

**Center for Food and Land Use Research  
at KSE Institute**

# FOOD SECURITY AND POLICY REVIEW IN UKRAINE

*Foreword to the series &  
Methodology*

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## FOREWORD TO THE SERIES

**Global view:** RF's invasion of Ukraine amplified the role of Ukraine in ensuring global food security. Blocked exports and endangered planting and harvesting campaigns in Ukraine surged world market prices and risked not only undermining the country's agri-food sector and overall economy but also putting into the position of food insecurity hundreds of millions globally<sup>1,2</sup>.

Ukraine has been playing an increasing role in the world agricultural market. Only two decades ago, Ukraine's grain exports were equivalent to feeding 40 mln people, today its already more than 400 mln. In 2019-2021 Ukraine accounted for nearly 10% of global wheat and 15% of corn exports, 15% of barley exports and nearly 50% of sunflower oil exports<sup>3</sup>.

**Domestic view:** Locally, agriculture accounts for about 20% of GDP (if upper- and downstream sectors are

<sup>1</sup>Russian invasion in Ukraine could threaten global food security and starve hundreds of millions globally. Kyiv School of Economics news, 4 March 2022, <https://kse.ua/ua/about-the-school/news/russian-invasion-in-ukraine-could-threaten-global-food-security-and-starve-hundreds-of-millions-globally/>

<sup>2</sup>Impact of the Ukraine-Russia conflict on global food security and related matters under the mandate of the Food and Agriculture Organization of the United Nations (FAO). Council. Hundred and sixty-ninth Session, 8 April 2022. <https://www.fao.org/3/ni734en/ni734en.pdf>

<sup>3</sup> FAOSTAT

accounted for) and for more than 40% of total export revenues<sup>4</sup>. Aside from being an important sector in terms of GDP and employment (around 15% of the total population of Ukraine<sup>5</sup>), agricultural producers provide the local population with nearly 100% of its staple crops, vegetables, and at least 80% of meat consumption<sup>5</sup>. Despite Ukraine's vast agricultural production potential, the war does not only severely impact global food security but domestic food security as well.

*By launching the Food Security and Policy Review in Ukraine, we aim to provide regular monitoring of the food security situation in Ukraine and wartime agricultural policy response. It shall assist various stakeholders and interested parties in taking decisions based on facts and evidence.*

## METHODOLOGY APPLIED FOR ESTIMATING THE FOOD AFFORDABILITY INDEX (FAI)

The FAI is calculated using the regional daily prices for 21 critical food products collected by the State Statistics Service of Ukraine (SSSU). These food items include: wheat bread, rye bread and rye-wheat bread, wheat flour, pasta of soft wheat, millet, buckwheat, oats, beef, pork, chicken meat, chicken eggs C1 category, milk

<sup>4</sup> State Statistics Service of Ukraine

<sup>5</sup> Own calculations based on data from State Statistics Service of Ukraine



pasteurized <2.6% fat, sour cream <15% fat, butter <72-82.5% fat, sunflower oil, white sugar, cabbage, onion, beetroot, potato, carrot.

For some days there is no price information available. If this is the case, we estimate the weakly average price of food products using only the days for which food prices information is available. We replace the product's price in the region with the national average price for the given period in case of missing regional prices. We consider a region having an unstable physical food access when there is no price information available for at least one basic food product for at least one day in the week reviewed.

The cost of monthly consumption basket is based on the selected 21 food products. We use the estimates of average monthly consumption pattern of these products adopted by the Ukrainian Cabinet of Ministers. Although there are regional differences in the consumption patterns, we are constructing a single basket of goods on the national level to ensure better price comparability.

We use salaries as proxy for consumer income. In particular, the survey of CEOs and business owners conducted by the Gradus and the Kyiv School of Economics. By May 13, 2022 the results of this survey are the following. 22% of businesses remained inactive from April 12 to April 22. 71% of all inactive businesses did not pay salaries to their employees. Among operational businesses (78% of all businesses), if we exclude the category that responded with "difficult to respond," 23% are not paying salaries. Approximately 36% of employees lost their jobs and now have to rely

on unemployment benefits instead of the salary. Unemployment benefits range from 650 UAH to 10,000 UAH, with the average benefit of approximately 4,000 UAH. Only 26% of operational firms and 6% of inactive firms keep paying full salaries, and only 2% of companies in each category pay above the pre-invasion level. The remaining respondents indicated one of four levels of salaries related to the pre-invasion levels: up to 30% of the pre-invasion salary, 30-49%, 50-69% and 70-99% of the pre-invasion salaries. The average salary in Ukraine for November 2021 – January 2022 was 15,438 UAH per month (according to SSSU). Using these data and the survey above described, we conclude that the average earnings of people who were employed before the invasion decreased to 10,155 UAH per month, or by over a third (34% decrease in average nominal earnings, including the employment benefits for those who lost the job).

#### **METHODOLOGY APPLIED FOR ESTIMATING FOOD AVAILABILITY**

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. Food availability is calculated as the average number of food items available within food categories of the consumption basket (see the section above on the food categories) across the stores.

The respective authors are responsible for the content of their publications.

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

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