



Context analysis

The outbreak of war in Ukraine on 24 February 2022 has resulted in massive casualties, displacement, and destruction across the country. As of August 2022, intense hostilities and fighting have left at least 17.7 million people in need of humanitarian assistance and protection and inflicted significant damage to all economic activities in Ukraine, including agriculture – a key driver of the economy.

The damages inflicted on civil infrastructure, including the presence of mines and unexploded ordnances (UXOs) as well as restrictions on movements of people and goods have prevented farmers from tending their fields, harvesting and marketing their crops and livestock products. The situation remains highly volatile, and the war continues to severely impact rural populations and their livelihoods. As the war transitions into a protracted conflict, its destructive effects on the agriculture sector are expected to intensify.

The war has already resulted in a total damage of USD 2.2 billion for the agriculture sector¹, while the aggregate losses total USD 28.3 billion. The damages include partial or full destruction of machinery and equipment, storage facilities, livestock and perennial crops, extensive losses of inputs and outputs, as well as large scale damages to agricultural land that is now in urgent need of rehabilitation. Production losses, including unharvested winter crops, higher farm production costs, and lower farm gate prices due to disruptions to logistics and exports, are of particular significance for Ukraine's export-oriented agriculture.

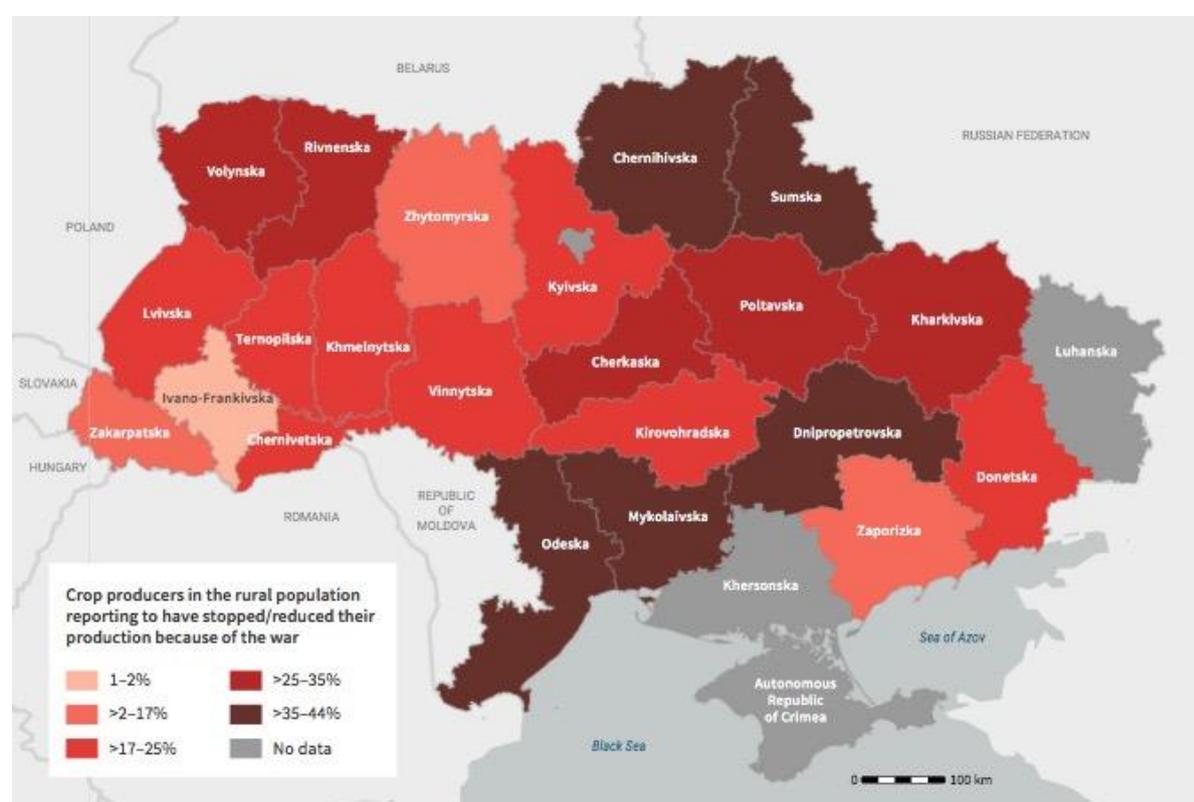
This is further compounded by the recent and frequent targeted attacks on the country's infrastructure, particularly related to energy, resulting in severe disruptions to the functioning of power plants and energy transmission systems which has left the country's energy supply in a critical situation, particularly in front-line oblasts in the east, southeast and north of Ukraine. The situation worsens every day, as shelling persists, and temperatures continue to drop.

Ukraine's agrifood sector is a vital source of livelihoods for the roughly 13 million Ukrainians living in rural areas.² Whilst around 65 percent of agricultural production is attributable to commercial enterprises, rural households produce the remaining 35 percent, including approximately 85 percent of fruit and vegetable production, 81 percent of milk and around half of livestock production³. Mostly involved in backyard farming/small-scale agricultural production and not officially registered, rural households play a pivotal role in ensuring the food security, incomes and livelihoods of rural populations by providing for their own food consumption as well as selling products locally, thereby contributing to local supply chains and contributing to the resilience of rural communities. This has been critical to support internally displaced persons (IDPs) that have moved from urban to rural areas to escape the impacts of the war.

As the situation continues to worsen, the Ukrainian agrifood sector is deteriorating rapidly, threatening the foundation of Ukraine’s economy, with serious consequences for broader food and nutrition security. On 23 November, the Department for Agrarian Development of the Ministry of Agrarian Policy and Food of Ukraine announced that the 2022 grain harvest is expected to decline sharply by over 40 percent compared with the 2021 grain harvest, with this reduction attributable directly to the impacts of the war.

As of October 2022, according to the findings of an FAO assessment on the impact of the war on rural livelihoods, around 25 percent of rural households have either reduced or stopped agricultural production due to the war. In front-line oblasts, this percentage reached 38 percent and above. Compounded by the growing threat to Ukraine’s energy supply, smallholders across the crop, livestock and fisheries sectors are expected to face increasing difficulties in sustaining production.

Figure 1. Percentage of rural households that have stopped or reduced agricultural production due to the war



FAO. 2022. Ukraine: Impact assessment results (September–October 2022). In: *FAO Data in Emergencies Hub*. Rome. Cited 28 November 2022. <https://data-in-emergencies.fao.org>

The boundaries and names shown and the designations used on this/these map(s) do not imply the expression of any opinion whatsoever on the part of FAO concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers and boundaries. Dashed lines on maps represent approximate border lines for which there may not yet be full agreement.

Adding to these challenges, the loss of agricultural assets, low benefits from the sale of products and drastic increases in production costs for both crop and livestock activities have resulted in an unprecedented economic crisis and are expected to transform the agrifood sector in Ukraine. A shift in vegetable production from traditional to non-traditional regions and the transition in cereal production from wheat to more profitable grain and oilseed varieties will create both opportunities and challenges with domestic, regional and global implications.

In the near term, the situation is particularly fraught with multiple challenges facing farmers in the coming spring. The Food and Agriculture Organization of the United Nations (FAO) is specifically concerned that the decline in profitability and reduced prospects for income generation among grain producers will substantially impact their ability to cultivate critical cereal crops and other staple food commodities in 2023. To mitigate this, small- and medium-sized farmers urgently need a wide array of support – particularly in the form of seeds – to sustain agricultural production in 2023.

Rural populations have been disproportionately underserved by both state and humanitarian actors and require urgent support to access the agricultural inputs needed to restore agricultural production. The impact of the war on production has already disrupted activities, with households across the country reporting decreases in income. IDPs and returnees are particularly affected by income decreases, even more so in the front-line oblasts. This has led to the adoption of crisis coping strategies such as selling productive assets, reducing expenditure on critical productive inputs, and cutting down on essentials such as healthcare. The rapid erosion of resilience is severely undermining the productive capacities of rural communities, which must be urgently protected from the continuing impacts of the war on the agricultural economy. In addition, rural communities must retain the capacity to continue supporting and hosting IDPs.

FAO household surveys further underline the increasing difficulties faced by livestock keepers. Ongoing military incursions have restricted access to grazing areas and resulted in the loss of feed stocks. The provision of animal feed, mineral supplements, shelter and veterinary medicines is necessary to ensure the survival of existing livestock and, most importantly, prevent rapid animal destocking.

The overarching priority for FAO in 2023 is to ensure food security by protecting rural livelihoods and sustaining the country's food systems by supporting the production capacities of rural communities and preserving the functionality of national supply chains and access to markets. Strengthening the resilience of rural households will protect their contribution to the country's broader food systems, while supporting small- and medium-sized producers across the agriculture sector will prevent further deterioration of national agrifood systems until the resolution of hostilities.

FAO's strategic priorities in 2023

The war has placed the entire Ukrainian agrifood system at risk, with significant consequences for food security both in Ukraine and globally. Without urgent support to the agrifood sector, humanitarian needs will continue to rise, further mass displacements can be expected, and the stability of global food value chains will remain under threat.

FAO is uniquely positioned in Ukraine to implement a multidimensional and innovative strategy to sustain and restore agrifood systems at scale. In 2023, the strategic approach of the Organization will be centred on three pillars, which will capitalize on its technical expertise and in-country experience, to respond to the urgent needs of rural communities, protect upcoming agricultural campaigns, and support the continued functioning of productive food systems, thereby contributing to both national and global food security.

Pillar 1 – Restoring food security and self-sufficiency in front-line communities

Target	Funding requirement
Immediate support to 500 000 rural households in seven front-line oblasts and other heavily impacted rural areas	USD 100 million

Key challenge

Immediate humanitarian needs: Populations near the front-line oblasts and in the newly accessible areas (e.g. Kharkivska, Khersonska and Zaporizhka oblasts) rely heavily on agricultural production for both their livelihoods and food and nutrition security. Due to the war disruption, they are now depending on humanitarian assistance while they have the skills and production assets to restore their food sufficiency autonomy.

Response

FAO will target 50 percent of rural households in need with critical agricultural production inputs in the seven key front-line oblasts and other rural areas that are heavily affected by the war. The overall objective of Pillar 1 is to reduce dependence on food assistance, generate household income and revive local economies, with the ultimate aim of protecting the food security of war-affected rural communities and reducing the number of households that are relying on food assistance and humanitarian cash for food by 80 percent by the end of 2023.

- Critical **crop production inputs** (e.g. seeds, fertilizer and tools) to support the cultivation and harvesting of essential vegetable and cereal crops.
- **Cash+**: A combination of sectoral cash and productive inputs through single or complementary programmes.
- Critical **livestock production inputs** (e.g. feed, animal shelters and veterinary health supplies) via in-kind distributions and/or vouchers to safeguard livestock assets and stimulate production.

Pillar 2 – Restoring critical agricultural production and value chains: Energy for Food (E4F) + Seeds + Storage

Target	Funding requirement
Restoration of agrifood systems in newly accessible areas	USD 85 million

Key challenges

- **Systemic risks to agrifood systems:** As the war persists, agricultural production in 2023 is expected to decline further due to the lack and unaffordability of essential agricultural inputs, with producers also discouraged due to the uncertainty of exports. This will likely result in a sizeable reduction in agricultural revenues/incomes; an increase in the number of bankruptcies; and further increase of risks to both national and global grain markets and food security.
- **Disruption of value chains** (short cycle agricultural production and fisheries): The continued loss of competitiveness of the agriculture sector due to reduced investment and lack of labour force.

Response

FAO will support agricultural production in Ukraine by stimulating critical value chains. FAO aims at strategically providing vital small- and medium-sized agricultural producers in priority areas, particularly newly accessible areas, with seeds and other essential agricultural inputs and energy solutions to enable them to sustain production and facilitate a ripple effect along value chains both within and throughout local communities and regions.

FAO will also make targeted investments through matching grants and technical support to stimulate and develop short cycle value chains.

- **E4F:** Ensure food security in seven oblasts (up to nine million people) through the provision of 30–500 kW generators for the livestock sector and associated processing activities.
- **Critical seed support** in particular wheat production to small- and medium-sized farmers to enable them to restart and/or sustain production in 2023.
- **Grain Storage Support Strategy (G3S):** Provision of temporary grain storage solutions to support the reconstruction of grain storage infrastructure.

Pillar 3 – Coordination and technical support to the functioning of critical food system services

Target Systemic/nation-wide	Funding requirements USD 20 million
---------------------------------------	---

Key challenges

- Ukraine’s capacity to **export grain** needs to be consolidated by strengthening alternative export routes and by improving grain quality to reduce the risk of refusal.
- Potential threats to **health security** due to possible outbreaks of food-borne diseases caused by damaged energy infrastructure and contaminated food supplies to food warehouses and shops and potential epizootics due to reduced access to veterinary services.
- Extensive contamination of agricultural land with **mines and UXOs**, preventing access and posing immediate threats to the lives and livelihoods of rural communities.

Response

FAO’s actions under Pillar 3 will include support towards improving grain quality; addressing technical issues related to overland transportation (e.g. control packaging); and facilitating the export of grain for distribution in highly food-insecure countries.

FAO will also support health security through **maintaining critical veterinary services**.

FAO will **partner with relevant agencies and organizations specialized in supporting demining actions** to increase access to agricultural land and restore cultivation.

- Support “Grain from Ukraine” initiative and support the movement of blocked food stocks to critical markets.
- Support to critical veterinary services as a part of One Health approach.
- Partnerships to facilitate demining and the removal of UXOs from agricultural lands.
- Co-leadership of the Food Security and Livelihoods Cluster (FSLC), assessments on the impact of the war on rural populations, agrifood systems and food security, including sectoral damages and losses.

Capacity to deliver

FAO has expanded its presence in Ukraine and established a strong multidisciplinary team to deliver its programmes, with a specific focus on operations, cash programming, food security information and analysis, procurement, security, coordination, needs assessments and communications. FAO's country office remains in Kyiv, with field offices in Lviv and Dnipro, and continues to oversee emergency operations across the country with a team of around 100 personnel across the country. The country programme is technically and operationally backstopped by the FAO Regional Office for Europe and Central Asia in Budapest and FAO headquarters in Rome.

The Organization along with its implementing partners, retains the capacity to operate in areas in front-line oblasts and well-positioned to support the government in the highly impacted and newly accessible areas. FAO is undertaking contingency planning for areas where it may be able to expand operations in the event that these areas become accessible.

FAO has worked with its partners throughout 2022 to build a solid network of cooperation, which will be critical to the implementation of its programmes in 2023. FAO will continue to work in close collaboration with the Government of Ukraine, United Nations agencies, and national and international non-governmental organizations to explore complementarities, develop synergies, and increase the added value of its response. As co-lead of FSLC, FAO will continue to play a pivotal role in engaging with hundreds of implementing partners and supporting improved coordination and information flows to strengthen the cluster response for the most vulnerable population groups. Most importantly, FAO has built a strong partnership with the Government of Ukraine, and the 2023 plan is based on specific requests for support from governmental partners. This partnership will remain essential to ensuring the successful implementation and sustainability of FAO's programmes in 2023.

Notes

¹ **World Bank.** 2022. *Ukraine: Rapid Damage and needs assessment*. Washington. <http://documents.worldbank.org/curated/en/099445209072239810/P17884304837910630b9c6040ac12428d5c>

² There are approximately 4.5 million households in Ukraine cultivating roughly one sixth of the total agricultural land (5.4 million ha).

³ **State Statistics Service of Ukraine.** 2021. *Statistical Yearbook of Ukraine 2020*. Kyiv.

Contact

Regional Office for Europe and Central Asia
REU-RPL@fao.org | Budapest, Hungary

Office of Emergencies and Resilience
OER-Director@fao.org | Rome, Italy

Food and Agriculture Organization
of the United Nations



Some rights reserved. This work is available under a CC BY-NC-SA 3.0 IGO licence