

RIPPLE EFFECTS OF THE CONFLICT IN UKRAINE: TRUTHS & MYTHS

What does data tell us about the secondary effects of the 2022 Russian invasion of Ukraine on economies in the Middle East, Africa, and Asia?



OVERVIEW

This report provides a commentary on relevant datasets (mainly on food prices and food inflation) as it examines trends related to the economic effects of the 2022 Russian invasion of Ukraine on selected countries in the Middle East, Africa, and Asia. ACAPS assessed publicly available information and data on the economic impacts of the war resulting from supply chain disruptions, comparing different sources and datasets and highlighting any similarities or contradictions. The methodology behind the datasets and analyses assessed was considered in the commentary, whenever available.

ACAPS has cross-checked information shared in media articles and reports by humanitarian organisations with data analysis findings to determine whether the economies of selected countries were truly impacted by the effects of Russian invasion of Ukraine on global supply chains and to what extent. Many countries in Africa, Asia, and the Middle East have shown an increase in commodity prices following the start of the invasion, but this increase has either lasted between March–May only or followed the price trends observed for the same period in previous years. Only the economies of a few countries stood out as having truly been affected by the conflict in Ukraine: highlighted in this report are Lao and Zimbabwe.

Many of the secondary data sources that ACAPS has looked at for this report only provided an analysis of the period following the start of the invasion on 24 February, without taking into account price trends over the years and pre-existing humanitarian crises and challenges that countries in Africa, Asia, and the Middle East have already been facing for years.

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SUMMARY OF KEY FINDINGS

The following are ACAPS' **GENERAL KEY FINDINGS**, based on information and data analysis of the impact of the Russian invasion of Ukraine on countries in Africa, Asia, and the Middle East:

- The economic impact of the war in Ukraine as depicted in media articles and some reports by humanitarian organisations seems exaggerated when cross-checking the secondary data review with data related to the prices of commodities, inflation rates, dependency on imports from Ukraine and Russia, and information on pre-existing humanitarian crises affecting those countries.
- Most publicly available reports focus on international price hikes that occurred in the wake of the Russian invasion of Ukraine in February, showing 'spikes' and 'skyrocketing prices' but overlooking longer trends over the years and pre-existing crises affecting the countries.
- Prices of commodities such as fuel and wheat flour in selected countries have been rising since at least 2020 and not only following the Russian invasion of Ukraine. The price of gas spiked in Lebanon in June 2021, while the prices of petrol and fuel started to clearly increase in Somalia since January 2022, and wheat flour in April 2020.
- There is only a mild correlation between the deterioration of humanitarian crises (according to the INFORM Severity Index) and the dependency of countries in Africa, Asia, and the Middle East on wheat imports from Ukraine and Russia over January–June 2022.

The following are **COUNTRY-SPECIFIC KEY FINDINGS** from ACAPS' review and analysis:

- Wheat and other food item prices in **MOZAMBIQUE** show that there is hardly any correlation between the 2022 Russian invasion of Ukraine and the change in some of these prices. Wheat is not a staple food in Mozambique, and its prices had already been set to increase in January, before the start of the Russian invasion of Ukraine.
- The 2022 Russian invasion of Ukraine might have aggravated a three-month increase in wheat flour prices in **AFGHANISTAN**, but it is hardly a main driver. Actual spikes in wheat flour prices started with the Taliban takeover in August 2021, in addition to other factors that contributed to the deterioration of humanitarian conditions in the country, such as severe drought and climate shocks, food insecurity, economic shocks, constrained access to services, and protection concerns.
- Some reports assessing the impact of the 2022 Russian invasion of Ukraine on **SOMALIA** cite it as one of the main drivers of the food insecurity crisis in the country. When examining data and information more in detail, the conflict in Ukraine appears to be an aggravating factor rather than a driver. There was a minimal increase in inflation rates between February–June. Wheat flour prices only increased by 9% between February–June 2022, compared to a 31% and 12% in the same period in 2020 and 2021.
- The invasion of Ukraine, global supply chain disruptions, and the increase in global energy prices have contributed to a spike in inflation rates and fuel prices in **LAO**. The price of diesel spiked by 35% between February–April, compared to 2% and 16% in the same period in 2021 and 2020 respectively.
- The impact of the 2022 Russian invasion has contributed to a worsening economic situation in **ZIMBABWE**. Prices of many commodities such as diesel, petrol, beans, sugar, rice, and salt have spiked in April 2022 and continue in an upward trend.

LESSONS LEARNT AND RECOMMENDATIONS FOR DATA ANALYSIS

- Secondary data analysis (using both economic and contextual information) is recommended to complement economic trend analysis and explain the drivers of inflation or hyperinflation in certain contexts.
- Triangulation and cross-checking between publicly available secondary data analysis and primary data is essential for understanding the current global economic situation and national economies' trends.
- For **YEMEN** and **LEBANON**, the monitoring and analysis of the flow of imported goods, such as fuel and other essential food items, and reported end user consumer prices requires knowledge of data limitations and how to reconcile separate datasets. Triangulation checks are also necessary to determine the accuracy of available data.

BACKGROUND

Ukraine's and Russia's exports

Following the Russian invasion of Ukraine that began in February 2022, Ukraine's main ports stopped operating, posing a challenge to the export of commodities such as wheat. Ukraine started exporting using trains and small ports overseeing the Danube River, which implied smaller amounts of exports and higher transportation costs (Euro News 08/05/2022; Reuters 03/05/2022). Ukraine also could not access large amounts of its wheat in areas controlled by the Russian military, reducing its ability to export wheat and other grains (Al Jazeera 09/06/2022; NYT 05/06/2022).

Russia's exports – mainly oil, wheat, and fertilisers – have also been disrupted by sanctions imposed by the US and EU, resulting in increased inflation rates and price hikes of basic commodities. Russia is considered the largest exporter of gas in the world and the second-largest exporter of crude oil (WE Forum 01/04/2022; IEA accessed 29/06/2022 and 21/03/2022; Al Jazeera 17/03/2022). The country is also the largest exporter of wheat, contributing 18% of global wheat shipments (World Grain 18/04/2022; OEC accessed 29/06/2022; Al Jazeera 17/02/2022). Ukraine accounted for about 9% of the global wheat supply in 2021 (Statista 18/08/2022). Ukraine and Russia combined are the source of 30% of wheat, 30% of barley, 20% of corn, and 75% of sunflower oil global exports (TRAFO 19/05/2022; Forbes 27/06/2022).

Sanctions on Russia

Just after the announcement of international¹ sanctions on Russia, the price of an oil barrel exceeded USD 100 on 24 February, while the price of natural gas increased by 62% – levels unseen since the 2014 economic crisis (CNBC 23/02/2022; Business Insider 17/02/2022). The price of grains and fertilisers has also increased alongside the cost of food production, making them inaccessible to more people and worsening food insecurity levels (FAO 09/06/2022; IFPRI 25/04/2022; CNBC 22/03/2022).

UN-backed grain shipment deal

On 22 July, Russia and Ukraine signed a UN-backed deal to resume grain shipments and reopen blocked Black Sea delivery routes (UN 23/07/2022; Al Jazeera 22/07/2022). Grain shipments from Ukraine have faced several issues after the deal, such as increased shipping and insurance costs and logistical delays, which have resulted in increased wheat prices for consumers in the importing countries. Shipping costs had already started to increase in 2020 because of the impact of COVID-19 on supply chains, but the conflict in Ukraine has aggravated the issue with the global increase in fuel prices (DW 22/08/2022; UNCTAD 28/06/2022 and 28/06/2022 b; UBS 26/07/2022). Insurance companies have already lost USD 5 billion as a result of cargo ships trapped in Ukraine between February–July (The Guardian 26/07/2022; FT 13/06/2022). Between 30 October and 2 November, the deal was suspended, and Russia halted grain shipments from Black Sea ports following the intensification of fighting in Sevastopol, Crimea (BBC 29/10/2022; AP 31/10/2022; Al Jazeera 02/11/2022).

¹ Several countries have imposed and continue to impose sanctions on Russia following the start of the war in Ukraine on 24 February, including Australia, Canada, the EU, Japan, the UK, and the US.

DATA COMMENTARY

When comparing information obtained from publicly available sources with ACAPS' data analysis of food and energy prices, some countries showed a worsening economic situation following the start of the 2022 Russian invasion, including Lao, Sri Lanka, and Zimbabwe. For some other countries, including Afghanistan, Lebanon, Mozambique, Somalia, and Yemen, the increase in food and energy prices either happened over March–May and dropped again in June–July, or it was not significantly higher compared to the same periods in 2020 and 2021. The increases observed were often in the range of prices for that time of the year. Also, when comparing the increase percentage in prices between January–May 2022 with the same period in 2021 and 2020, a spike in prices was not noticed, but rather a normal increase and sometimes even a decrease, such as in Yemen.

The secondary data review identified the closure of bakeries, people standing in line for bread or fuel, food shortages, electricity blackouts, and disruptions to water trucking services as problems faced by people in countries such as Lebanon, Somalia, Syria, and Yemen. The causes of these problems are attributed to internal and international economic instability and supply chain disruptions caused by the 2022 Russian invasion of Ukraine and the COVID-19 pandemic. However, when viewing such events in context, they can no longer be presented solely as a secondary impact of the war in Ukraine because many countries have been experiencing these problems for years.

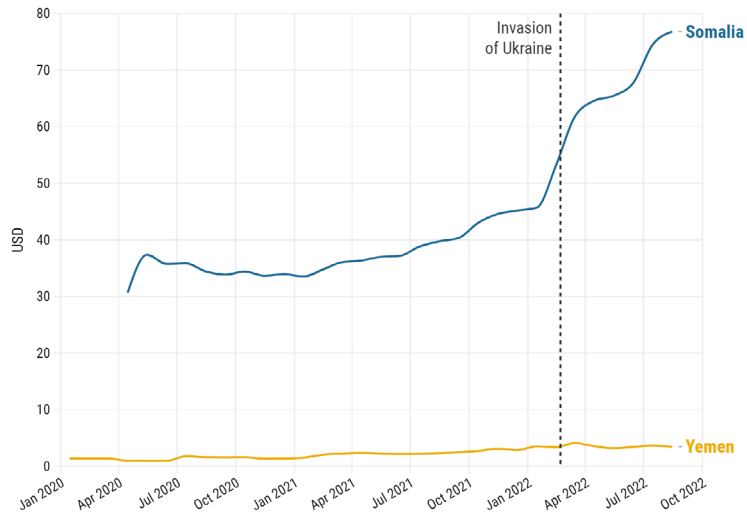
Some countries stood out as having truly faced an economic deterioration, a spike in inflation rates, and an increase in the cost of living since March. The economic situation has worsened in countries such as Lao, Sri Lanka, and Zimbabwe because of a decline in foreign reserves or a spike in inflation rates caused by debt distress and the impact of the COVID-19 pandemic, among other political and economic issues. The situation in these countries seems to have been greatly aggravated by the start of the Russian invasion in 2022. It is important to note that global prices of wheat and cooking oil have decreased and returned to pre-war levels elsewhere but continue to be high in several countries where data shows that the economy was truly affected by the disruption in the global supply chain of grains and oil.

Prices trends

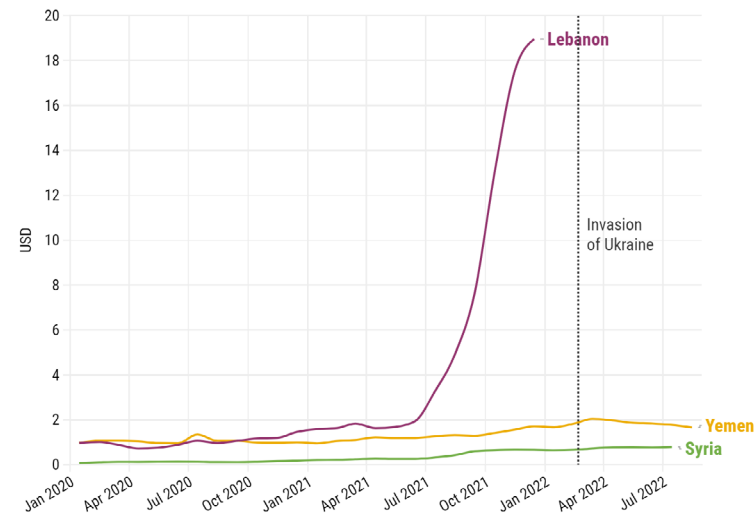
The following charts show available price data for key commodities (petrol, diesel, gas, and wheat flour) impacted by the disruption of the supply chain in the countries analysed. In general, trends have been going upwards since at least January 2020, but some price spikes can be observed: petrol and fuel in Somalia in January 2022, gas in Lebanon in June 2021, and wheat flour in Somalia in April 2020. These spikes happened before the 24 February Russian invasion of Ukraine, and all are linked to context-related factors. There are some unique cases where commodity prices have seen a decrease in 2022, against the global trend, such as petrol, diesel, gas, and wheat in Yemen in March 2022.

Graphs 1,2,3, and 4: the prices of petrol, diesel, gas, and wheat flour have been rising since at least January 2020, coinciding with the beginning of the COVID-19 pandemic and long before the Russian invasion of Ukraine.

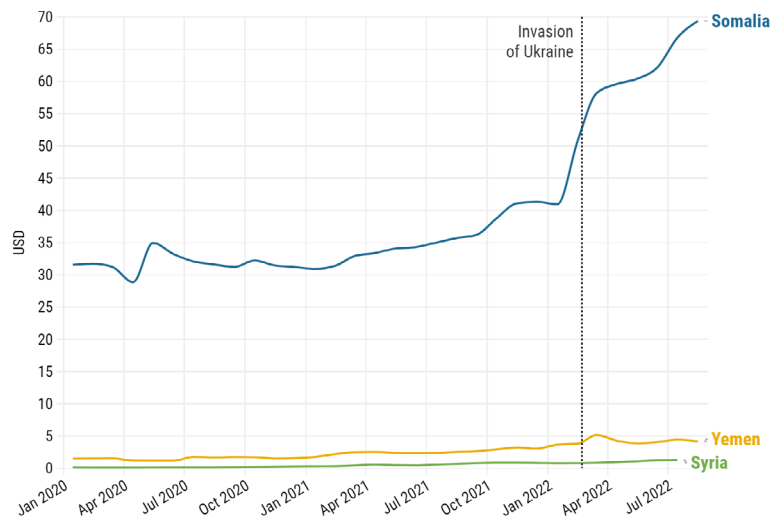
Average price of petrol (USD) per litre since 2020 in selected countries



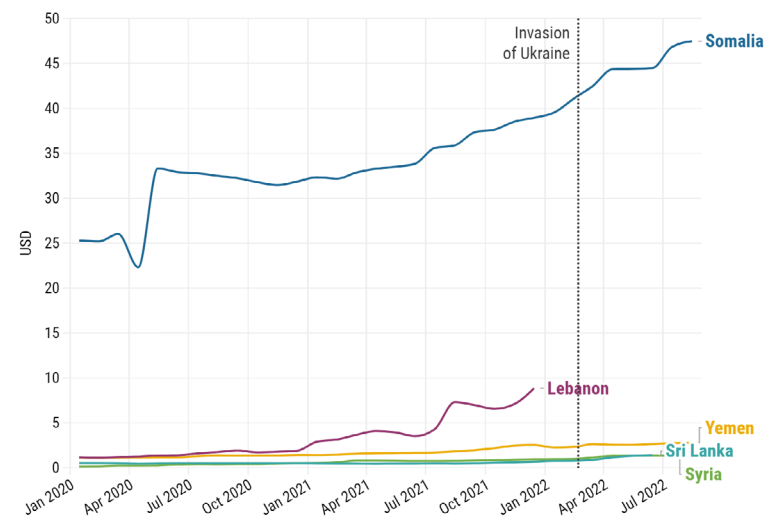
Average price of gas (USD) per kilogram since 2020 in selected countries



Average price of diesel (USD) per litre since 2020 in selected countries



Average price of wheat flour (USD) per kilogram since 2020 in selected countries

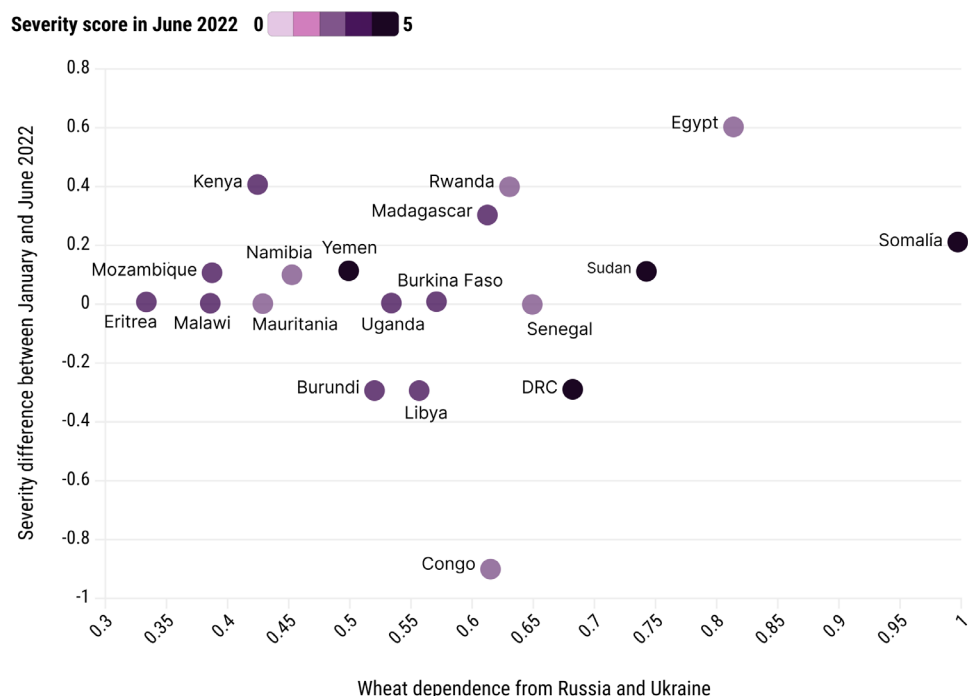


Disclaimer: data for Lebanon is available until December 2021.

Source: OCHA accessed 05/10/2022 a; OCHA accessed 05/10/2022 b; OCHA accessed 05/10/2022 c; OCHA accessed 05/10/2022 d; OCHA accessed 05/10/2022 e

When running an analysis of the data available for 19 countries (graph 5) in Africa and the Middle East from ACAPS' INFORM Severity against another dataset from UNCTAD about dependency on wheat imports from Ukraine and Russia, only a mild correlation (nearly 15%) can be noticed between a deterioration of the level of severity of some humanitarian crises in those countries since February 2022 and their wheat dependence on Russia and Ukraine. This is the case for Somalia, Sudan, and the Democratic Republic of Congo (DRC). There is also no indication that the cause of this mild deterioration in severity is related to wheat dependency. The deterioration in Somalia, for example, is mostly driven by the worsening drought and increased violence by Al-Shabaab. In Sudan, it is related to political issues and increased intercommunal clashes. In DRC, it is mostly caused by the escalation of fighting in some provinces, especially between the M23 armed group and government forces in eastern DRC.

Graph 5: data analysis from ACAPS' INFORM Severity against UNCTAD wheat dependency data shows only a mild correlation between the deterioration in the level of severity of some humanitarian crises since February 2022 and their wheat dependence from Russia and Ukraine exports.



Source: ACAPS using data from ACAPS accessed 07/2022 and UNCTAD 16/03/2022

It is important to keep in mind that one set of data alone cannot show the economic impact of the disruption of global supply chains on a country. Data must be cross-checked with relevant information and datasets on the specific context. For example, a disruption in wheat supplies does not affect countries where wheat is not a staple food (such as Mozambique and Sri Lanka) as much as it does countries where it is a key staple food (such as Lebanon).

Based on research, information and data analysis, and meetings with key informants, ACAPS compiled a list of indicators that can be considered when determining the economic impact of the war in Ukraine on countries in Africa, Asia, Latin America, and the Middle East. The analysts used this list during the initial research and analysis of contexts in several countries.

ACAPS' framework for evaluating the impact of the Russian invasion of Ukraine on other countries is provided in the Annex section of this report.

FINDINGS ON COUNTRY-SPECIFIC DATA

The economic impact of the war in Ukraine on **Afghanistan, Mozambique, and Somalia** as depicted in media articles and some reports by humanitarian organisations seems exaggerated when cross-checking the secondary data review with data related to the prices of commodities, inflation rates, dependency on imports from Ukraine and Russia, and the pre-existing vulnerabilities of those countries. For **Lao and Zimbabwe**, the impact of the 2022 Russian invasion on supply chains and the increase in the global prices of grains and energy have contributed greatly to triggering an economic deterioration.

Lebanon and Yemen were already experiencing a volatile economic situation. Both countries presented similar difficulties in the analysis of the impact of international market dynamics and their interaction with the local markets.

As Lebanon and Yemen are net fuel import countries, access to credible import data is key for the analysis of local consumer prices. Through the monitoring of import data and both international and local fuel prices, a clearer understanding of the impact of international market developments and their interaction with local market dynamics can be obtained. This is particularly useful during sudden changes to international supply and price dynamics (e.g. huge drop in international oil prices in March–April 2020) or prolonged international price volatility (e.g. following the Russian invasion of Ukraine in February 2022). For Lebanon and Yemen, information gaps and data constraints limit the nature and extent of the analysis, with a significant input of time and resources needed to address these constraints. Both countries also present similar analytical constraints in monitoring and evaluating the cost of importing other key commodities, such as wheat, as well as the analysis and contextualisation of local fuel price dynamics.

Mozambique

ACAPS' data analysis of wheat and other food item prices shows that there is hardly any correlation between the 2022 Russian invasion of Ukraine and the change in some of these prices.

Secondary data review

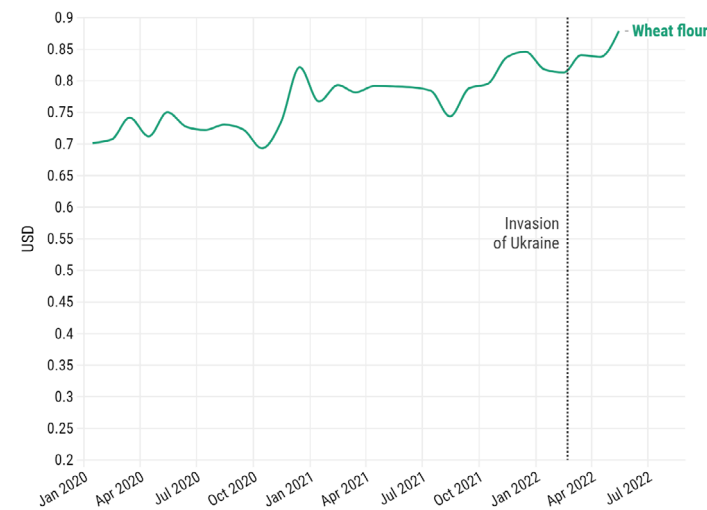
Reports and media articles consistently present Mozambique as one of the countries facing a high risk of social and political upheaval because of soaring food and energy prices resulting from the impact of the war in Ukraine (MNA 18/05/2022; Club of Mozambique 11/07/2022). However, there is no data available specifically on what food item prices are increasing and by how much; the only information available is related to imports. UNCTAD mentions that Mozambique imports nearly 40% of its wheat from Ukraine and Russia – most of it from Russia (UNCTAD 16/03/2022). FAO also reports that wheat supplies from Russia and Ukraine account for 38% of Mozambique's total wheat imports (FAO 16/08/2022). FEWS NET mentions an increase in oil prices in May caused by the global market price increases of cooking gas (6%), gasoline (8%), diesel (11%), and paraffin (43%). They also report that prices of some basic products and services, such as bread and transport, have increased as a result (FEWS NET 01/06/2022).

ACAPS' analysis

Wheat is not a main staple food in Mozambique; cassava, maize, rice, groundnuts, and pulses are staple foods (FEWS NET 18/01/2019). One of the main food processing companies in the country announced its decision to increase the price of wheat by 11% on 12 January 2022, prior to the start of the Russian invasion, ascribing this decision to an increase in the global prices of food and energy caused by the COVID-19 pandemic (MNA 18/01/2022; all Africa 18/01/2022). When comparing 2022 prices of wheat flour with previous years, it becomes hard to argue that the war in Ukraine has caused a surge in the global prices of wheat flour. Prices increased by almost 5% (from USD 0.84 to USD 0.88 per kg) between March–May 2022. The actual increase happened between August–December 2021 when wheat flour prices spiked by 15% (from USD 0.74 to USD 0.85 per kg). Before that, prices had increased by 19% (from USD 0.69 to USD 0.82 per kg) between October–December 2020. The prices of other food items, such as beans, maize, and rice, actually decreased between March–May (OCHA accessed 05/10/2022).

Graph 6: the price of wheat flour has increased following the Russian invasion of Ukraine, but the overall price has been increasing since August 2021.

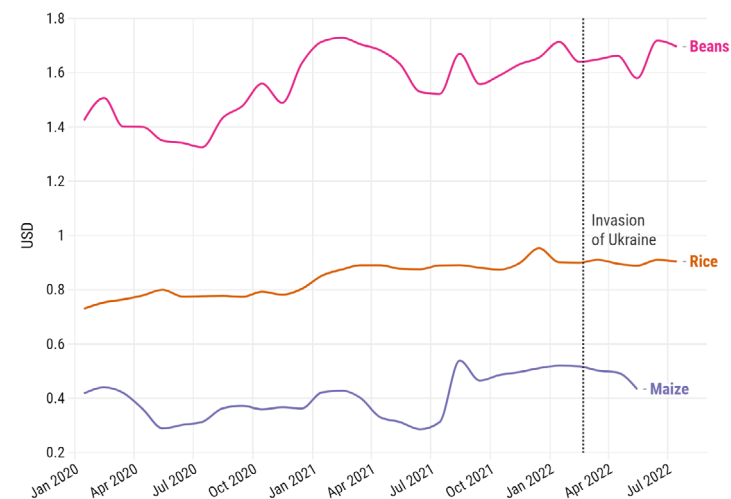
Average price of wheat flour (USD) per kilogram in Mozambique



Source: OCHA accessed 05/10/2022 a

Graph 7: the prices of rice, maize, and beans have been stable or decreasing following the Russian invasion of Ukraine.

Average price of rice, maize, and beans (USD) per kilogram in Mozambique



Source: OCHA accessed 05/10/2022 a

Several factors have contributed to a rise in the prices of some food items prior to or shortly after the start of the 2022 Russian invasion. These include the impact of two cyclones on agriculture at the beginning of 2022, crop losses and delayed harvests in the 2021/2022 agriculture season, poor governance of agriculture policies, and a slowdown in economic growth since 2021 caused by the impact of the COVID-19 pandemic on the economy (WFP 30/06/2022; FEWS NET 01/06/2022; Club of Mozambique 11/07/2022; IMF 04/2022).

Mozambique imports small amounts of crude oil from Russia and is a main producer of natural gas, potentially benefitting from export increases caused by the global energy crisis (Club of Mozambique 28/02/2022; IMF 14/10/2022).

Afghanistan

The 2022 Russian invasion of Ukraine might have aggravated a three-month increase in wheat flour prices, but it is hardly the main driver.

Secondary data review

Drivers of the humanitarian crisis in Afghanistan include persistent severe drought and climate shocks, food insecurity, economic shocks, constrained access to services, and protection concerns (IFRC 11/11/2022). The war in Ukraine continues to be considered an aggravating factor to increased food prices and food insecurity in the country (NPR 09/05/2022; IOM 02/09/2022). An analysis of secondary data shows that the prices of food items have continued to surge after February 2022. The prices of basic commodities, such as wheat flour, rice, oil, and pulses, were 47% higher in April 2022 compared to June 2021 (WFP 19/05/2022; ACAPS 09/09/2022). According to locals and shop owners, the increase for every sack of flour reached up to 9% in May 2022 (Al Jazeera 28/05/2022). Between June 2021 and June 2022, the prices of wheat flour increased by up to 68%, cooking oil by 55%, fertiliser by 107%, and diesel by 93% (ICRC 13/07/2022). After the August 2021 political transition, food prices spiralled as the local currency plummeted under selling pressure and imports from Pakistan declined steeply because of a US dollar shortage that prevented traders from making payments (Nikkei Asia 08/10/2021). While the inflow of US dollars as humanitarian aid helped in stabilising price volatility of essential food and non-food items, increasing global energy prices aggravated by the Russian invasion of Ukraine continue to seep into the domestic economy, resulting in sustained high inflation despite the availability of food in the markets. As these increases had already started in June 2021 and not immediately after the Russian invasion, establishing a link between the two becomes difficult.

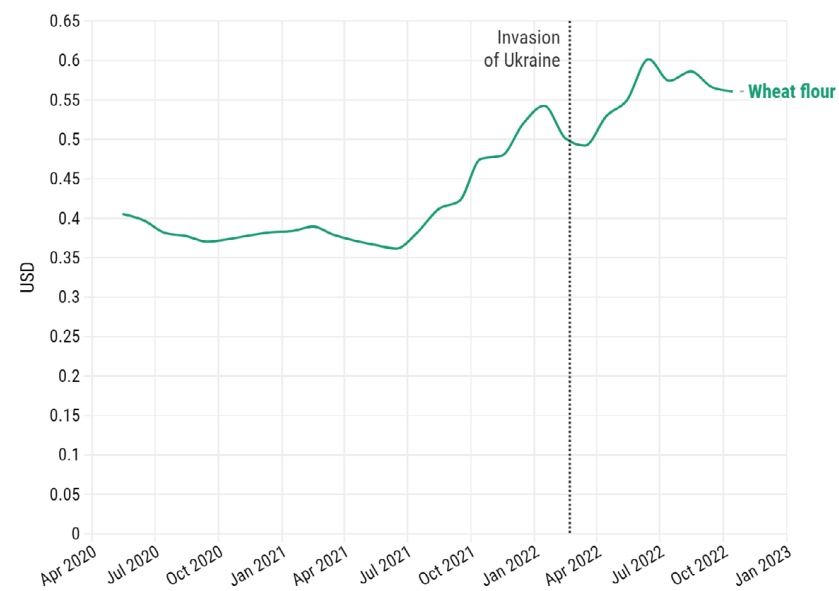
ACAPS' analysis

Although wheat is one of the main staple foods in Afghanistan, most of it is not imported from Ukraine but from Central Asian countries and neighbouring Iran and Pakistan (ANI 20/03/2022). Afghanistan was the 65th-largest importer of wheat in 2020 (OEC accessed 07/11/2022). Food export bans from those countries to prioritise domestic consumption can cause a rise in wheat and wheat flour prices (IPC 09/05/2022). The prices of wheat flour increased by 5.6% (from USD 0.48 to USD 0.50 per kg) between January–July 2022. In the same period of 2021, the average price was USD 0.37 per kg. The actual rise in wheat flour prices was between June 2021 and January 2022, with a 43% increase (from USD 0.37 to USD 0.53 per kg), coinciding with the start of the Taliban's takeover (OCHA accessed 05/10/2022 b).

The chart below shows that a price spike began after the February 2022 invasion but also that prices had been steadily increasing since June 2021. The war in Ukraine might have only contributed to a three-month increase in wheat flour prices (OCHA accessed 05/10/2022 b).

Graph 8: the price of wheat flour has increased following the Russian invasion of Ukraine, but it had already been on the rise since June 2021.

Average price of wheat flour (USD) per kilogram in Afghanistan



Source: OCHA accessed 05/10/2022 b

Somalia

Some reports assessing the impact of the 2022 Russian invasion of Ukraine on Somalia cite it as one of the main drivers of the food insecurity crisis in the country. However, when examining data and information more in detail, conflict in Ukraine appears to be an aggravating factor rather than a driver.

Secondary data review

The global increase of grain and oil prices and the disruptions to supply chains following the 2022 Russian invasion have worsened the impact of the drought that had started in April 2021. Somalia is 100% dependent on wheat imports from Ukraine and Russia, making it one of the countries most affected by the disruptions to supply chains (UNCTAD 16/03/2022; Statista 05/04/2022; AP 30/05/2022). The source of more than half of the food that Somalia received as aid in 2021 was also from Ukraine (Al Jazeera 24/03/2022; OWP 16/04/2022).

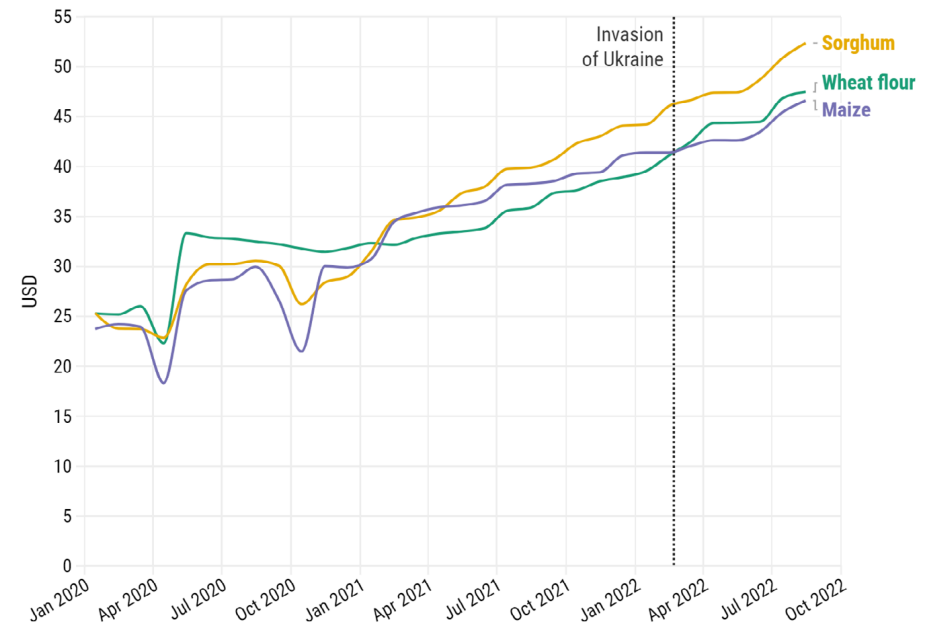
ACAPS' analysis

Prior to the 24 February Russian invasion, Somalia was grappling with increasing food prices and below-average rain. Inflation rates increased from 6.45% in February to 7% in June 2022. A comparison between before and after the start of the invasion shows a minimal increase in inflation that cannot be described as a spike (TE accessed 03/10/2022).

As for food prices, data shows that imported wheat flour prices increased by 9% between February–June 2022 (from USD 40.59 to USD 44.28 per kg). During the same period in 2020 and 2021, wheat flour prices had already significantly increased, by 31% and 12% respectively. The spike in 2020 was probably driven by a fifth consecutive poor or failed harvest, which also caused an increase in the prices of maize and sorghum (FAO 13/09/2022; OCHA accessed 05/10/2022 c). In conclusion, the 2022 increase in food prices, although possibly aggravated by the disruption of the wheat supply chain following the invasion of Ukraine, can hardly be considered a key driver of lack or limited access to food (caused by limited affordability) in Somalia.

Graph 9: the prices of wheat flour, sorghum, and maize have increased following the Russian invasion of Ukraine, but prices had already spiked in May 2020 and have been increasing since then.

Average price of wheat flour, maize, and sorghum (USD) per kilogram in Somalia



Source: OCHA accessed 05/10/2022 c

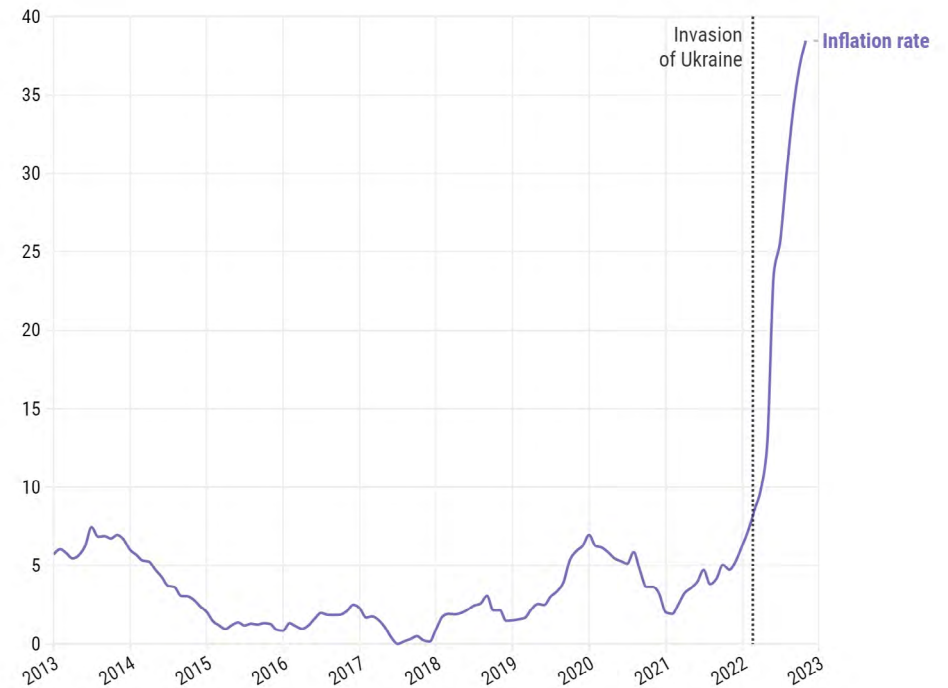
Lao

ACAPS' data analysis shows that the invasion of Ukraine, global supply chain disruptions, and the increase in global energy prices have contributed to a spike in inflation rates and fuel prices in Lao.

Secondary data review

Since early 2022, Lao has been experiencing a debt crisis that could potentially lead to an economic fall similar to Sri Lanka's. The Government has declared that inflation rates reached a 22-year high in June (Vientiane Times 04/07/2022; The Diplomat 06/07/2022). The inflation rate increased from 8.54% in March to 30.1% in August (TE accessed 21/09/2022). The local currency continues to lose its value against the US dollar (CFR 20/07/2022). The country's foreign exchange reserves are very low, leaving the Government with limited ability to import commodities. Shortages of food items in markets and an increase in the prices of available food items and fuel have been reported (DW 09/08/2022; The Diplomat 06/07/2022). According to the Government, fuel prices have increased by 107% and natural gas prices by 70% between January–June 2022. The cost of food, medicine, and other items has also spiked (Vientiane Times 04/07/2022).

Graph 10: inflation rates in Lao over ten years, showing a clear spike in 2022.



Source: TE accessed 21/09/2022

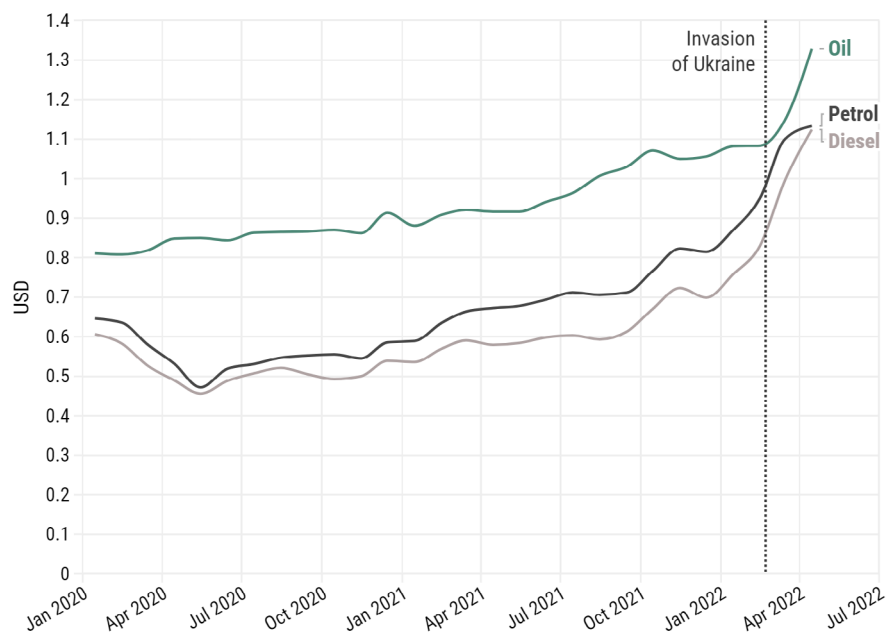
The economic crisis in Lao is driven by several factors, including its large debt to China for the money borrowed to develop infrastructure projects such as hydropower plants and railway lines. The pandemic's impact on the economy has also aggravated the situation (DW 09/08/2022; CFR 20/07/2022; VOA 01/07/2022).

ACAPS' analysis

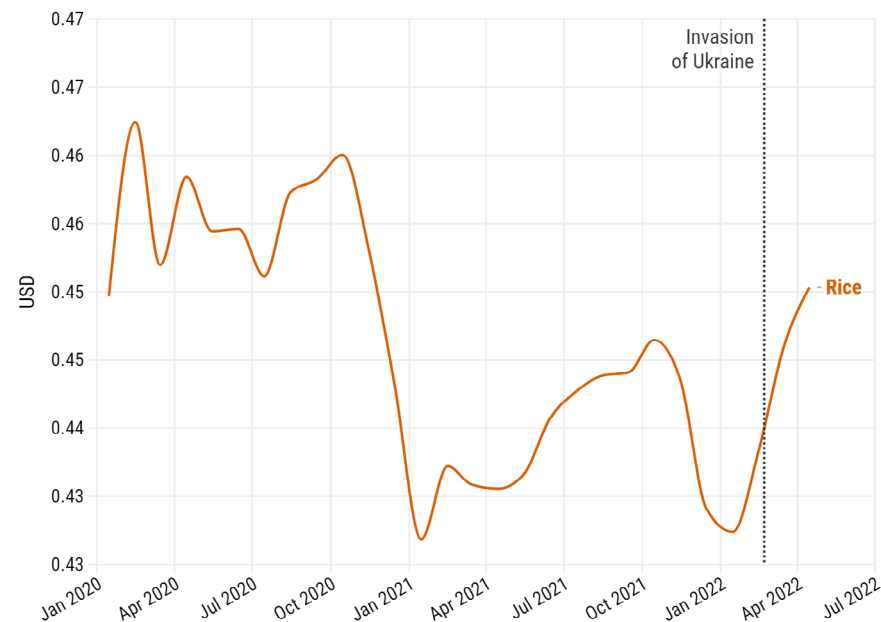
The 2022 Russian invasion, global supply chains disruptions, and the increase in global energy prices have all contributed to a spike in inflation rates and fuel prices in Lao. ACAPS' data analysis is in line with the assumption that the war in Ukraine might have worsened the economic crisis and caused a spike in prices of food and oil. The price of one litre of diesel increased by 35% (from USD 0.83 to USD 1.12) between February–April 2022, compared to a 2% increase and a 16% decrease in the same period in 2021 and 2020 respectively (OCHA accessed 05/10/2022 d).

Graph 11, 12: the prices of oil, petrol, diesel, and rice have been increasing rapidly following the Russian invasion of Ukraine.

Average price of oil, diesel, and petrol (USD) per litre and rice per kilogram in Lao



Average price of rice (USD) per kilogram in Lao



Source: OCHA accessed 05/10/2022 d

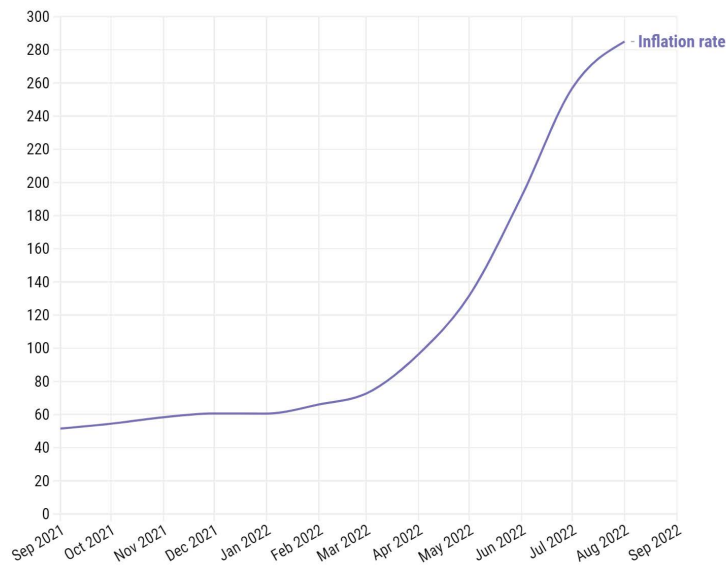
Zimbabwe

ACAPS' data analysis and secondary data review show that the impact of the 2022 Russian invasion has contributed to a worsening economic situation in Zimbabwe.

Secondary data review

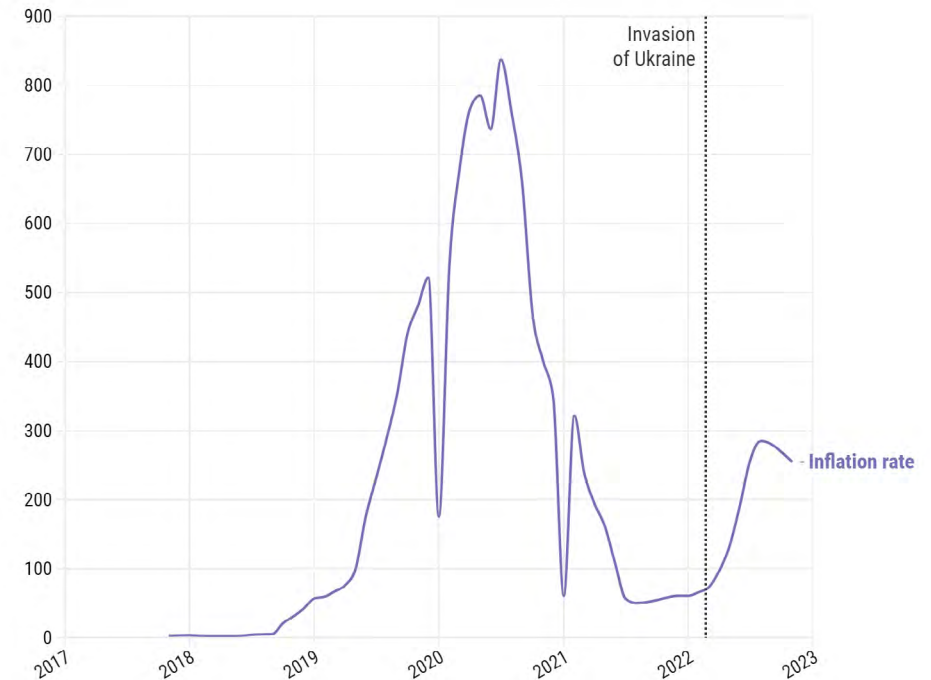
Inflation rates in Zimbabwe started to rise sharply in April 2022, reaching nearly 290% in July, largely because of the global increase in commodity prices and mismanagement of the country's economy (TE accessed 22/09/2022; Al Jazeera 16/09/2022; Bloomberg 26/05/2022). This is not the highest inflation rate recorded in Zimbabwe over the past years. In July 2020, inflation increased by over 800% because of the 2019 drought and the 2020 COVID-19 pandemic, showing how fragile the country can be to global shocks (Bloomberg 20/04/2020; WB 10/06/2021 a; TE accessed 22/09/2022). Considering Zimbabwe's pre-existing hyperinflation and macroeconomic issues, the country's economy was unable to withstand the initial increase in global prices of food and energy after the start of the war in Ukraine. As at September 2022, inflation rates continued to increase sharply. Economists had projected growth for the country's economy in 2022, but the 2022 Russian invasion halted it with the rising global prices of fuel and grains contributing to price hikes of basic commodities across the country (WB 10/06/2021 b; Al Jazeera 23/03/2022). By December 2021, fuel and oil were Zimbabwe's biggest imports, making up nearly 22% of all imports (Al Jazeera 23/03/2022). Zimbabwe does not import Russian fuel, but the impact of the war in Ukraine on global oil prices still affects the country. In 2020, Singapore and South Africa were the top two countries that Zimbabwe imported fuel from (WITS accessed 03/10/2022).

Graph 13: inflation rates over a year in Zimbabwe, steeply rising from April 2022 onwards.



Source: TE accessed 22/09/2022

Graph 14: inflation rates over five years in Zimbabwe, showing a spike in July 2020 caused by the impact of the COVID-19 pandemic.



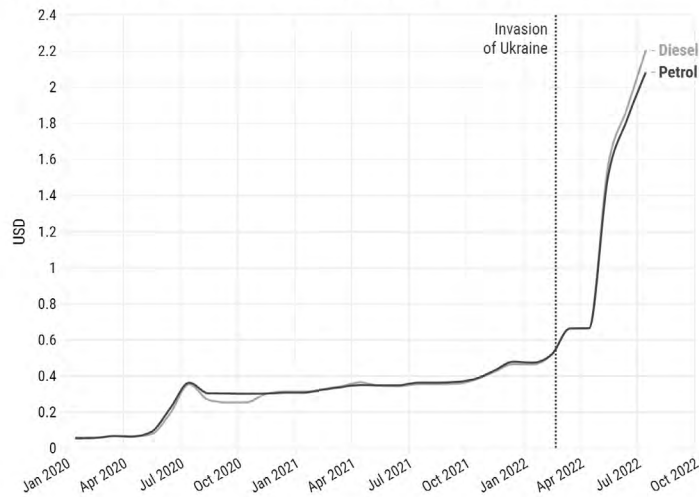
Source: TE accessed 22/09/2022

ACAPS' analysis

The prices of many commodities spiked in April in Zimbabwe. Fuel prices increased by 235% for diesel and 215% for petrol between April–July 2022, compared to a 3% decrease for diesel and a 3% increase for petrol in the same period in 2021. The prices of food items such as beans, fish, cooking oil, rice, salt, and sugar have clearly spiked in April and continue to increase as at the end of July (OCHA accessed 05/10/2022 e).

Graph 15: the prices of diesel and petrol started to increase sharply in April 2022, following the Russian invasion of Ukraine.

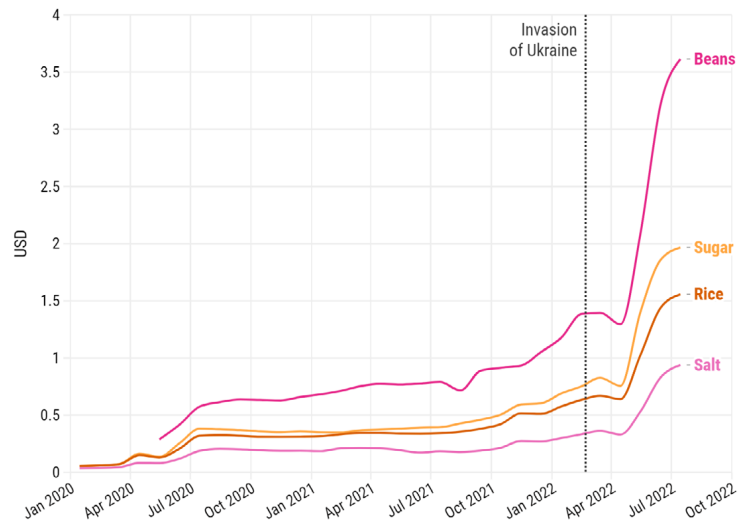
Average price of diesel and petrol (USD) per litre in Zimbabwe



Source: OCHA accessed 05/10/2022 e

Graph 16: the prices of beans, rice, salt, and sugar started to increase in April 2022, following the Russian invasion of Ukraine.

Average price of beans, rice, salt, and sugar (USD) per kilogram in Zimbabwe

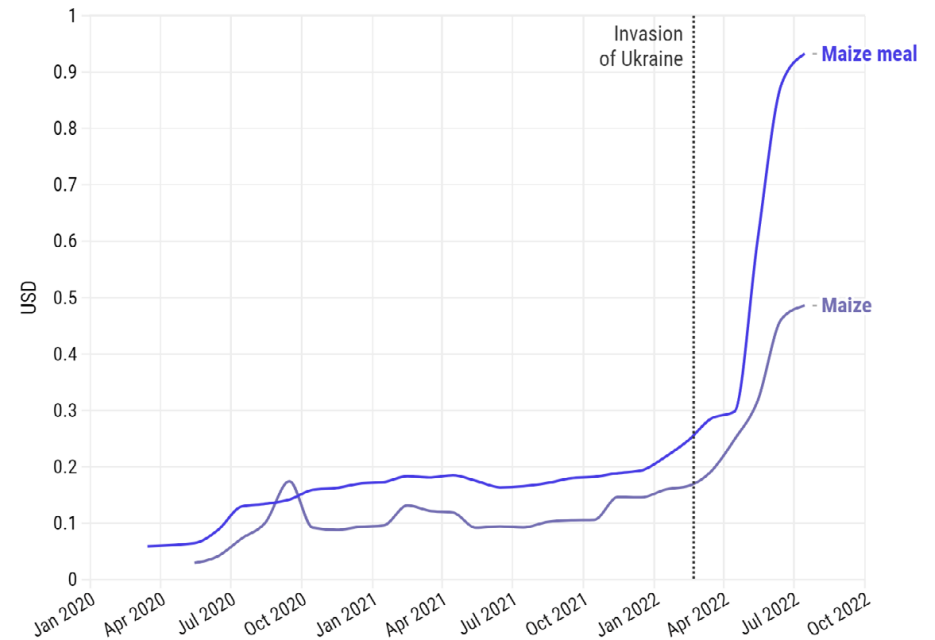


Source: OCHA accessed 05/10/2022 e

The price of maize, a staple food in Zimbabwe, started to increase in 2022 as the year's harvest (November–April) has largely failed because of the lack of rain for three consecutive months. The Government will likely import maize from other countries, and its price in the market will be higher than usual (BBC 24/07/2022). Maize prices in July 2022 were 80% higher than July 2021 and 85% higher than July 2020 (OCHA accessed 05/10/2022 e).

Graph 17: the price of maize started to increase in April 2022, following the Russian invasion of Ukraine and a failed harvest season.

Average price of maize and maize meal (USD) per kilogram in Zimbabwe



Source: OCHA accessed 05/10/2022 e

Yemen

Poor data availability and access make it difficult to assess the impact of the 2022 Russian invasion of Ukraine on Yemen's economy and people's living conditions. The economic and humanitarian situation in Yemen also needs to be contextualised considering the conflict and the fragmentation of the country and its state apparatus, economy, and local currency.

Secondary data review

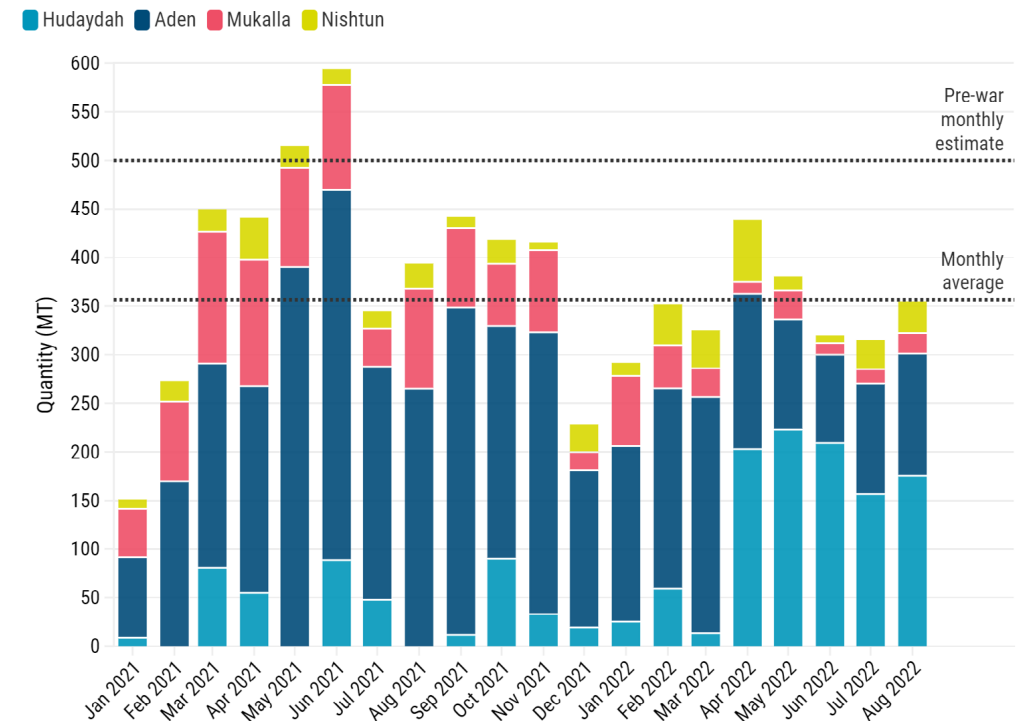
According to publicly shared reports and media articles, Yemen is one of the countries most affected by the war in Ukraine because of its high dependency on imports, in addition to its existing vulnerabilities and high food insecurity levels, affecting more than half of the population (17.4 million people in IPC Phase 3 and above as at May 2022) (Brookings 18/04/2022; MEE 19/03/2022; WW 20/06/2022; Mercy Corps 29/06/2022; IPC 14/03/2022). Fuel prices tripled between January–April 2022, and people reported standing in line for up to three days to get fuel (AA 24/03/2022). Although the price hikes were in part shaped by internal fuel import, distribution, and price dynamics, the price of fuel in Yemen has increased further as a result of the developments in Ukraine and the rise in international oil prices (FEWS NET 09/04/2022). Yemenis have been resorting to using firewood instead of cooking gas or fuel, but firewood prices have also at least doubled because of increased demand (Al Jazeera 25/03/2022; Aden Gad 21/03/2022).

ACAPS' analysis

The analysis of fuel imports to Yemen and the price of fuel for consumers across the country is hindered by information gaps and reliance on incomplete and/or aggregated data. These shortcomings limit the type and extent of analysis that can be conducted on the impact of the 2022 Russian invasion.

For fuel and food imports, the most complete, publicly available import data is available from the ACAPS Yemen Economic Tracking Initiative (YETI) (ACAPS accessed 21/09/2022). The core ACAPS fuel import data is shown in the graph below. It is unclear, however, to what extent Yemen observers utilise this data, despite the lack of nationwide import data publicly available elsewhere.

Graph 18: fuel imports to Yemen from January 2021 to August 2022 in metric tons (MT).



Source: ACAPS accessed 09/ 2022

For fuel and bulk food imports via the Red Sea ports of Al Hodeidah and Saleef, which are located in areas under the control of the de-facto authority in the north of Yemen, the import data published by UNVIM is a commonly used source (UNVIM 21/09/2022). Neither the YETI nor the UNVIM import data provides a breakdown of individual vessel waiting times, which contribute to the end consumer price as part of the total shipping costs.²

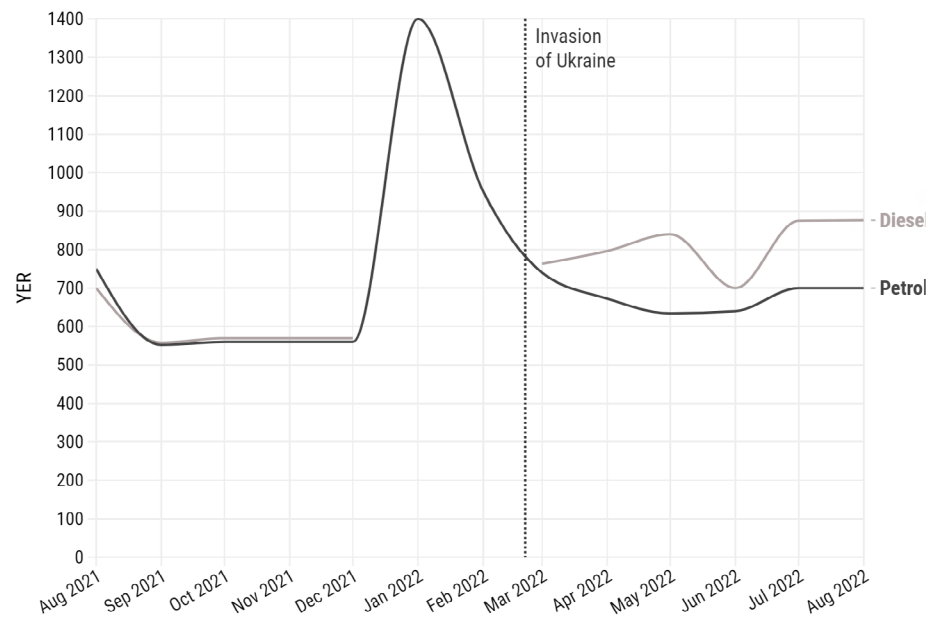
The analysis of fuel prices for consumers in Yemen is often based on aggregated data that provides an average price of petrol and diesel at the pump for a specific period – usually on a weekly or monthly basis. This method of data collection overlooks the nuances and subtle shifts in local distribution and price dynamics, including those that occurred in Yemen shortly after Russia launched its invasion of Ukraine on 24 February 2022.

² Total waiting time could be measured as the difference between the estimated arrival time at the anchorage of the port of destination if no restrictions/inspections are required and the actual arrival time after calling Djibouti for inspection and possibly waiting in the Coalition Holding Area for permission to berth.

The graph below is a prime example of the difficulties that can arise from aggregated fuel price data recorded in Yemen or the merger of aggregated 'official' fuel prices with the 'commercial rate'. The data presented on the WFP Vulnerability Analysis and Mapping (VAM) platform indicates that petrol prices decreased in the capital, Amanat Al Asimah (Sana'a city), in late February. There is also a gap in diesel price reporting from December 2021 to March 2022.

Graph 19: retail petrol and diesel prices per litre in Amanat Al Asimah (Sana'a city).

Average price of petrol and diesel (YER) per litre in Amanat Al Asimah (Sana'a city)

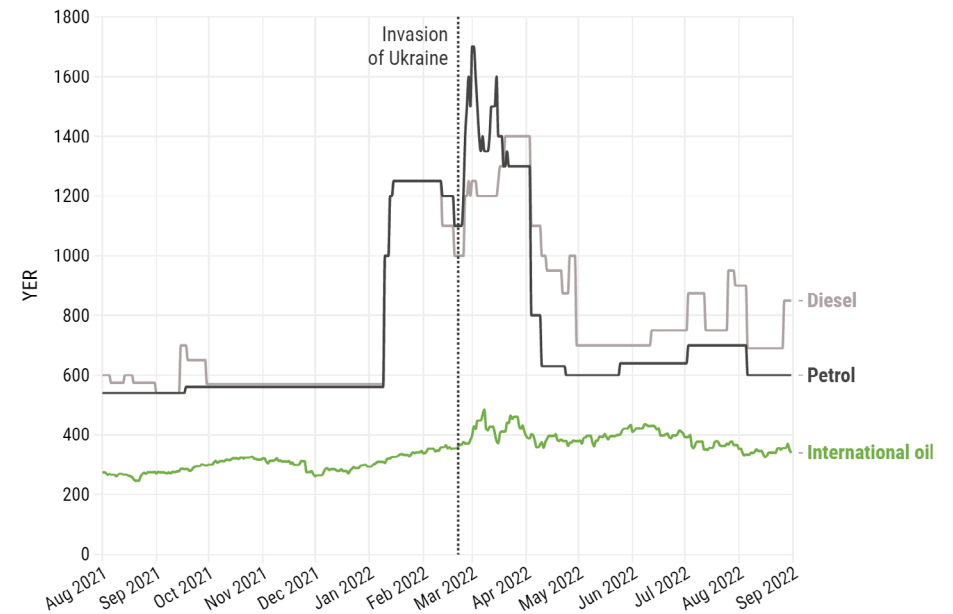


Source: ACAPS using data from WFP 27/09/2022

Data collected by ACAPS during the same period, as shown in the graph below, indicates that there was in fact a significant spike in both petrol and diesel prices in Sana'a city in late February and early March 2022.

Graph 20: fuel prices in Amanat Al Asimah, August 2021 to August 2022 (YER/litre), showing a clear spike in late February and early March 2022.

Average fuel price in Amanat Al Asimah



Source: ACAPS using data from Markets Insider 27/09/2022

The divergence in fuel price data presented by WFP and ACAPS for the same area and reporting period shows the importance of triangulation in countries where there are known issues with trade and financial data. It also highlights the need to conduct additional qualitative as well as quantitative analysis to ensure that local market complexities and nuances are accounted for in any subsequent local market analysis.

Lebanon

The analysis of fuel imports into Lebanon and prices paid by importers and consumers is hindered by several gaps in publicly available statistics. Such data shortcomings limited the analysis of the impact of the Russian invasion on the cost of fuel in Lebanon.

Secondary data review

Although Lebanon has been facing increasing food and fuel prices since 2019, the war in Ukraine and global inflation have further deepened the socioeconomic crisis in the country, as reported by several media outlets. Fuel prices increased by almost 70% between January–May 2022, from USD 11.78 to USD 19.96 per litre of gasoline, reaching new record highs (Trading Economics accessed 08/07/2022). At the beginning of June, prices increased again to USD 25 per litre (700,000 Lebanese pounds), exceeding for the first time the minimum wage of 675,000 Lebanese pounds per month (Asharq Al-Awsat 12/06/2022). The lack of fuel has also impacted electricity power generation. There are seven power plants in Lebanon; because of fuel shortages, all seven were out of service in April, causing prolonged power cuts (Al Jazeera 23/04/2022; Arab News 24/05/2022; Attaqa 26/04/2022). Using water pumps and generators, especially for farmers to irrigate their crops, has become more challenging as these machines run on electricity or fuel (Al Monitor 12/06/2022).

ACAPS' analysis

Analysis of Lebanon's fuel imports normally relies either on broad datasets publicly available from customs or a similar dataset provided by the Directorate General of Oil, Ministry of Energy and Water. These datasets lack granularity, which can limit more in-depth analysis beyond broad topics such as general energy consumption.

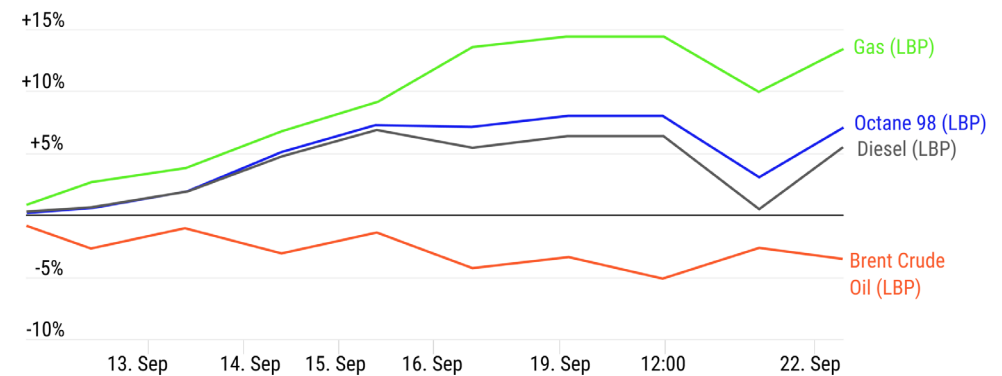
There are limits and potential pitfalls to relying on the commonly used customs datasets:

- Extracting data is based on Harmonised System Codes, which can be used for petrol (octane 95 and 98) imports but do not offer enough specificity to properly disaggregate diesel used by the private/public sector from gas oil used by Électricité du Liban. Any analysis on end use is difficult to perform with customs data alone.
- Customs data offers monthly volume and cost values for fuel, but it is unclear how exactly customs tabulates these figures. For example, their import volume figures do not match those provided by the Directorate General of Oil.

The Directorate General of Oil offers a slightly more granular set of data:

- When requested officially, the Directorate provides liquified petroleum gas/octane 95 and 98/diesel/jet fuel monthly import statistics (including per company or state body upon request). This allows for a better analysis of importers/end users. They do not offer the total USD value of imports.

Graph 21: fuel prices in Lebanon in September 2022.



Source: Lira Rate accessed 22/09/2022

For fuel prices, Lira Rate provides daily monitoring of petrol, diesel, and liquified petroleum gas prices (Lira Rate accessed 22/09/2022).

Mercy Corps' Lebanon Crisis Analytics Team provides a monthly report that includes a detailed analysis of local fuel supply and price dynamics, such as suspected fuel hoarding that can negatively impact consumer accessibility to fuel. In Lebanon, there is a disconnect between the data and analysis of fuel entering the country and the monitoring of fuel prices at the pump. While there is sufficient monitoring and analysis of consumer prices and any shift in consumer price dynamics, there is insufficient publicly available data on the amount, type, origin, and cost of fuel imported to Lebanon.

METHODOLOGY: REVIEW OF THE DATA COLLECTION AND ANALYSIS PROCESS

The report explores questions such as: did the war in Ukraine have an economic impact on these countries as described in reports, analyses, and media articles? What trends does the available data show? How is the economic situation in specific contexts? Are some countries more affected than others?

To answer these questions, ACAPS conducted data analysis and a secondary data review of publicly available sources for several countries between June–October but selected seven countries for this report. The case studies selected were Afghanistan, Lao, Lebanon, Mozambique, Somalia, Yemen, and Zimbabwe.

Each of these countries was selected to provide an example of one or more of the following:

- countries experiencing a socioeconomic crisis or a severe food insecurity crisis prior to February 2022
- countries highly dependent on wheat and fuel import from Russia and Ukraine
- countries for which reporting and ACAPS data analysis on the impact of the global supply chain disruption present discrepancies
- countries for which reporting and ACAPS data analysis on the impact of the global supply chain disruption match.

To assess the impact of the 2022 Russian invasion of Ukraine on other countries, we analysed qualitative and quantitative information and data, looking at Ukraine's and Russia's main exports and how the war and sanctions have resulted in global supply chain disruptions.

The analysis considered data and information on:

- countries' dependency on wheat imports from Ukraine and Russia
- prices of wheat, fuel, and fertilisers in Afghanistan, Lao, Lebanon, Mozambique, Somalia, Yemen, and Zimbabwe
- data on humanitarian funding for those countries compared to previous years, which ACAPS decided not to include in the report as funding seems to have improved throughout the year
- inflation rates
- import data for Lebanon and Yemen.

The time period covered was from 2020 or 2021, depending on the country, to October 2022 (when data for October was available, otherwise until July or August) to investigate how severe the impact is.

ACAPS also held interviews with three key informants who work for humanitarian agencies and organisations and in the research and academic field and have knowledge across the seven countries.

The report compares data and findings to reflect on discrepancies, information gaps, and similarities with the main goals of:

- helping the humanitarian sector to better understand the data and information available on the secondary impacts of the war in Ukraine on other countries
- identifying areas of further work or analysis to make data and information more available and digestible for humanitarian responders and decision-makers.

REVIEW OF DATA AND INFORMATION SOURCES

ACAPS consulted both primary and secondary data sources to understand the impact of the 2022 Russian invasion on global supply chains and countries' economies. For information and data on countries' dependency on wheat imports from Ukraine and Russia and food prices, we mainly consulted UNCTAD and WFP resources, as well as reports and datasets from other UN agencies and governmental institutions.

UNCTAD

We extracted data on wheat dependence from Ukraine and Russia from a UNCTAD report published in March (UNCTAD 16/03/2022). Limitations and concerns related to this dataset include the following:

- Not all countries are included.
- Another UNCTAD report published in April (UNCTAD 13/04/2022) includes a graph (page 8) with figures that are not consistent with the March publication. For example, Somalia's dependency on wheat imports from Ukraine in 2020 is 100% in the April publication, while it is nearly 70% from Ukraine and 30% from Russia in the March publication.
- Two reasons for the discrepancy emerged: (1) information was being updated in the interval between the two reports, creating changes in the underlying data, and (2) the report published in March used figures calculated as an average over 2018–2020, while the report published in April referred to figures in 2020 only. Another potential source of the discrepancy is missing data for some countries in certain months.

WFP VAM

We consulted food price datasets for several countries using OCHA's Humanitarian Data Exchange (HDX). The food-related data on HDX is sourced from the WFP VAM database. The WFP Price Database covers the prices of food items such as maize, rice, beans, fish, and sugar for 98 countries and 3,000 markets. It is updated weekly but contains to a large extent monthly data. Limitations with using this dataset include the following:

- Values are reported per market; it is unclear if a simple average is enough to represent a country-level value.
- Commodity names are not always the same for same/similar products, and it is difficult to understand when differences should be considered while analysing an increase in commodity prices (e.g., quality of products, local/imported, different varieties of the same product). Wheat is referred to as 'imported' or 'not imported'. Fuel has many varieties, such as diesel, gas, petrol, and others.

- With a few exceptions, the increases do not seem particularly out of line compared to price trends before the 2022 Russian invasion.
- It is not clear if the values reported are 'official' prices or 'unofficial' street prices.

Trading Economics

We looked at data for inflation rates. Updated inflation rates and trade data were missing for some countries, such as Yemen and Syria, because of prolonged years of war (TE accessed 03/08/2022).

Other reports

There are several reports published by other NGOs and UN agencies about the impact of the war in Ukraine on other countries. The WFP Global Report on Food Crises – 2022 (WFP 04/05/2022) and the Mercy Corps Secondary Impacts of the Conflict in Ukraine – Case Studies in the Middle East (Mercy Corps 29/06/2022) were particularly useful.

WFP's report does not highlight the current impact of global supply disruptions on countries, nor does it include a forecast of the potential impact. It does mention the war in Ukraine, disruption to supply chains, and the increase in prices of global energy, food items, and fertilisers as a factor that will aggravate global food insecurity. From the data and analysis provided, the direct link between the war in Ukraine and food insecurity levels of countries included in WFP's report is not obvious (WFP 04/05/2022).

Mercy Corps' report mainly covers the period January–May when it comes to comparing the increase in prices of energy and food items. It mostly does not compare the 2022 increase in percentages to previous years, which poses an issue for the analysis because many countries in the Middle East have been facing rising food and energy prices for years because of conflict, political instability, socioeconomic crises (including debt), and the need to comply with financial/economic requirements from financial institutions (Mercy Corps 29/06/2022).

ACAPS framework for measuring the impact of the Russian invasion of Ukraine on countries in Africa, Asia, Latin America, and the Middle East

The following chart shows the areas that ACAPS evaluates to measure the impact of the war in Ukraine, the ensuing disruption to supply chains, and related sanctions on Russia on the economies of countries in Africa, Asia, Latin America, and the Middle East.

