



Food Security in Cameroon in the aftermath of the Russian-Ukrainian crisis

WFP Cameroon, July 2023

HIGHLIGHTS

- In 2022, inflation rate reached a historic level of 6.3%, compared to 2.3% in 2021 in Cameroon according to the National Statistics Institute, driven by high food inflation reaching 12.7% compared to 4.3% in 2021.
- In the second quarter of 2022, 77.8% of Cameroonian agribusinesses reported a decline in net income, while 80% of Cameroonian industries indicated higher supply costs, such as freight and raw material prices as a major constraint on their activities.
- In 2022, subsidies to petroleum products cost the Government of Cameroon about XAF 775 billion, compared to XAF 120 billion initially planned in the 2022 Finance Law, due to the surge in energy prices.
- According to the Cadre Harmonisé results, the number of acute food insecure people increased by 48% between October 2021 and October 2022, from 2.4 to 3.6 million people for the period of October-December.

Background

Since its onset on 24 February 2022, the Russian-Ukrainian crisis had a significant global humanitarian impact. The high cost of agricultural losses in was mainly driven by export disruption and depressed domestic prices, as well as a decrease in crops production throughout 2022. Barley, wheat and sunflower were especially affected, as a large proportion of these crops are produced in areas directly affected by the crisis.

As of February 2023, the production output of grain crops in Ukraine was reduced by 37%, compared to 2021, causing a 24% reduction in the country's exports in 2022, according to [UCAB](#). This reduction in grain exports was mainly caused by the blockade of sea ports, which was the traditional export route of Ukraine.

While growth forecasts for 2022 were 3.8% for Sub-Saharan Africa, the Russian-Ukrainian crisis instead accentuated the fragility of economies, barely recovering from the effects of the Covid-19 pandemic.

The disruption of global supply chains caused by damage to Ukraine's logistical infrastructure (ports, roads, bridges, airports, etc.) and sanctions imposed on Russia by the international community had multiple and immediate effects on international trade, including soaring prices for agricultural products and hydrocarbons.

In the agri-food sector, the crisis caused both an inflationary shock and a scarcity of cereals, and other food products and agricultural inputs for which Russia and Ukraine are leading exporters to Africa, such as wheat, fertilizer, sunflower oil, soybean oil, etc.

Focusing on the situation in Cameroon one year after the onset of the Russian-Ukrainian crisis, this bulletin details the impact of the crisis on key food and non-food commodities, as well as essential sectors of the Cameroonian economy such as agriculture.

Impact on non-food items

Energy prices

The Russian-Ukrainian crisis had a significant impact on global commodity markets. Prices rose by 19.1% between February and August 2022, largely due to a 129.2% increase in the price of energy in general, and natural gas in particular (IMF). Russia is one of the world's top three oil and gas producers, along with Saudi Arabia and the United States. In 2020, Russia supplied about 25% of the oil, and over 40% of all gas consumed by the EU (BBC). As European and US firms reduced Russian oil purchases, Russian oil was re-routed to China and India. The reduction in Russian gas exports to the EU had a negative impact on fossil fuel trade, contributing to the sharp increase in natural gas prices between throughout 2022.

In the hydrocarbon sector, while Cameroon has benefited from a sharp increase in oil revenues (MINEPAT), the country has also seen an increase in support for fuel prices at the pump due to its policy of fixing prices (MINEPAT). In 2022, subsidies cost the State about XAF 775 billion (including XAF 700 billion for petroleum products and XAF 75 billion for domestic gas) (INS), compared to XAF 120 billion initially planned in the 2022 Finance Law (MINEPAT).

In February 2023, fuel prices at the pump in Cameroon were readjusted. The price of a liter of premium gasoline rose from 630 XAF (\$1.04) to 730 XAF (\$1.21), an increase of 100 XAF (\$0.16), equivalent to an absolute increase of 16%. A liter of diesel now costs 720 XAF (\$1.19), compared with 575 XAF (\$0.95) before the readjustment. This represents an increase of 145 XAF (\$0.24), equivalent to an absolute increase of 26%. A liter of industrial oil now costs 590 XAF (\$0.97), an increase of 36%. However, the price of kerosene at the pump remains unchanged at 350 XAF (\$0.58) per liter, as do prices for domestic gas, at 6,500 XAF (\$10.77) for the 12kg bottle and 3,500 XAF (\$5.80) for the 6-kg bottle for now.

Fertilizer prices

The agricultural sector has been strongly impacted by the Russian-Ukrainian crisis, with an increase in fertilizer prices. Russia is the main importer of fertilizers to Cameroon. Since March 2022, prices of the most widely used fertilizers, such as Urea 46% and 20-10-10 (NPK), have risen sharply. Between January 2022 and July 2022, Urea prices increased by 41% and 20-10-10 fertilizers prices increased by 89%. The national average price of a 50kg bag of urea increased from 30,604 XAF to 43,188 XAF, and that of 20-10-10 from 18,688 XAF to 35,273 XAF. This rise in fertilizer prices was also accompanied by an increase in the price of crop protection products.

This sharp increase in the price of agricultural inputs impacted the 2022 agricultural season, particularly in regions where more than one-third of food crop farmers use chemical fertilizers, such as the North (80%), Far North (62%), West (48%), North West (45%), South West (33%), Adamaoua (31%) (CFSVA, 2022).

According to the MINADER's assessment of the 2022 agricultural season and food availability, the sharp increase in fertilizer prices resulted in a reduction in the area planted and a drop in production of certain food crops. Available agricultural production data shows that, production declined by more than 10% in 2022 compared to 2021 for nearly 50% of the food crops grown in several regions.

For example, in the South region, 75% of the food crops grown in 2022 saw their production decline by more than 10% compared to 2021. In the North-West, West and Far-North regions, respectively 45%, 47%, and 48% of the food crops grown in 2022 were down by more than 10% compared to the previous year.

The Russian-Ukrainian crisis, combined with other constraining factors, contributed to the cereal deficit recorded in some subdivisions of the North and Far-North regions of Cameroon in 2022.

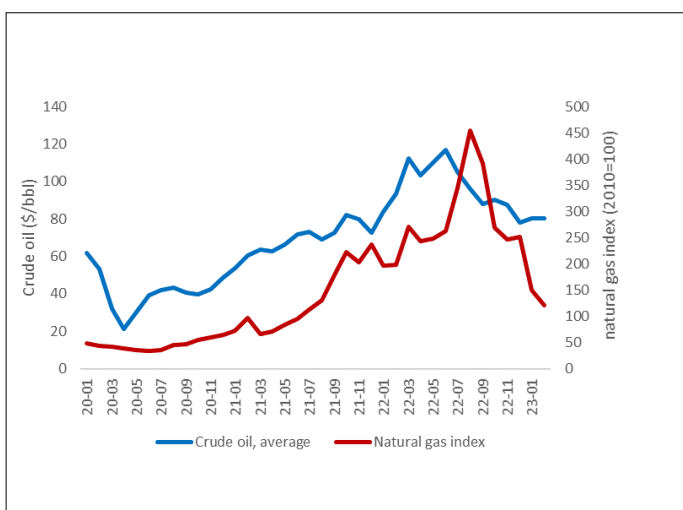


Figure 1: Monthly crude oil prices in nominal US dollars and natural gas index from 2020-2023 (Source: [World Bank](#))

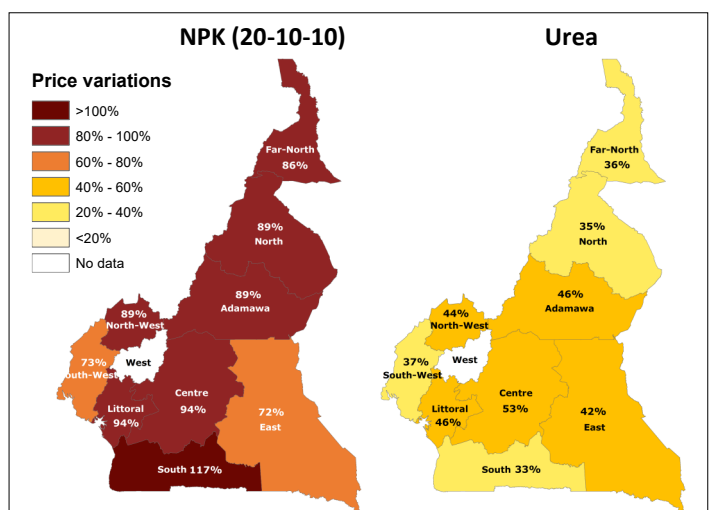


Figure 2: Fertilizer price variations by region between January and July 2022 (Source: [WFP/FEWSNET](#))

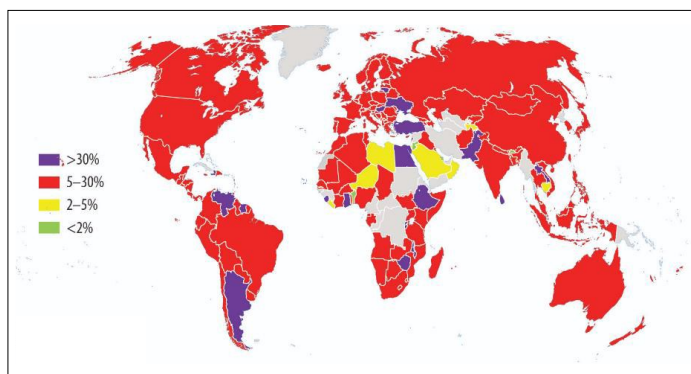


Figure 3: Food inflation heat map (Source: [World Bank](#))

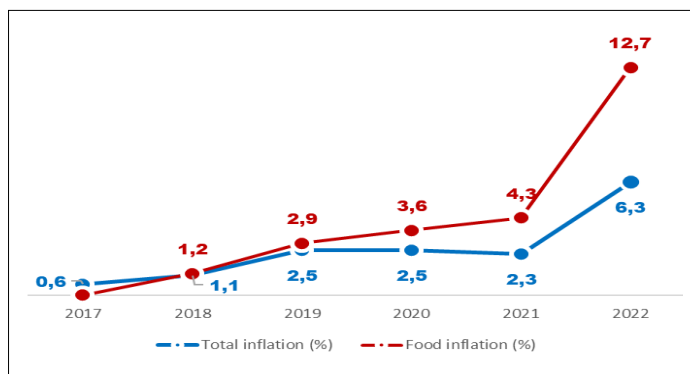


Figure 4: Inflation rate and food inflation evolution in Came-

Construction materials

Besides fertilizers, construction materials (cement, iron rods and roofing sheets) are mainly imported from Russia and Ukraine into Cameroon. While prices were already on the rise before the crisis, its onset in February 2022 aggravated the increase in construction materials costs. For instance, prices for type 32.5 R cement and type 42.5 R cement increased by 6.5% and over 10% respectively in Yaounde and Douala, in addition to rising transportation costs ([Cameroun-tribune](#)).

Basic metal industries have also been affected, as they are about 70% dependent on imports from Russia and Ukraine ([MINEPAT](#)). Ukraine is Cameroon's leading supplier of iron, cast iron and steel products, representing over 95% of such imports in 2020 ([INS](#)). Between January 2022 and August 2022, prices increased by 20% to 60% depending on the diameter (Tab. 2). As a result, 6mm iron rods increased by 58%, 8mm iron rods increased by 22%, and 10mm iron rods increased by 32%. Roofing sheet prices also increased in 2022, with the price of 0.35 m corrugated aluminum sheets (3m) increasing by 66%, and the price of 0.35 m corrugated aluminum sheets (2m) increasing by 76% in April 2022 ([CamerounWeb](#)).

This increase in the main building materials (cement, concrete iron and roofing sheets) in 2022 significantly increased construction costs. This also led to an increase in the cost of daily labor and a reduction of the workforce by construction companies to manage rising costs. This in turn potentially led to an increase in the number of vulnerable people, since the people laid off depended on those daily payments to survive.

Food prices inflation in Cameroon

High food and energy prices on world markets contributed to inflation in 2022, with global inflation reaching 8.8% (annual average), and up to 14.2% in low-income developing countries ([IMF](#)). In Sub-Saharan Africa, high food prices were the main driver of inflation ([WEO](#)). Consumer Price Index (CPI) data indicate food inflation levels above 5% in 89% of low-income countries ([World Bank](#)). The African continent is among severely affected by high global food costs as most countries are net importers of food, especially wheat, and fertilizers from Russia and Ukraine ([FAO](#)). Between February 2022 and January 2023, domestic food price inflation exceeded 10% in more than half of the countries, and even 30% in a few countries (Fig. 1). As a result, households had to spend 10% to 30% more to afford their basic food needs in 2022, compared to the previous year.

The intensification of global inflation induced by the Ukrainian crisis accelerated the inflationary trend recorded in Cameroon since 2019. In 2022, the inflation rate was above the CEMAC sub-regional threshold of 3% (see Figure 4). This is the third highest rate since 1994, when inflation reached 32%, and 1995, when it was at 9%. For 2023, the Cameroonian authorities, through the National Institut of Statistics, predict an overall inflation rate that could be above 6% ([INS](#)).

In 2022, the sharp rise in inflation was driven by a 12.7% increase in food prices ([INS](#)). Inflation of locally sourced goods contributed to overall inflation more than imported goods. The contribution of imported inflation to total inflation has been increasing since 2017, as Cameroon relies on imports to meet local demands for food and other essential goods.

Russia is Cameroon's leading supplier of wheat and meslin, as well as fertilizer ([INS](#)). In 2021, more than 50% of the wheat consumed and more than 30% of fertilizers used in Cameroon were imported from Russia. The share of wheat imports from Russia and Ukraine was about 55% in 2021 ([FAO](#)), compared to about 45% in 2020 ([HRW](#)). The country has become more dependent on wheat imports from Russia over the past decade. Between 2010 and 2020, wheat imports from Russia increased from 0% to 44.7%.

The agri-food industries, especially those specializing in the manufacture of grain-based products (flour mills, bakeries, pasta production industries and others), have therefore been strongly impacted by the Ukrainian crisis. with a consecutive decline of 16.7% in their activity in the second quarter of 2022 compared to the fourth quarter of 2021, as indicated by the Industrial Production Index (IPI) of the National Statistical Institute ([INS](#)).

The milling industry was particularly impacted by the 42% increase in world wheat prices recorded between February and May 2022 and supply-chain interruptions related to the Russian-Ukrainian crisis, which led to a slowdown in wheat imports by 23% ([MINEPAT](#)). Overall, nearly 78% of Cameroonian agribusinesses reported a decline in net income, and 80% of Cameroonian enterprises indicated higher supply costs (freight and raw material prices) as a major constraint on their activities during the second quarter of 2022 ([GICAM](#)).

The Black Sea Grain Initiative launched in July 2022 helped to alleviate the global food crisis by promoting a decline in world prices as indicated by the [FAO Food Price Index](#). Despite this, inflation of local and imported foods continued throughout 2022 in Cameroon, and the termination of the agreement in July 2023 is likely to deepen the long-lasting effect of global food price shocks on domestic food price inflation.

Globally, Russia and Ukraine accounted for nearly 30% of wheat exports pre-crisis (IMF). After a surge in food prices on international markets from March 2022 on, prices began to decrease from June 2022 on, before reaching levels comparable to the pre-crisis situation by January 2023. This is especially true for grains such as wheat and maize, most affected by the crisis.

Faced with the rising cost of living in 2022 due to global inflation, the Government of Cameroon adopted measures to minimize the negative effects of the Ukraine crisis on the local economy. These included support for the most affected sectors, including support to households' purchasing power and food security, by pegging the price of staple foods, such as meat, oil and rice.

Support was also provided by the Cameroonian Government to the agricultural sector, by reducing the cost of Urea (46%, 50kg) from 38,000 to 20,125 XAF for farmers, and special maize fertilizer 14-23-14 (NPK, 50kg) at 23,080 XAF, instead of 35,000 XAF (PARPAC project). Structural measures concerned the implementation of an import-substitution policy. The main objective was to reduce the country's vulnerability to external shocks, by increasing local production as part of the implementation of the National Development Strategy for 2020-2030 (MINEPAT).

Retail prices of key commodities

In 2022, retail prices for the main food groups increased compared to the previous year. Besides wheat flour prices, which rose by more than 35% from March to December 2022, retail prices for pulses increased from 10% to 35% throughout the same period, despite being locally produced (see Table 1). Similarly, tuber prices were 30% higher during the period from May to August 2022, compared to the same period last year.

Cereals, especially maize, appear to have been less affected by the domestic inflationary pressure in 2022, because they are grown throughout the country. They also because they benefit from a longer growing cycle during the year, which is not the case for pulses or tubers. However, cereals such as maize were more affected by the lack of fertilizers.

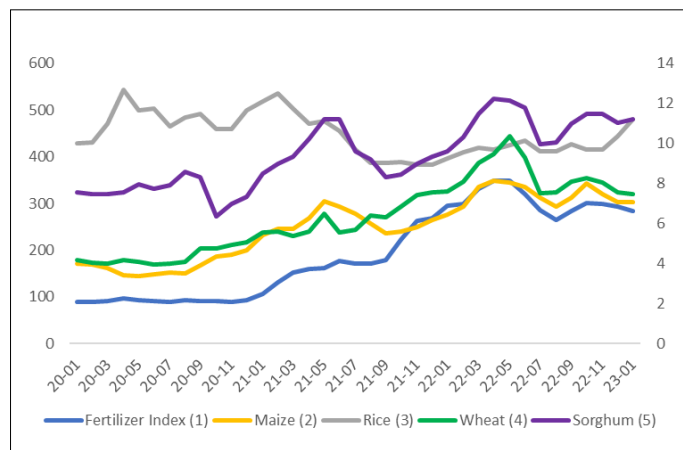


Figure 5: Monthly cereal/fertilizer price indexes (Source: IMF)

The general increase in retail prices for consumer goods, whether locally produced or whose raw material is partially or totally imported, can be explained by: (i) insufficient domestic production, especially in conflict-affected areas, (ii) limited supplies to major consumer centers, (iii) speculative practices by some traders, (iv) the pass-through, albeit partial, of cost pressures (particularly raw materials and agricultural inputs) to consumer prices, (v) supply difficulties, low stocks and shortages of certain products (INS).

Since 2022, these endogenous factors have been aggravated by the effects of the Ukrainian crisis, as well as pre-existing lasting consequences of the Covid-19 pandemic. These include the tightening of financial conditions in most regions of the world, export restrictions imposed by several producing countries, and the loss of value of the XAF against the US dollar, leading to higher imports of raw materials and foods, as well as an increase in the price of agricultural inputs and other raw materials on the international market, resulting in higher local production costs for several goods and services (INS). The increase in insurance premiums for ships needing access to the black sea and increasing the cost of maritime freight are other factors to consider (GICAM).

For example, the increase in production costs for industries in Cameroon resulted in an average increase of 15% in the Industrial Production Price Index (IPPI) during the first quarter of 2022, compared to the first quarter of 2021 (INS). The IPPI measures changes in transaction prices for industrial goods produced within Cameroon's economic territory. These are ex-factory prices paid to producers, excluding taxes, subsidies, and transport margins. Over the past year, it rose by 23% in the metallurgy and metal products industries, and by 8.5% in the agri-food industries (INS).

	2022-01	2022-02	2022-03	2022-04	2022-05	2022-06	2022-07	2022-08	2022-09	2022-10	2022-11	2022-12
Cereals/Grains	-21%	-12%	-10%	32%	4%	-10%	15%	0%	6%	2%	0%	9%
Wheat flour	22%	25%	37%	51%	41%	40%	48%	61%	44%	40%	40%	37%
Meat/Fish	38%	45%	12%	7%	32%	11%	15%	13%	6%	12%	19%	4%
Oil/Fat	81%	66%	12%	5%	17%	31%	31%	36%	28%	32%	31%	21%
Tubers	-12%	-11%	8%	2%	34%	40%	60%	31%	0%	7%	31%	11%
Pulses	-5%	-5%	6%	28%	25%	13%	26%	30%	22%	14%	32%	15%

Table 1: Monthly retail price changes (national averages) of different food groups in 2022 compared to the same month in 2021 (Source: WFP and FEWSNET market price data)

Note: **Cereals/Grains:** maize, millet, sorghum; **Meat/Fish:** beef, mackerel fish, dry fish; **Oil/Fat:** cotton oil, palm oil, refined palm oil, vegetable bulk oil; **Tubers:** cassava, cocoyam, sweet potato, irish potato, taro, yam; **Pulses:** bean, groundnut. Changes greater than or equal to 10% are coloured: red = increase and green = decrease.

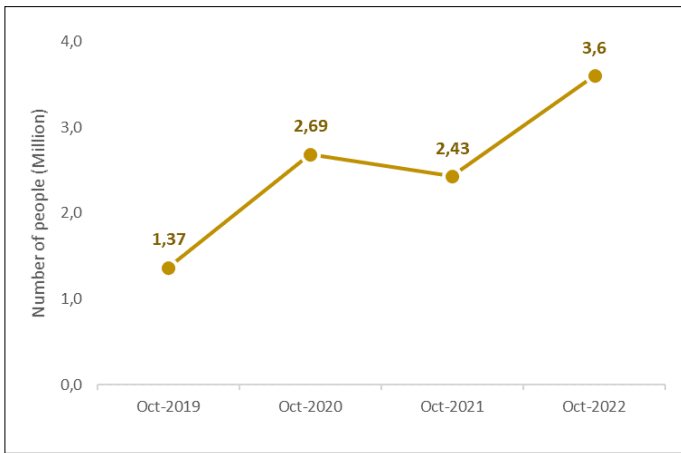


Figure 6: Acutely food insecure population in Cameroon, CH, Oct-Dec (2019 data covers only 7 of 10 regions)

Impact on food security in Cameroon

The fact that domestic food price inflation reached historic levels in 2022 had a significant negative impact on households' food security in Cameroon. Indeed, the high inflation in food prices, combined with the increase in the price of non-food items, such as construction materials and agricultural inputs, and even some services (ie. [transportation](#)), further exacerbated the difficulties faced by households in accessing healthy and nutritious foods. As a result, the number of food insecure people in Cameroon increased by 48% for the October-December 2022 period, compared to the same period in 2021. The prevalence of food insecurity in Cameroon has reached historic levels since 2019.

From a food security perspective, the high food price inflation in 2022 had as direct consequence the increase of households' economic vulnerability, as more households had to increase their food budgets in 2022 due to higher food prices. Indeed, the number of households allocating over 50% of their income to food increased from nearly 50% in Q4 2021 to 56% in Q4 2022. This increase in food expenditures forced the poorest households with limited incomes to resort

to moderate and negative food coping strategies, in order to deal with food access difficulties. Looking at the reduced coping strategy index (rCSI), used to assess the level of stress a household faces due to difficulties in meeting their food needs, helps 56% of households used moderate (reducing the amount of food consumed during meal preparation) or negative (reducing the amount consumed by adults/mothers in favor of children) coping strategies in 2022, compared to only 43% at the same time in 2021.

Conclusion

In 2022, Cameroon's overall inflation rate reached a historic high of 6.3% compared to 2.3% the previous year. This historic level is explained by a combination of pre-existing endogenous and exogenous factors, whose consequences on the country's economy have been exacerbated by the Russian-Ukrainian crisis and the volatility of global markets in this context, as reflected by energy and non-energy commodity prices, supply-chain disruptions, and financial markets instability ([AFDB](#)).

The resulting rise in global commodity prices, such as energy and fertilizers, but also food commodities, led to a decline in productivity for domestic industries due to increased production costs, as well as to higher consumer prices. In Cameroon, food inflation increased by 12.7% in 2022, compared to only 4.3% in 2021. It thus tripled in one year, making it the main driver of overall inflation in the country last year.

This increase in the cost of living in Cameroon in 2022 has had negative consequences on households' food security, especially for the poorest households. Indeed, between October 2021 and October 2022, the number of food insecure people increased by 48% in one year, from 2.43 million to 3.6 million.

Although the Government of Cameroon has taken a series of measures to combat rising food and non-food prices, and preserve household purchasing power, the situation is likely to persist throughout 2023, in view of the enduring Russian-Ukrainian crisis.



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