



FOOD SECURITY AND POLICY REVIEW IN UKRAINE

Marginal improvement by mid-July

August 12, 2022

ISSUE PREVIEW

By mid-July, food affordability in Ukraine improved after a noticeable decrease in June. Supply of the new harvest of vegetables increased, leading prices for vegetables, which suffered a significant increase in June, to go down in July. The decrease in vegetable prices resulted in an overall lower price of our “basket of goods”. The price of our basket went down in every region of the country, with the largest decrease in regions that suffered from the highest price growth in June.

	FAI	Prices
21.02	0%	0%
22.04	-37.9%	+5.8%
13.05	-37.0%	+4.4%
27.05	-38.5%	+7%
17.06	-40.5%	+10.6%
01.07	-47.6%	+25.7%
15.07	-44.9%	+19.41%

¹ Food Security and Policy Review in Ukraine. Foreword to the series & methodology. https://kse.ua/wp-content/uploads/2022/07/Foreword-to-the-series-and-methodology_eng.pdf

² The constructed basket of products differs from the consumer basket used by the State Statistics Service of Ukraine to estimate food

FOOD AFFORDABILITY INDEX ↑ 5.2% AS COMPARED TO JUNE

The food affordability index (FAI) is estimated as a ratio of the average salary to the price of the basket of food products (see the methodology on our webpage)¹.

Before the RF’s full-scale 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. By July 15, the index dropped to 6.9. It is 44.9% lower than before the war, 10.4% lower than in May, and 5.2% higher than by the end of June. Our estimates show that despite a significant drop in the second half of June, FAI increased by mid-July. It implies that a person with an average income in mid-July could buy 5.2% more food compared with June level.

The main reason for the improvement of FAI is the decrease in the average price for the “basket of goods”². As of July 11-15, the price of the food basket is 5% lower compared to the week ending on July 1. The main reason

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.



for this is the significant decrease in the price of the vegetables of the new harvest. As the supply of early potato, beetroot and cabbage increases, these products' prices start to go down.

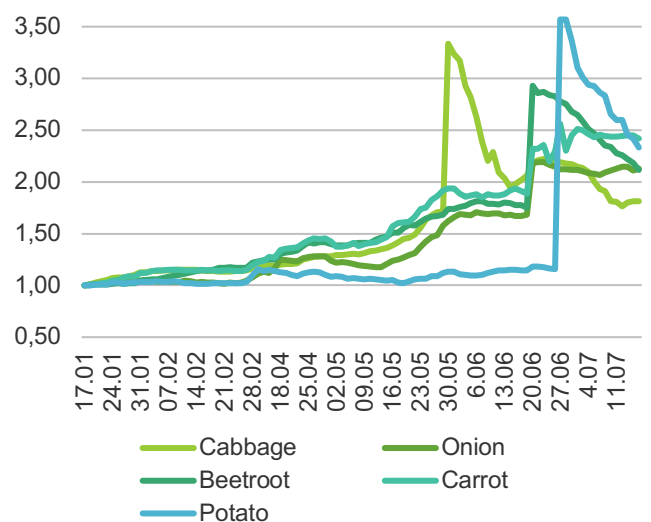
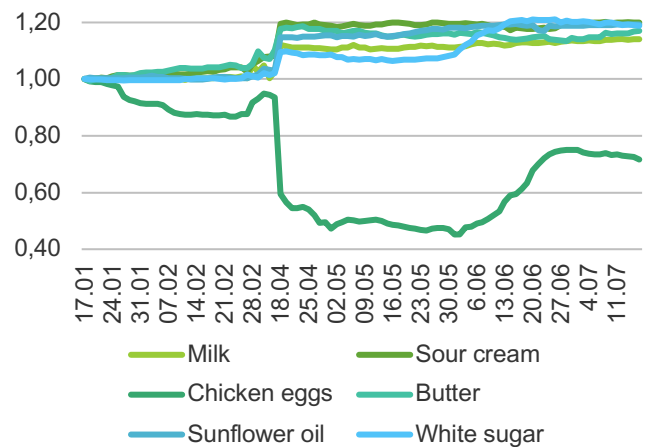
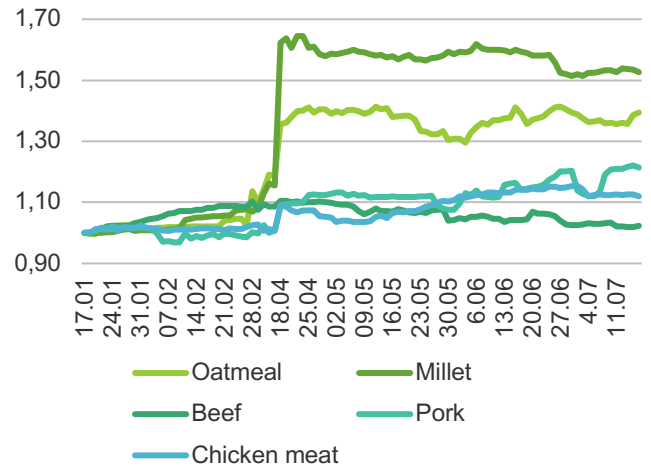
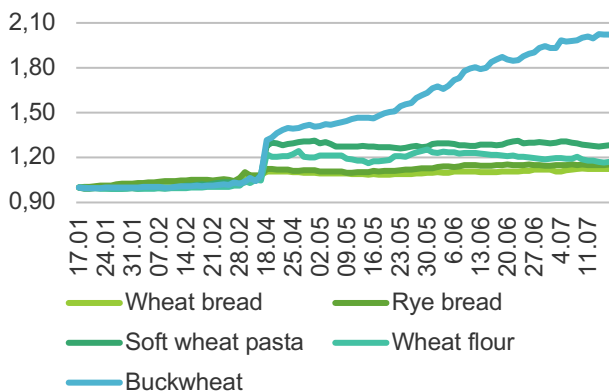
The price of the basket of goods decreased in every region of the country. The highest reduction in the basket's price is observed in Kharkiv, Zhytomyr, and Vinnytsya regions (-8.2%, -7.5%, and -7.1%, respectively). A region with the least price decrease is the Kherson region (-1.7%), which also experienced the lowest price growth in June. No information is available for the two regions partially occupied by the RF's army – Donetsk and Luhansk regions.

DOMESTIC FOOD PRICES ↓ VEGETABLES

On July 11-15, compared to June 27 – July 1, the most noticeable price decrease was observed for potato (-25.4%), beetroot (-17.8%), cabbage (-16.8%), and chicken eggs (-2.82%). Products that experienced a price increase at the national level over this period are buckwheat (+4.5%), pork (+3.4%), and butter (+2.3%). No significant change in prices for other products was observed.

The main reason for this significant decrease in vegetables' price is seasonality. Vegetables experienced a substantial price increase in June because of the early vegetables of the new harvest. In July, on the other hand, their prices started to fall as more and more vegetables of the new harvest began to appear on the shelves.

Indices of average daily price (with the base date of January 17) changes in Ukraine are presented in the figures below.



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

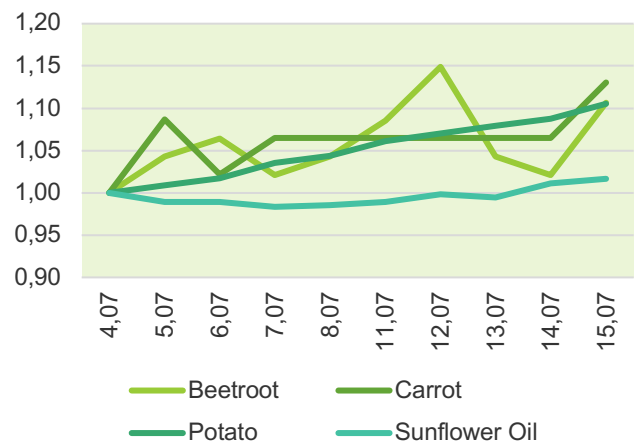
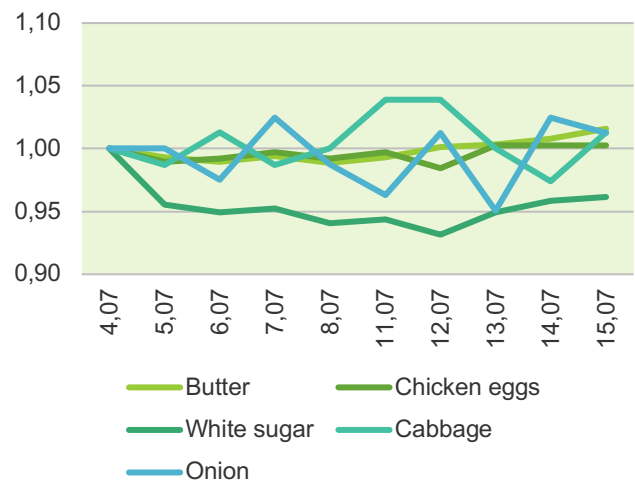
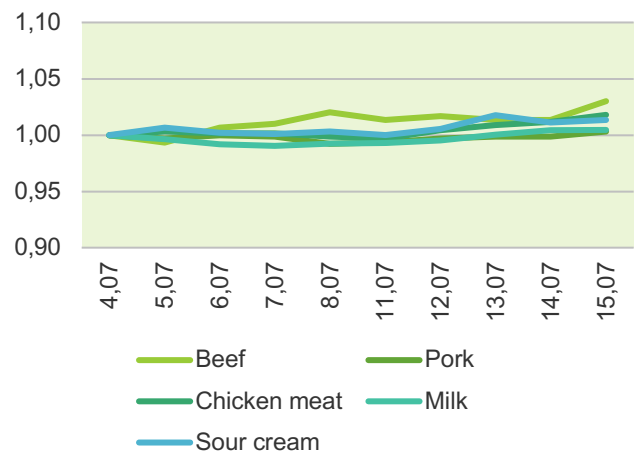
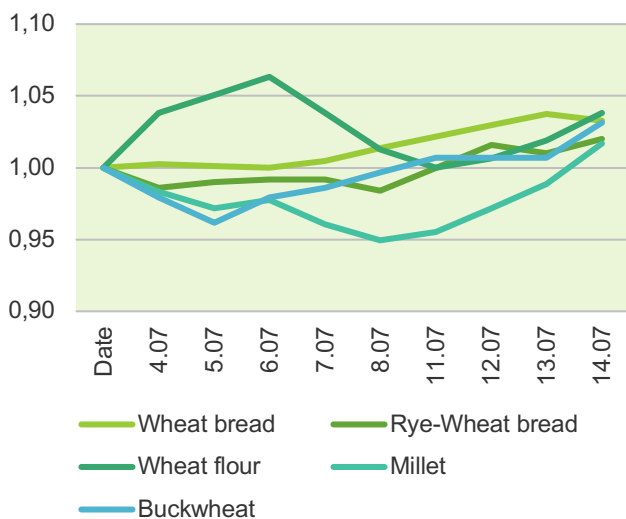


FOOD AVAILABILITY ↑ MARGINAL IMPROVEMENT AT A NATIONAL LEVEL

Besides the food prices, we also monitor the situation with the physical food availability. We are measuring the changes in the assortment of food products by regularly estimating the average number of food products available within one food product group. Tracking change of this number allows to assess change in physical availability of different food groups across the country.

As of July 15, compared to July 4, the noticeable increase in assortment of food products was observed in Chernihiv (+3.4%), Ivano-Frankivsk (+3.4%), and Poltava (+6.1%) cities. In other cities, no significant change was observed over the period of July 4 – July 15. No data for Donetsk and Luhansk regions is available.

As of July 15, as compared to July 4, there was an increase in the availability of vegetables. Increase was observed for carrot (+13.0%), beetroot (+10.6%) and potato (+10.5%). The main reason for this is the arrival of new harvest to the stores. On the other hand, the number of white sugar positions available on the shelves decreased by 3.9%. For other categories of products, no significant change has been observed. Graphs below demonstrate daily changes in the number of product assortment available in Ukraine.



Note: Vertical axis indicates indices of daily change in average number of products within a food category in all of the retail stores analysed (with the base date of May 29th)
 Source: own estimations based on data collected from websites of food retail chains.



AGRI & LAND POLICY

On July 15, as compared to July 1, changes were made to the existing legislation, new procedures and requirements were approved, in particular:

on July 12 procedure for providing grants for horticulture, production of berries, and viticulture was approved.³ Criteria for selecting farmers who will receive these grants were approved, as well as the typical contract form. The same procedure, criteria, and typical contract form were approved for providing grants for the creation or development of greenhouses.⁴

On July 6, the standard project of a modular greenhouse was approved to facilitate this procedure⁵. Candidates' projects for both greenhouses grants and horticulture, berry growing and viticulture grants are reviewed by the expert group of the Ministry of Agrarian Policy and Food of Ukraine on compliance to the approved criteria. Criteria for greenhouses include:

- Total greenhouse area should be between 1.6 ha and 2.4 ha;
- Greenhouse should have a modular structure with a metal frame, covered with 150-200 micron film and have a water intake and irrigation system;
- Greenhouse should be designed for fruits, berries, vegetables, or flower cultivation.

Criteria for horticulture, production of berries, and viticulture grant include requirements for the amount of planting material per hectare and the size of the plot (defined separately for each crop), the availability of

irrigation and water intake, as well as compliance with the land plot type.

Projects which do not meet one or more of the criteria are refused.

Also on July 12, a draft of the requirement to ensure the welfare of animals during killing was prepared as a part of a plan of measures for the implementation of the Association Agreement between Ukraine and the European Union.⁶ These requirements apply to vertebrates, other than reptiles, amphibians, poultry, rabbits and hares, which are killed by owners for their consumption.

Requirements that ensure the welfare of animals during killing include:

- Animals must be spared unnecessary pain, suffering, stress, or exhaustion during the killing and related operations.
- Animals are killed only after stunning. Stunning methods should ensure the unconsciousness of animals and their loss of sensitivity until the moment of death of animals
- Killing of animals, except for fur animals, and related operations should be carried out only by persons with the appropriate level of competence, who have successfully completed training conducted by the competent authority, educational institutions of the relevant profile, as well as organizations (associations, associations) of meat producers.

³ Some issues of the implementation of the Procedure for granting grants for the creation or development of horticulture, berry growing and viticulture, approved by the decision of the CMU of June 21, 2022 п. 738 (Деякі питання реалізації Порядку надання грантів для створення або розвитку садівництва, ягідництва та виноградарства, затвердженого постановою КМУ від 21 червня 2022 номер 738) <https://minagro.gov.ua/npa/deyaki-pitannya-realizaciyi-poryadku-nadannya-grantiv-dlya-stvorenniya-abo-rozvitku-sadivnictva-yagidnictva-ta-vinogradarstva-zatverdzhenogo-postanovoyu-kabinetu-ministriv-ukrayini-vid-21-ch-2>

⁴ Some issues of the implementation of the Procedure for granting grants for the creation or development of greenhouses, approved by the Resolution of the CMU of June 21, 2022 п. 738 (Деякі питання реалізації Порядку надання грантів для створення або розвитку тепличного господарства, затвердженого постановою КМУ від 21

червня 2022 №738.) <https://minagro.gov.ua/npa/deyaki-pitannya-realizaciyi-poryadku-nadannya-grantiv-dlya-stvorenniya-abo-rozvitku-teplichnogo-gospodarstva-zatverdzhenogo-postanovoyu-kabinetu-ministriv-ukrayini-vid-21-cherwnya-2022-roku-73>

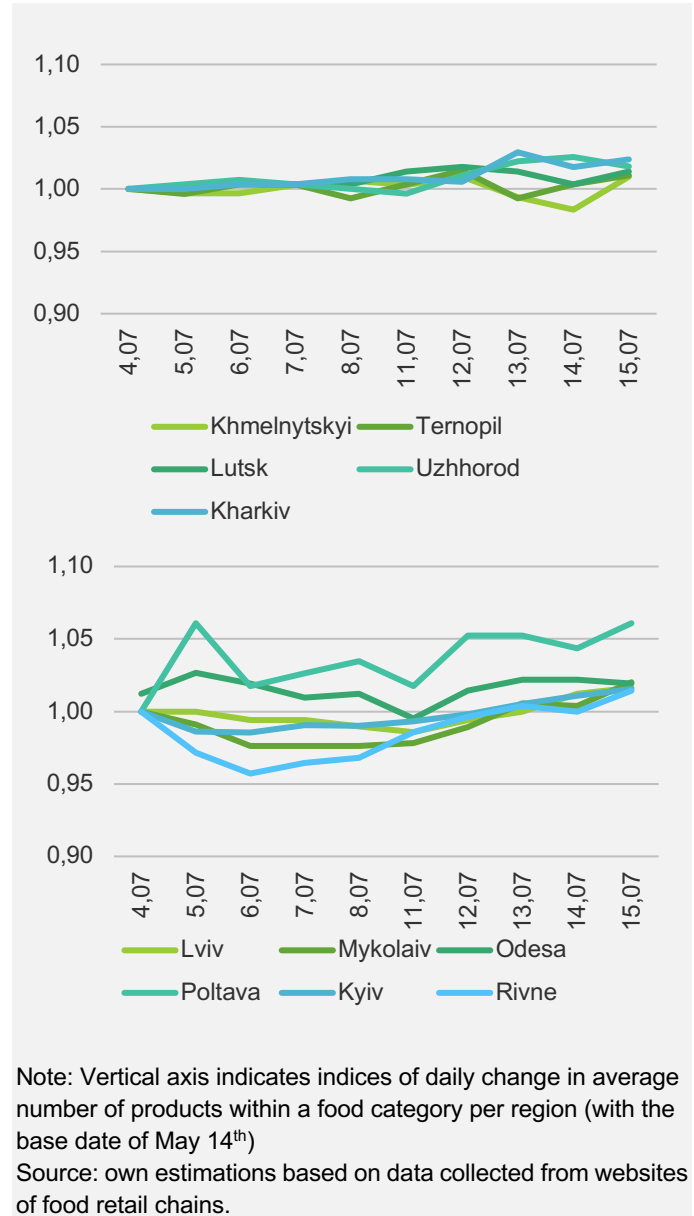
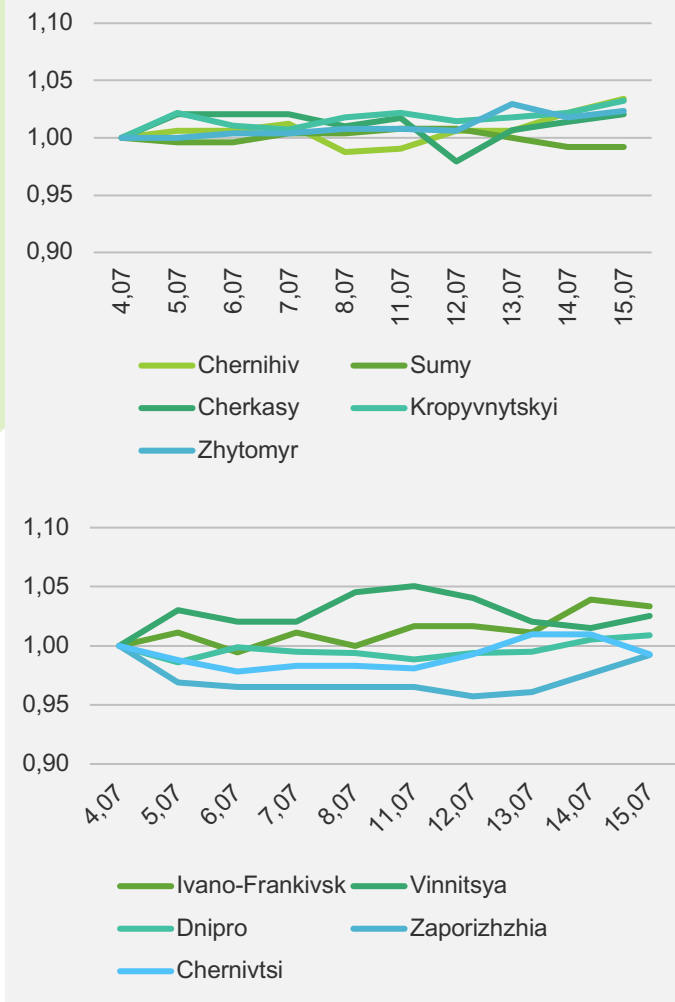
⁵ Approval of a typical project of a modular greenhouse (Про затвердження типового проекту модульної теплиці) <https://minagro.gov.ua/npa/pro-zatverdzhennya-tipovogo-projektu-modulnoyi-teplicy>

⁶ On the approval of the Requirements for ensuring the well-being of animals during killing (Про затвердження Вимог до забезпечення благополуччя тварин під час умиртвіння) <https://minagro.gov.ua/npa/pro-zatverdzhennya-vimog-do-zabezpechennya-blagopoluchchya-tvarin-pid-chas-umertvinnya>



ANNEX

Daily change in the average number of products assortment available per region:



Note: Vertical axis indicates indices of daily change in average number of products within a food category per region (with the base date of May 14th)
 Source: own estimations based on data collected from websites of food retail chains.

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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