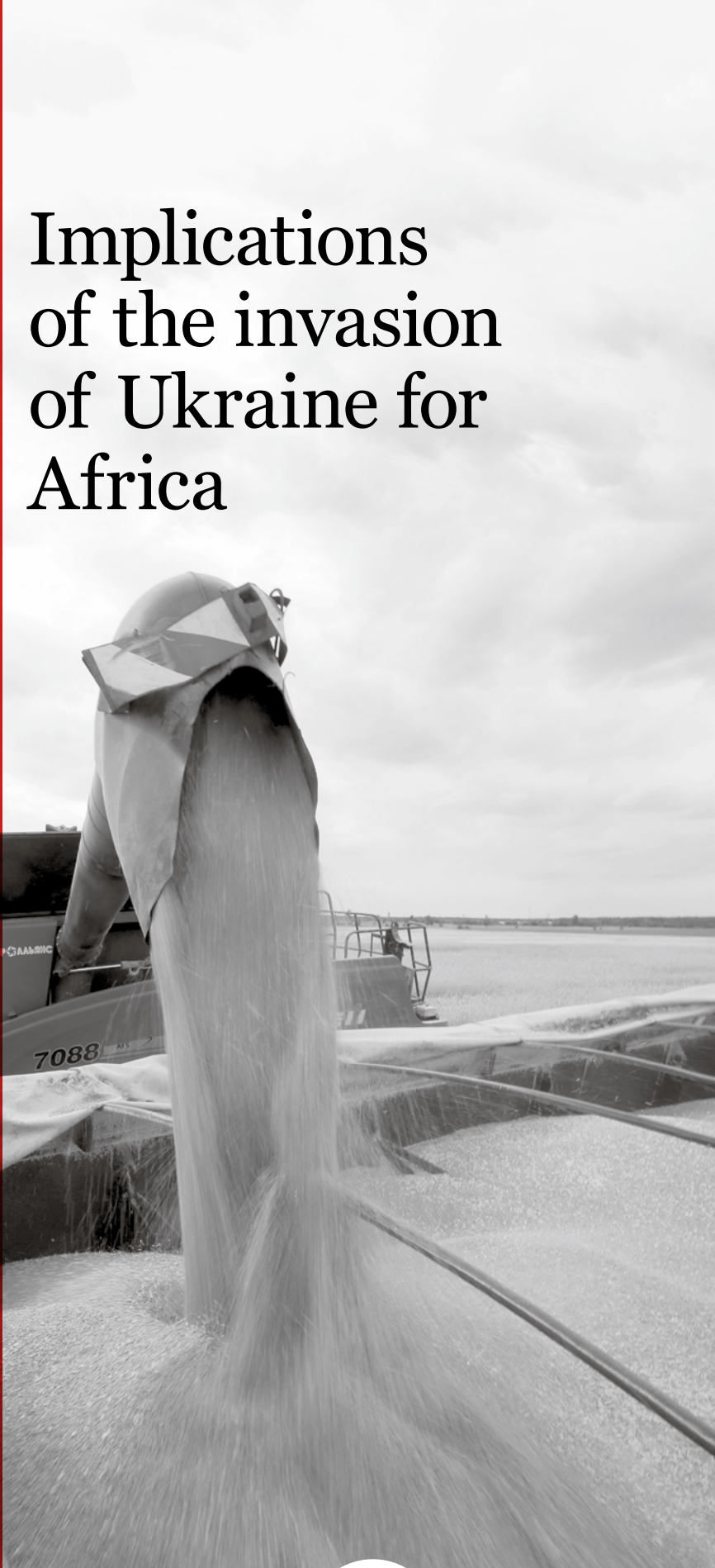


# Implications of the invasion of Ukraine for Africa



Insight\_06  
May 2022



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# Chair's Letter

May 2022

**Lord Peter Hain**

## A view of the Ukraine War from the African perspective

When the UN General Assembly voted overwhelmingly to condemn Vladimir Putin's barbaric invasion of Ukraine, only Eritrea, Belarus, North Korea and Syria dissented – hardly an endearing group.

But 35 countries, including India and China, abstained.

Kenya's UN Ambassador made a powerful speech against the invasion: "We must complete our recovery from the embers of dead empires in a way that does not plunge us back into new forms of domination and oppression," he said.

South Africa initially called for the withdrawal of Russian troops, but then blamed Nato expansion for the war, ending up abstaining with sixteen other African countries, its President Cyril Ramaphosa explaining it hoped to play a peace-making role. Russia's growing role in Africa, as well as its past support for Southern African liberation movements, was clearly a factor here.

The Ukraine War has magnified a shifting geopolitical dynamic, including Russia's expanding influence in the Middle East after its decisive role in the Syrian war, with Saudi Arabia and UAE rulers refusing to take Joe Biden's phone call.

Donald Trump massively damaged the US's global standing and China of course is practising quasi economic colonialism across Africa.

And the Iraq War provoked resentment at double standards. Although Russia's deployment of cluster munitions against Ukraine citizens has rightly horrified, Joe Biden hasn't so far reversed Trump's endorsement of their use.

Kenya's denunciation of Russia's naked violence in Ukraine was notably accompanied by a condemnation

of "the trend in the last few decades of powerful states, including members of this security council, breaching international law with little regard".

Although no democrat or humanitarian can defend Putin's brutal aggression in Ukraine, the West has questions to answer too. Why on earth did NATO ever entertain Ukraine's ambitions to join – a demand even Ukraine's admirably brave President is willing to abandon?

In medieval times Kyiv was the capital of a kingdom that spread to become the Russian Empire, and it was only after the 9<sup>th</sup> Century that the capital shifted to Moscow. Ukraine and Russia have therefore been tied to one another for centuries. Even such famed dissidents as Aleksandr Solzhenitsyn and Joseph Brodsky insisted that Ukraine was an integral part of Russia.

When the Russian Austria-Hungary Empires collapsed towards the end of World War 1, Ukraine declared itself an independent state for the first time, lasting until 1922 when it was incorporated into the Soviet Union.

After a very painful World War II which again tore the country apart, and a great deal of suffering during the Cold War, 90 percent of Ukrainians voted in 1991 to separate from the defunct Soviet Union. In 1994 the US, Russia and the UK signed The Budapest Memorandum which guaranteed Ukraine's territorial integrity in return for its neutrality.

A negotiated agreement could reassert that neutrality, guaranteed by Moscow, Washington and Brussels, with no further NATO enlargement or encirclement around Russia's borders, in return for no more illegal or aggressive moves by Russia in Ukraine, Moldova or any other of its neighbours. Surely small prices to concede for both sides to end the slaughter and devastation.





**Dr Alex Vines, Director,**  
*Africa Programme Chatham House*

## ‘There’s a massive knock-on from the Ukraine crisis in Africa’

*From food price inflation to increased interest in African gas, the Russia-Ukraine war will have significant implications for Africa, as the director of Chatham House’s Africa Programme tells*  
**Angus Chapman and Dr Desné Masie**

### **IC Intelligence: What risks and opportunities do you see for Africa as a result of the Russia-Ukraine war?**

**Alex Vines:** This is a big question. There’s a danger globally that we’re going into a binary world of democracies and autocracies. And one of the things that African peoples and leaders need to be vigilant about is not to get pigeonholed into that logic. Which is why I think we’re seeing a resurgence of the fundamental instincts that are predominant on the African continent, which is non-alignment.

Being non-aligned was the default position for the majority of African countries in the Cold War and I think we’re going to see a resurgence of this now. Non-alignment is much more comfortable than being pigeonholed as part of a Western position or indeed an Eastern position.

### **Should Africa be taking a side and how are these developments playing out?**

At the United Nations General Assembly vote condemning the Russians, the majority African position was abstention. Or if you’re a country like Ethiopia, you walked off and had a coffee – they didn’t even vote.

What’s more telling is the more recent UN General Assembly vote on the Human Rights Council

membership of Russia. There, the majority position [of African countries] was abstaining or not voting, but a few more African countries did oppose that resolution. I was surprised, for example, that Gabon signed up to that – whereas for Eritrea, the Central African Republic, Mali and Zimbabwe, you’d have expected it.

The broader question of whether Africa should be aligned is a good one, and I think already before the Russian invasion of Ukraine we were moving into a period of heightened geopolitical rivalries and attempts by both China and Russia but also the USA and the West to get Africans to choose sides.

I think the African position should be one of multipolarity, to choose an à la carte menu, rather than a set menu. At the end of the day, for an African state, choice is more useful – to be able to see what value you can extract, rather than be tied to a set menu in which you’re obliged to do certain things in return and in which you have less agency.

This is an important moment for Africa in that it provides an opportunity of choice that in recent years has probably been less available. This could be Africa’s moment in that regard.

### **Are there any obvious wins for Africa if it sticks to non-alignment?**

The international system is changing. There’s more equality entering into it and that’s clearly important for Africa, which has been massively disadvantaged by a history of colonialism and under-development.

There are certain advantages from the Russian crisis for a number of states. One is greater desirability and wooing by both West and East – not just Russia but China – another is the spike of metal commodity prices. If you’re a producer of metals or strategic minerals, or of oil and gas, you’re very desirable. There’s upside there.

My hope is rather than geopolitical fragmentation of individual states there’ll be more collectivism at the African Union level and regional economic community level, with more bloc positioning as to the advantages they may extract with international partnerships. That will give more power in terms of geopolitical negotiating.

We’ll have to see – the building blocks of the pan-African African Union vision are in trouble. You see



this in West Africa and Southern Africa – Ecowas and the SADC are struggling on security challenges they are facing.

***Russia is increasingly economically isolated through sanctions. How will this impact Africa?***

The commodity producers will certainly in the short term do better. Oil is over \$100 a barrel and that's very good news for a country like Angola in the short term, and gas becomes much more strategically important with Europe looking to diversify away from Russian gas. We're seeing plans for a high-level Italian delegation to go to Mozambique. ENI is regarding its gas assets in Mozambique as incredibly strategic. Before the invasion of Ukraine they might have been considering selling them because they were exposed cost-wise with the investments on gas in Egypt.

This is a game-changer in the way that Europe in particular is looking at African energy to help in the energy transition. The same will be true for certain minerals that will help in the energy transition to net zero. This is where graphite and cobalt will become much more important – countries like DRC, and northern Mozambique will become more strategic.

Suddenly a number of African countries will be more important to Europe. Likewise, although we're seeing a partial European retreat in the Sahel at the moment, in the longer term the Sahel will remain important and West Africa in particular, because it's basically the European near abroad.

If you look at senior policymakers in Europe, they were saying a lesson from Covid is that extended supply chains to Europe were unsustainable, including farm production. So if you have more enabling business environments in West Africa, they'll see inward FDI building up industrial capacity and capability because it's basically Europe's extended neighbourhood.

***Do you see any other risks attached to rising commodity prices?***

If you read the latest UNFAO report, their food price index is up by 34% on last year. We were already dealing with high inflation. I was in Malawi late last year and I stumbled into a riot in Blantyre over staple prices. They were blaming the new government

there, but really it was about inflation and everything getting too expensive.

Since the invasion of Russia by Ukraine we have record wheat prices – 85% of Africa's wheat is imported, a third comes from Russia and Ukraine. This is a serious problem for many African countries that need to import food. One of the trends which has been very visible in recent years has been the increasing restiveness of populations across the continent about their governments failing to provide services and safety nets for external shocks.

Unfortunately I think we'll see more protests because people are going to find it difficult to survive, particularly in urban and peri-urban areas where there isn't the ability to go and produce on smallholdings plots to feed yourself. Where you've got a struggling middle class for example. So there's a massive knock-on from the Ukraine crisis on the African continent.

***What might happen to Russian influence in Africa?***

The Russian economy globally is just about the size of the Netherlands. The Russians travel lightly, they don't have deep pockets. There are sectors where they are more involved – selling nuclear power, weapons, and a bit of mining. That's it. The oil and gas story for Russia is out of the picture now. So what vacuum is created by Russia's inability to invest in the African continent will be taken up by others – India, South Korea, China will look at the opportunity. Some areas Africa will feel a bit of loss. The number of Africans going to Russia to study was growing. I don't think it will be particularly attractive with the economic conditions in Russia now.

***Who might step into the gap that might emerge?***

Russia is going to be so occupied with Ukraine that even where it's given security support, in countries like the Central African Republic and Mali, even that will be difficult to maintain at the levels they had. They're withdrawing the Wagner Group personnel, and that's something to look out for. Are there other countries which see that as an opportunity to contribute to multipolarity? [For Africa] it's about a choice of different countries and how to balance them.





**'This could be  
Africa's moment'**



# Russia's war risks derailing Africa's economic recovery

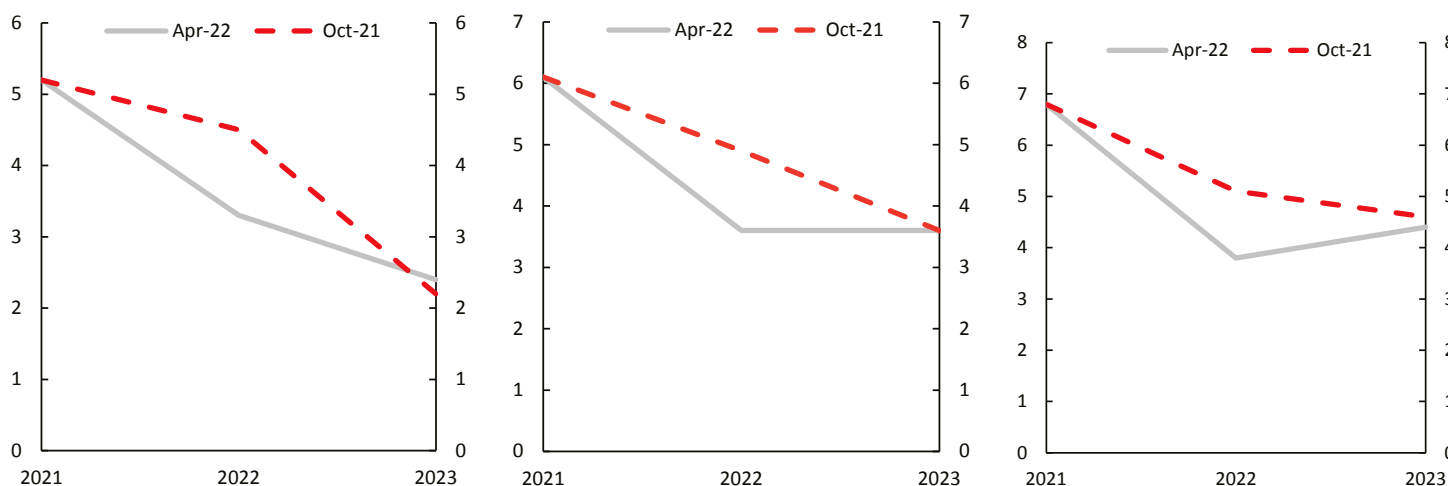
**Angus Chapman,**  
Research Associate, IC Intelligence

Russia's invasion of Ukraine has been a shock to the world. As bombs rain down on Ukrainian cities, and our television screens fill with images of destruction, massed migration and sombre officials meeting in ornate rooms, businesses, governments and individuals across the globe are feeling the economic pain.

The latest IMF figures, released on 19 April as part of the 2022 World Economic Outlook, give a sense of the magnitude. In the mere seven months since October 2021, when despite a military build-up on their shared border, outright war between Russia and Ukraine appeared inconceivable to most, the IMF have shaved almost 1.5 per cent off their world GDP projections (figure 1).

The invasion has come at a difficult time for

**Figure 1: IMF GDP growth projections, October 2021 vs April 2022 (per cent)**



the global economy. The COVID-19 pandemic brought international trade and production to a standstill for almost two years, while governments in most parts of the world, faced with huge numbers of households and businesses teetering on the brink of bankruptcy, were forced to incur debt at levels unprecedented during peacetime.

How ironic that the recovery – fragile as it may have been – should now be derailed by a war.

## Transmission

In truth, both Russia and Ukraine are minnows compared to the global economic powerhouses (figure 2). At just \$153 billion in 2019, Ukraine's GDP is somewhere between Sudan and Morocco, while Russia's \$1.6 trillion is roughly equal to Australia and almost half that of the UK. But when trying to unpick the outsized economic effects of Russia's invasion, it is worth thinking about the ways in which shocks transmit through the globalised web of 21<sup>st</sup> century economic relations.

Commodity markets, thus far, have been the main channel through which the economic stress has travelled. Specifically the markets for energy – Russia is by far the major supplier of oil and gas to the EU – and food, with Ukraine and Russia together providing an outsized share of the global supply of basic agricultural goods such as wheat, corn and sorghum.

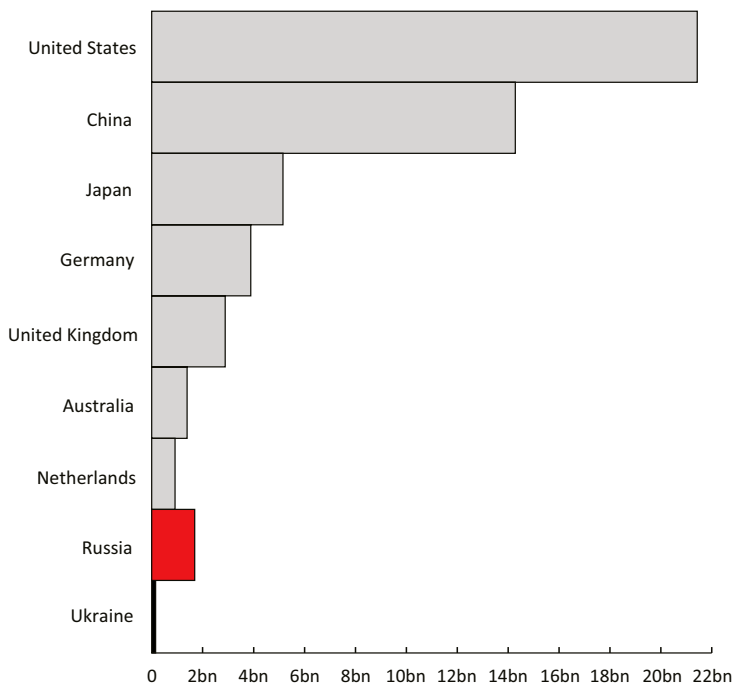
While energy has been getting most of the





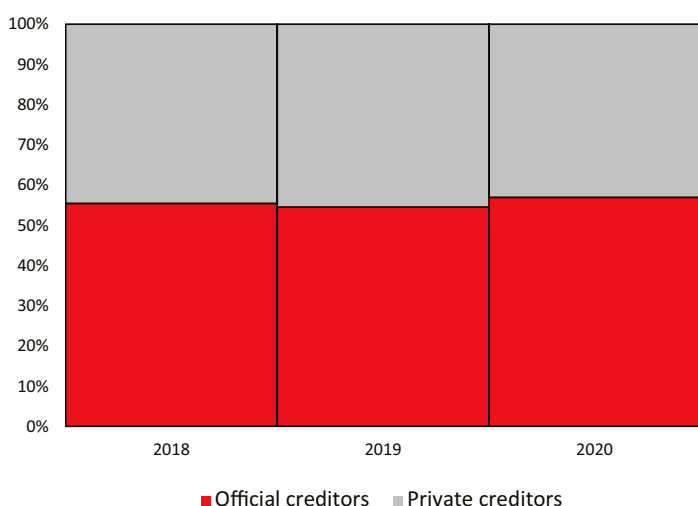
**Figure 2: 2019 GDP in selected countries**  
(\$US/trillions)

Source: World Bank



**Figure 3: percentage of sub-Saharan African external debt held by private and official creditors**

Source: World Bank International Debt Statistics; author calculations



attention in more-developed countries, it is these rapid increases in food prices that are likely to hit the less-developed the hardest. According to the IMF, food accounts for roughly 40 per cent of consumption spending for the average sub-Saharan African. In the EU, the figure is less than 15 per cent. The longer the war continues and food prices remain elevated, the more Africans will be pushed into food poverty as a result.

This supply shock is compounded by the issue of elasticity; the speed at which demand and supply for commodities can adjust. While many countries hold substantial oil and gas reserves, and spare capacity amongst non-Russian suppliers such as Canada, the US, Saudi Arabia and some North African countries mean fuel supply can be rapidly expanded, already-poor harvests and the lengthy period needed to cultivate new crops mean that food shortages are likely to endure well into 2023.

### Finance

African government incurred eye-watering levels of debt during the COVID-19 pandemic, with the African Development Bank reporting that the average African debt-to-GDP ratio is around 60 per cent; a full ten percentage points higher than it otherwise would have been. Moreover, a significant proportion of this debt is from a fractured set of commercial lenders, rather than traditional multilateral lenders such as the IMF and World Bank. Having accounted for just 17 per cent of external African debt in 2000, private lenders now account for almost half.

These private lenders are more sensitive to market conditions than Africa's traditional creditors. If the situation in Ukraine causes a global repricing of risk, then the African countries that owe them money may find these debts harder to service. When considered alongside the likelihood of widespread monetary tightening, as central banks across the world battle the inflation and volatile international capital flows that have been unleashed by the war, there is a real danger that the most heavily indebted amongst them could slip into default.

No wonder the AfDB is warning of another 'lost decade' for African development.





## A view from the ground

**Aanu Adeoye** – *Mo Ibrahim Foundation Academy Fellow, Chatham House*

For most people in Africa, Russia's invasion of Ukraine is a faraway problem that has little bearing on their daily lives. Beyond the Ukraine-based African students who reported discrimination as they sought to flee the conflict in its early days, very few Africans have had first-hand experience of the war.

There seems to be a bifurcation of interest in the conflict. Commentators in the media, academia and think tanks have been discussing the war and its effects in Africa, especially as regards food security on the continent. But "ordinary" people are just getting on with their own activities.

The war in Ukraine, however, is having major downstream economic effects in Africa. Even before Russia's war in Ukraine began in February, many parts of West Africa and the Maghreb were experiencing elevated levels of food inflation. Average food price in the last quarter of 2021 across West Africa was 39% higher than over the same period in the last five years. Covid-19 has jammed up supply chains, caused an increase in freight costs and worsened logistics planning, a particular worry for African countries who import most

**'Leaders know they face an uphill battle to stave off economic anxieties that have yet to subside since the pandemic'**

of their food.

Local harvests in West Africa have also been decimated by poor rainfall, the high cost of fertilisers, a lack of government support for the agricultural sector and many other factors.

Russia's invasion of Ukraine has led to a sharp rise in the cost of wheat, a staple across Africa. Egypt is the most exposed country anywhere in the world — it imports 60% of its wheat from abroad, and sources 80% of those imports from Russia and Ukraine.

The price of palm oil, a fixture in many African dishes from Nigeria to Kenya, has also gone up. Neither Russia nor Ukraine produce the commodity but the interconnected nature of global markets has had a knock-on effect. Indonesia exports much of the stuff and has introduced export bans to keep prices stable at home.

Unaffordable prices of staple food have the potential to spark social unrest. In 2007 and 2008, drought-induced shortages of rice and wheat led to riots in many countries including Egypt. Most recently, the protests that toppled former Sudanese dictator Omar al-Bashir began in December 2018 as frustrations mounted when the government cut bread and fuel subsidies. This could explain why Egyptian authorities have fixed the price of unsubsidised bread. The risk of social

unrest is all too familiar.

The worst of the soaring prices caused by the war may be yet to come. Ukraine's planting season has been disrupted by the war and Russian exports are not flowing as freely as they used to. Russia and its ally Belarus are the world's biggest exporters of fertilisers, which could also affect local cultivation in Africa and as far afield as South America. People in Africa may not be connecting the conflict with their day-to-day lives just yet, but this could only be a matter of time if things get worse as predicted. Leaders know they face an uphill battle to stave off economic anxieties that have yet to subside since the pandemic cratered many people's livelihoods.

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