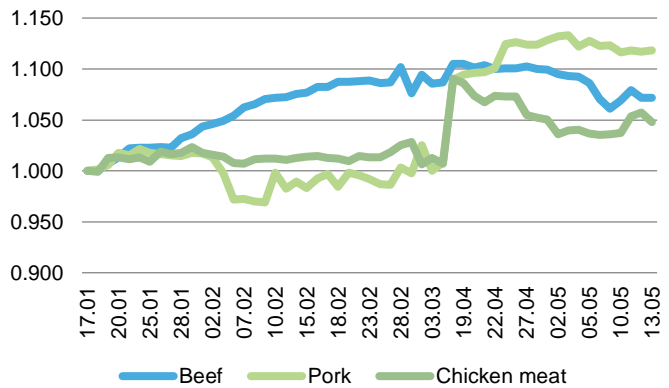
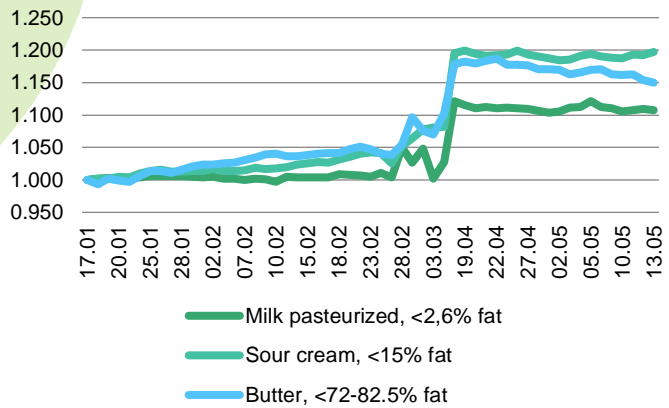
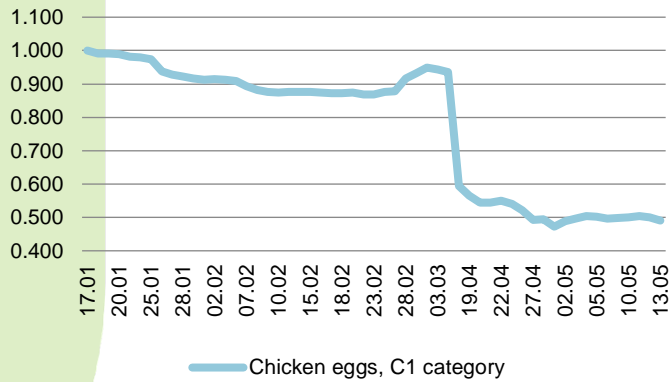
Before the invasion, the FAI score was **12.4**, implying that the person with an average salary could buy 12.4 months' worth of food products from our basket. The current FAI score is **7.8**. Although the score is 1.3% higher than the FAI score estimated for late April, we is still 37% lower than the pre-war level. Thus, we continue witnessing **decreased purchasing power** (in April 18-April 22, it was 37.9%) for essential food products of an average Ukrainian consumer.

## DOMESTIC FOOD PRICES ↑VEGETABLES

Commodities with prices decreased at the national level on 9-13 May compared to 18-22 April include wheat and rye bread, wheat flour, millet, chicken meat, milk, chicken eggs, butter, white sugar, onion, and potato. Food items with prices increased at the national level are carrots, beetroots, cabbage, sunflower oil, pork and buckwheat. Indices of average daily prices (with the base date of January 17<sup>th</sup>) change in Ukraine are displayed in the figures below.



<sup>4</sup> Source, used for estimations - survey of CEOs and business owners conducted by the Gradus and the Kyiv School of Economics, [https://kse.ua/wp-content/uploads/2022/05/Ukrainian\\_Business\\_inWar\\_2Wave\\_Report\\_Gradus\\_KSE\\_22042022.pdf](https://kse.ua/wp-content/uploads/2022/05/Ukrainian_Business_inWar_2Wave_Report_Gradus_KSE_22042022.pdf)



## FOOD AVAILABILITY DONETSK REGION AT HIGH RISK

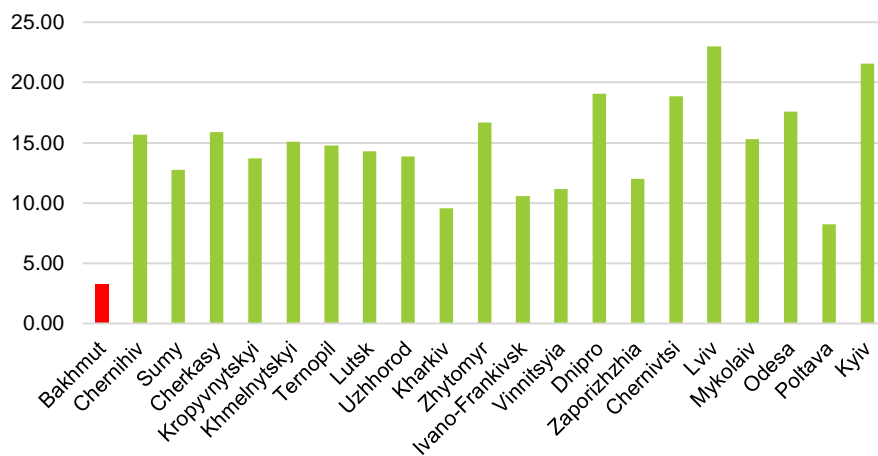
A review of the quantity of food items in grocery stores serves as an indicator of the physical food availability. For this analysis, we collected information from grocery-delivery services for the three well-represented retailers, i.e., Auchan, Silpo, and EcoMarket, in 21 regional centers and Bakhmut city, which represented Donetsk oblast. No data for Kherson and Luhansk oblasts were available. Then the average number of food items available within food categories which are present in the food basket in a given store is calculated.

As of May 13, there are **problems with the availability of beef** at the national level. Only 0-2 unique positions of beef are available in 15 cities. Pork and chicken meat have rather good representation: 17 and 11 unique positions, respectively, are available on average in these cities and country-wide.

The smallest average quantity of food items available within one commodity group is found in Bakhmut city (**Donetsk region**) – 3.26. This is 4 times lower than the country's average. Besides that, there are no meat and bread available in stock. This does not explicitly imply a complete deficit of such products in a region but rather signals strong dependency on regular supplies of commodities with short shelf-life and general supply complications. Active battles taking place in very close proximity to this city is the major reason for this.

Other cities' deviation from the country's mean could be explained by data collection limitations – in cities of Ivano-Frankivsk, Vinnytsya, and Poltava, the data were collected only from EkoMarket, which tends to have smaller stores.

Note: Vertical axes indicates indices of average daily prices (with the base date of January 17<sup>th</sup>) change in Ukraine  
 Source: own estimations based on data of State Statistics Service of Ukraine



Note: Vertical axis indicates food availability - the average number of food items available within all food categories

Source: own estimations based on data of State Statistics Service of Ukraine and KSE

## AGRI & LAND POLICY LIBERALIZATION

On May 12 as compared to April 22, there were changes in law of Ukraine regarding requirements for production, import, and export of agricultural products during war time. In particular:<sup>5</sup>:

- issuing a phytosanitary certificate in electronic form;
- certification of Ukrainian organic producers has been simplified, as well as opportunities for them to receive state support have been expanded;
- simplified import of food products, feed, animal by-products, as well as  $\text{u}\text{a}$  live animals into the customs territory of Ukraine.

For the duration of wartime and within 90 days from the date of its termination or cancellation:

- the list of persons who can take samples for the purposes of phytosanitary examination (analysis) has been expanded, and the requirements for authorizing laboratories to conduct phytosanitary examination (analysis) have been simplified;
- simplified procedure for state registration of pesticides and agrochemicals, as well as expanded

list of agrochemicals that can be imported into the customs territory of Ukraine without their registration.

### Water use

Entry into force of the law on Water users' organizations (WUO)<sup>6</sup>, which, for the first time in Ukraine, introduced new organizational and legal forms for land reclamation systems. Its main provisions are:

- the mechanism of creation and functioning of WUO is defined;
- conditions under which farmers acquire membership in WUO and ensure the management of engineering infrastructure facilities;
- procedure for acquiring the ownership of certain objects of inter-farm land reclamation systems by WUO;
- conditions for the organization to provide services for water intake from the water outlet point, its delivery to the water user, or drainage;
- attracting investment for modernization and reconstruction of land reclamation system facilities and the possibility of obtaining state support for these purposes;

<sup>5</sup> <https://minagro.gov.ua/news/verhovna-rada-zminila-deyaki-vimogi-do-virobnictva-importu-ta-eksportu-silskogospodarskoyi-produktsiyi-pidchas-voyennogo-stanu>

<sup>6</sup> <https://minagro.gov.ua/news/zakon-pro-organizaciyi-vodokoristuvachiv-nabuv-sili>



- f) entering information about the land reclamation network in the State land cadastre;
- g) restrictions on the transfer of state-owned channels to WUO' ownership.

### Land policy

Changes<sup>7</sup> to some legislative acts of Ukraine concerning the specifics of regulating land relations under wartime period. In particular, the amendments include:

- a) leasing of land plots of state and municipal ownership primarily for the placement of production facilities of enterprises displaced (evacuated) from the war zone, critical infrastructure facilities, and placement of facilities for the temporary stay of Internally Displaced Persons;
- b) ensuring prompt placement of production facilities of enterprises that have been moved (evacuated) from the war zone without holding land auctions with strict restrictions on lease terms. Such enterprises will be determined by a joint decision of the two regional administrations involved (the one from which production facilities are being moved (evacuated) and the one where they are moving to);
- c) changes in the purpose of land plots in order to accommodate evacuated production facilities. The construction of river ports (terminals) and railway logistics centers (production and transshipment complexes) will occur without the development of land management documentation, approved urban planning documentation and without associated costs. A sufficiently reasoned conclusion of the authorized body of urban planning and architecture of a village settlement or city council will be used instead;
- d) granting State land cadastre service, in agreement with the Ministry of Agrarian Policy and Food, the right to suspend and resume the work of the state land cadastre, focusing on security issues, as well as to set restrictions on the powers of State cadastral registrars.
- e) leasing of land plots that pass into the communal ownership of territorial communities before the state registration of the right of communal ownership of

such land plots – such registration cannot be done due to the temporary suspension of the State Register of real rights to immovable property and the State land cadastre service;

- f) creation of legal prerequisites for drawing up documentation on Land Management, topographic-geodetic and cartographic works, and assessment of land plots, provided that a certified land management engineer and/or a certified surveyor engineer who performs such work is granted a special permit by the security service of Ukraine to perform topographic-geodetic surveys.

### State Veterinary and sanitary control

On May 07, 2022, a resolution was adopted<sup>8</sup>, which approves the specifics of state control over compliance with legislation on food products, feed, animal by-products, veterinary medicine, and animal welfare, and State veterinary and sanitary control under martial law. In particular, the following procedures have been standardized for the period of war:

- a) it is planned to carry out state control over compliance with the legislation on food products, feed, animal by-products, veterinary medicine and animal welfare at all checkpoints on the state border of Ukraine and customs control zones on the customs territory of Ukraine, if there are conditions for its implementation;
- b) an exhaustive list of grounds for conducting physical inspection and laboratory tests of cargo imported into Ukraine has been defined;
- c) import into the territory of Ukraine of products that have undergone appropriate processing, feed additives, feed for productive animals, live animals, as well as the procedure for transit of live animals;
- d) it provides for the possibility of importing feed additives and feed for productive animals that have the appropriate registration in the EU, which will avoid domestic market operators spending time and material resources on their registration in Ukraine, and as a result meet the urgent needs of animal husbandry in Ukraine;

<sup>7</sup> <https://minagro.gov.ua/news/parlament-uhvaliv-zmini-do-zemelnogo-zakonodavstva-na-period-voyennogo-stanu>

<sup>8</sup> <https://minagro.gov.ua/news/uryad-zatverdiv-osoblivosti-zdijsnennya-derzhavnogo-veterinarno-sanitarnogo-kontrolyu-v-umovah-voyennogo-stanu>



e) import of live animals and reproductive material to Ukraine from facilities that have not been previously inspected by Ukrainian specialists, as well as the procedure for their transit, through the territories of

countries where cases of infectious diseases of animals are registered, have been defined.

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Views expressed in the publication do not necessarily reflect the position of all involved parties.

#### **Authors:**

Mariia Bogonos, Hryhorii Stolnikovych,  
Dmytro Dushko, and Roman Neyter.

KSE Center for Food and Land Use  
Research

[agrifood@kse.org.ua](mailto:agrifood@kse.org.ua)

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