

## REVISION

## Ukraine Limited Emergency Operation (LEO), budget revision |04|

Gender and age marker code: |NA|

| <b>Transmittal Slip Table - BUDGET OVERVIEW</b> |                       |                          |                       |
|---|-----------------------|--------------------------|-----------------------|
|   | <b>Current</b>        | <b>Change</b>            | <b>Revised</b>        |
| <b>Duration</b>                                 | <b>Feb - Aug 2022</b> | <b>4-month extension</b> | <b>Feb - Dec 2022</b> |
| <b>Beneficiaries</b>                            | <b>4 993 850</b>      | <b>-288 850</b>          | <b>4 705 000</b>      |
| <b>Total cost (USD)</b>                         | <b>1 238 520 152</b>  | <b>707 942 244</b>       | <b>1 946 462 396</b>  |
| Transfer  | 1 096 108 721         | 642 606 070              | 1 738 714 791         |
| Implementation                                  | 38 259 464            | 10 990 486               | 49 249 950            |
| Direct Support Costs                            | 28 676 210            | 11 461 597               | 40 137 807            |
| <b>Sub-total</b>                                | <b>1 163 044 395</b>  | <b>665 058 154</b>       | <b>1 828 102 549</b>  |
| Indirect Support Costs                          | 75 475 757            | 42 884 090               | 118 359 848           |

## 1. RATIONALE

1. This budget revision (BR04) extends the overall duration of the Ukraine Limited Emergency Operation (LEO) to 10 months, ending December 2022, in order to allow time for the preparation of a subsequent T-ICSP.<sup>1</sup> It also brings the LEO in line with the most up-to-date assessment of the humanitarian situation in Ukraine. Specifically, this BR:
  - Reduces the beneficiary caseload under activity 1 by 288,850 crisis-affected people;
  - Reduces the general food distribution (GFD) food basket and CBT transfer values to meet 60% of household needs in line with most recent assessments;
  - Introduces a pilot emergency school feeding initiative for 100,000 vulnerable school age children under activity 1.
2. A baseline food security assessment conducted between March and April 2022, found that about one in three households in Ukraine were food insecure. Taking into consideration the number of people who have fled Ukraine into neighbouring countries and beyond, current estimates point to a reduction in the overall population of Ukraine from 44 million to 37 million people in country. Accordingly, the estimated number of people in need of assistance inside Ukraine has reduced.
3. A gap analysis carried out by the Cash Working Group in February 2022 suggested that targeted households are increasingly able to rely on resources of their own to cover their needs. The May 2022 Ukraine Food Security Report<sup>2</sup> and regular monitoring indicate that the majority of assisted households have a source of income which is able to cover a portion of their essential needs. Therefore, a transfer covering 60 percent of food requirements is believed to be sufficient to cover the gap. This accounts for inflation and the proportion of household budgets that is typically dedicated to expenditure on food.
4. Feedback from the Government, the education and food security clusters as well as other humanitarian partners indicate the need to support the national school feeding programme. The Ministry of Education intends to re-open educational facilities in September 2022. School feeding for both displaced and local children is needed to address the needs of vulnerable families, ensuring children are able to access education while ensuring their unique food and nutrition

<sup>1</sup> As Moldova will be operating under a T-ICSP from September 2022, activity 6 will no longer be operational from September to December 2022 under this LEO.

<sup>2</sup> [https://docs.wfp.org/api/documents/WFP-0000139190/download/?\\_ga=2.166389310.1441062397.1658834200-764853633.1620111473](https://docs.wfp.org/api/documents/WFP-0000139190/download/?_ga=2.166389310.1441062397.1658834200-764853633.1620111473)

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needs are met, particularly as national budgets become more stretched. Accordingly, WFP will implement a pilot emergency school feeding activity in selected regions.

## **2. CHANGES**

### ***Strategic orientation***

5. There are no changes to the strategic orientation of the LEO.
6. Previous budget revisions made the following changes to the LEO:
  - BR1, approved by the ED and FAO DG on 7 March, increased the budget by USD 540m, adding 6 new activities for the regional response, increasing the number of beneficiaries to 3,150,000, and extending the overall duration of the LEO by 1 month to end June 2022.
  - BR2, approved by the RD on 28 March, added the in-kind modality to activities 6-10 (outside Ukraine) with no cost increase.
  - BR3, approved by the ED and FAO DG on 23 June, increased the budget by USD 648m, extending the LEO by 2 months to end August 2022 and increasing the overall beneficiaries to 4,993,850.

### ***Strategic outcomes***

#### **Targeting approach and beneficiary analysis**

7. Under activity 1 and in line with most recent data and assessments, WFP will reduce the number of people planned to receive assistance to 4.4 million displaced and host populations in Ukraine, including 100,000 children who will benefit from a school feeding pilot in areas of high displacement and where physical returns to school are possible.

#### **Transfer Modalities**

8. Under activity 1, WFP will assist 2.3 million people with cash-based transfers (CBT), and 2.3 million people with in-kind food assistance (including overlaps). Through careful and regular market monitoring as well as other contextual analysis, WFP plans to progressively reduce the size and scope of in-kind operations while increasing, where appropriate, the number of people assisted through CBT, including unrestricted cash transfers and value vouchers. This will help revive and sustain the local economy while providing wider and more dignified choices to conflict-affected populations in Ukraine.
9. In areas where markets are competitive and where the financial sector is functioning without disruption, beneficiaries will receive cash transfers. Value vouchers will be implemented in freshly de-conflicted areas where food supply and functioning financial service providers (FSPs) are limited. By supporting large to medium national retailers, WFP aims to support the rehabilitation of markets, transitioning from in-kind to value vouchers as a first step, and finally to cash transfers once markets are fully operational.
10. Given that crisis-affected vulnerable households are estimated to be able to cover roughly half of their needs, both the in-kind food basket and CBT value have been reduced from 100 to 60 percent of food needs. The GFD in-kind food basket, comprised primarily of locally-procured commodities in accordance with market availability and beneficiary preferences, will now cover 1,611 kcal/person/day. The CBT transfer value will be reduced to approximately USD 50, taking into consideration analysis of inflation since the onset of the conflict and a re-calculation of the minimum expenditure basket (MEB) using a more limited and emergency-appropriate non-food basket. Ongoing discussions and planned reassessment by the cash working group may result in further adjustments to the cash transfer rates.

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11. The contents of the rapid response ration food basket, provided to newly displaced families to meet their needs for the first 5 days of displacement, will also be revised slightly by increasing the quantity of canned meats and pulses in line with beneficiary preferences and market availability of the selected commodities.
  12. Under the school feeding pilot under activity 1, WFP will use cash transfers to allow schools to purchase meals from selected vendors for school feeding utilising a government-run audited and transparent platform. The transfer value per student per day amounts to USD 1.17, in line with the Government value, and would be provided to all students on a daily basis in the targeted schools until December 2022. Meal choices are in line with those provided to other schools through the National programme, which was revised in 2021 to include more nutritious options.

#### Partnerships

13. WFP will partner with the Ministry of Education at national and sub-national levels to implement the school feeding pilot, whereby WFP will coordinate with the Ministry of Education to identify schools for implementation and retrieve accurate data on needs and monitor assistance provided.

#### Supply Chain Challenges

14. WFP will work to ensure a smooth transition between different modalities of assistance (in-kind food distributions, value vouchers or cash transfers), maintaining sufficient capacity to enable a rapid scale up of in-kind assistance if needed. Special attention will be placed on ensuring availability of age-appropriate nutritious foods in the upcoming market assessments.
15. Given that local markets have recovered quickly, offering more competitive cost, WFP will progressively reduce regional procurement in favour of local procurement. This will allow for cost savings, reduce the lead times caused by border congestions, decrease the pressure on the international transporters, and inject funds into the local economy.
16. Transport costs have increased three-fold in the past two months, in part due to drivers' reluctance to travel through conflict-affected areas, and also due to high demand for transport services in Europe. As the conflict evolves, transporters are less keen to take risks on their trucks and assets. In order to mitigate this risk, WFP has rented a fleet of 60 fully dedicated trucks and has positioned a dedicated fleet of ten smaller WFP-owned trucks to Dnipro to facilitate access to hard-to-reach areas.
17. WFP is actively monitoring fuel availability and prices within Ukraine, as fuel shortages affect WFP, humanitarian actors and cooperating partners. Following the initial shock caused by the conflict and the destruction of 18 fuel depots, as of July 2022 fuel prices have stabilized. In preparation of the upcoming winter season, where an increase in demand is expected, WFP is establishing a parallel regional fuel supply line that can ensure humanitarian operations continue unhindered.
18. On 22 July, Ukraine and Russia signed a "grain deal" to allow the resumption of exports of grains, fertilizers and other agricultural products out of Ukraine. WFP will support local producers to ensure Ukraine remains integrated in global supply chains and agricultural markets. Supporting Ukraine's people and food production and helping stabilize the impact on world food markets will be approached from two complementary angles:
  - i. support Ukraine to export agricultural products by strengthening the link to international markets while Black Sea routes are restored; and
  - ii. support the agri-food sector through procurement from local producers and processors, and through cash transfers provided to affected Ukrainians who shop at food retail outlets and farmers' markets across the country.

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*In case of service provision*

19. A gaps and needs analysis exercise was carried out in June 2022 to ensure Logistics Cluster activities reflected ongoing operational challenges and partners' future needs. In line with this, the scope of common services (i.e. storage and transport) will decrease, while an increased focus will be placed on augmenting logistics capacity through effective coordination and information sharing mechanisms. In this volatile context the ability to react will be reliant on efficient identification of potential logistical constraints.
20. The Emergency Telecommunications Cluster (ETC) is deploying cybersecurity solutions to provide secure networks and backup connectivity to humanitarians, while working with the United Nations Department of Safety and Security to obtain approvals for the establishment of security communications services. The ETC is also collaborating with partners to increase accountability towards affected populations, including through the launch of the ETC Chatbot that allows affected populations to access information about humanitarian assistance.
21. The Food Security & Livelihoods Cluster (FSLC), jointly led by WFP and FAO, continues to provide coordination and information management support to 60 partners. Through its two working groups, food assistance and livelihoods, and national and sub-national coordination mechanisms, including the recently established Dnipro Hub, the FSLC will strengthen partners' operations, deduplication efforts, gap analysis and service delivery to ensure comprehensive and timely last-mile provision of food assistance and livelihoods interventions.

*Accountability to affected populations, protection risks, restrictions of gender and disabilities:*

22. WFP has launched a community feedback mechanism hotline in order to communicate transparently with affected populations, allow them to share feedback and/or report complaints, and provide resolutions to disputes should they arise. This includes the chatbot set up through the ETC.
23. WFP is engaging with the Protection Cluster to set up a network to identify risks and mitigation measures, ensuring WFP is able to reach the most vulnerable among the affected people and communities. The ongoing protection and gender analysis suggests persons with disabilities, older people, women with caregiving responsibilities, people living with HIV/TB or chronic diseases, and members from minority groups may be at risk of not being identified or registered for assistance. WFP is planning to partner with local NGOs who work with marginalized groups, including organizations that work with persons with disabilities, to ensure delivery mechanisms and transfer modalities are tailored, where possible, to the specific needs of persons in at risk groups.
24. WFP is planning to further enhance PSEA capacity through strengthening and implementing survivor assistance protocol at Inter-Agency level in collaboration with the PSEA Task Force in Ukraine. WFP will integrate gender-transformative approaches into its operations and will train cooperating partners on 'Do No Harm' approaches to ensure beneficiaries are served with safety, dignity, and integrity.

### Beneficiary analysis

| Strategic Outcome | Activity                                    | Period            | Women                    | Men         | Girls        | Boys         | Total     |           |
|-------------------|---|-------------------|--------------------------|-------------|--------------|--------------|-----------|-----------|
|                   |   |                   | (18+ years)              | (18+ years) | (0-18 years) | (0-18 years) |           |           |
| 1                 | 1 (In-kind) <sup>3</sup>                    | Current           | 1,621,603                | 828,349     | 329,069      | 334,829      | 3,113,850 |           |
|                   |   | Increase/decrease | -475,907                 | -243,103    | -20,709      | -16,076      | -755,795  |           |
|                   |   | Revised           | 1,145,696                | 585,246     | 308,360      | 318,753      | 2,358,055 |           |
|                   | 1 (CBT)                                     | Current           | 774,350                  | 486,957     | 178,803      | 159,890      | 1,600,000 |           |
|                   |   | Increase/decrease | 290,383                  | 182,608     | 140,401      | 86,607       | 700,000   |           |
|                   |   | Revised           | 1,064,733                | 669,565     | 319,204      | 246,497      | 2,300,000 |           |
|                   | 5 (In-kind)                                 | Current           | 2,200                    | 1,900       | 485          | 415          | 5,000     |           |
|                   |   | Increase/decrease | 0                        | 0           | 0            | 0            | 0         |           |
|                   |   | Revised           | 2,200                    | 1,900       | 485          | 415          | 5,000     |           |
|                   | 5 (CBT)                                     | Current           | 19,800                   | 17,100      | 4,365        | 3,735        | 45,000    |           |
|                   |   | Increase/decrease | 0                        | 0           | 0            | 0            | 0         |           |
|                   |   | Revised           | 19,800                   | 17,100      | 4,365        | 3,735        | 45,000    |           |
|                   | 6 (CBT)                                     | Current           | 133,672                  | 108,892     | 31,780       | 33,656       | 308,000   |           |
|                   |   | Increase/decrease | 0                        | 0           | 0            | 0            | 0         |           |
|                   |   | Revised           | 133,672                  | 108,892     | 31,780       | 33,656       | 308,000   |           |
|                   | 7 (In-kind)                                 | Current           | 2,200                    | 1,900       | 485          | 415          | 5,000     |           |
|                   |   | Increase/decrease | 0                        | 0           | 0            | 0            | 0         |           |
|                   |   | Revised           | 2,200                    | 1,900       | 485          | 415          | 5,000     |           |
|                   | 7 (CBT)                                     | Current           | 19,800                   | 17,100      | 4,365        | 3,735        | 45,000    |           |
|                   |   | Increase/decrease | 0                        | 0           | 0            | 0            | 0         |           |
|                   |   | Revised           | 19,800                   | 17,100      | 4,365        | 3,735        | 45,000    |           |
|                   | 8 (In-kind)                                 | Current           | 2,200                    | 1,900       | 485          | 415          | 5,000     |           |
|                   |   | Increase/decrease | 0                        | 0           | 0            | 0            | 0         |           |
|                   |   | Revised           | 2,200                    | 1,900       | 485          | 415          | 5,000     |           |
|                   | 8 (CBT)                                     | Current           | 19,800                   | 17,100      | 4,365        | 3,735        | 45,000    |           |
|                   |   | Increase/decrease | 0                        | 0           | 0            | 0            | 0         |           |
|                   |   | Revised           | 19,800                   | 17,100      | 4,365        | 3,735        | 45,000    |           |
|                   | 9 (In-kind)                                 | Current           | 2,200                    | 1,900       | 485          | 415          | 5,000     |           |
|                   |   | Increase/decrease | 0                        | 0           | 0            | 0            | 0         |           |
|                   |   | Revised           | 2,200                    | 1,900       | 485          | 415          | 5,000     |           |
|                   | 9 (CBT)                                     | Current           | 19,800                   | 17,100      | 4,365        | 3,735        | 45,000    |           |
|                   |   | Increase/decrease | 0                        | 0           | 0            | 0            | 0         |           |
|                   |   | Revised           | 19,800                   | 17,100      | 4,365        | 3,735        | 45,000    |           |
|                   | 10 (In-kind)                                | Current           | 2,200                    | 1,900       | 485          | 415          | 5,000     |           |
|                   |   | Increase/decrease | 0                        | 0           | 0            | 0            | 0         |           |
|                   |   | Revised           | 2,200                    | 1,900       | 485          | 415          | 5,000     |           |
|                   | 10 (CBT)                                    | Current           | 19,800                   | 17,100      | 4,365        | 3,735        | 45,000    |           |
|                   |   | Increase/decrease | 0                        | 0           | 0            | 0            | 0         |           |
|                   |   | Revised           | 19,800                   | 17,100      | 4,365        | 3,735        | 45,000    |           |
|                   | <b>TOTAL (without overlaps)<sup>4</sup></b> |                   | <b>Current</b>           | 2,571,427   | 1,358,955    | 526,575      | 536,893   | 4,993,850 |
|                   |   |                   | <b>Increase/decrease</b> | -381,147    | -13,351      | 76,516       | 29,132    | -288,850  |
|                   |   |                   | <b>Revised</b>           | 2,190,280   | 1,345,604    | 603,091      | 566,025   | 4,705,000 |

<sup>3</sup> The demographic breakdown of beneficiaries (under activity 1) was revised to reflect most recent analysis of IDPs.

<sup>4</sup> Overlap assumes all beneficiaries under activities 5-10, except for 280,000 Moldovans receiving assistance under activity 6, will receive assistance in Ukraine under activity 1 prior to leaving and takes into consideration the overlaps between in-kind and CBT under activity 1.

*Transfers*

| TABLE 2: FOOD RATION (g/person/day) or CASH-BASED TRANSFER VALUE (US\$/person/day) BY STRATEGIC OUTCOME AND ACTIVITY |  |              |               |                  |  |  |
|--|--|--------------|---------------|------------------|--|--|
| Strategic Outcome  | Strategic Outcome 1                    |              |               |                  |  |  |
| Activity   | Activity 1                             |              |               |                  | Activity 6                                   | Activity 5, 7-10                               |
| Sub Activity   | GFA                                    |              | RRR           |                  | GFA  | GFA  |
| Beneficiary type   | Crisis-affected populations in Ukraine |              |               |                  | Crisis-affected populations in Moldova       | Crisis-affected populations in other countries |
| Commodity  | Food or CBT                            | Food         | SF            | RRR <sup>5</sup> | CBT (or in-kind contingency)                 | Food or CBT                                    |
| Pasta Macaroni   | 67                                     | 320          |               |                  | 100  | 100  |
| Wheat Flour  | 167                                    |              |               |                  | 100  | 100  |
| Oats   | 17                                     |              |               |                  |  |  |
| Canned Meat  | 83                                     | 106          |               | 300              | 50   | 50   |
| Canned Pulses  | 50                                     | 84           |               | 400              |  |  |
| Vegetable Oil  | 30                                     | 100          |               |                  | 30   | 30   |
| HEB (Instant buckwheat)  |  |              |               |                  | 300  | 300  |
| Infant cereal  | 67                                     |              |               |                  |  |  |
| Sugar  | 17                                     |              |               |                  |  |  |
| Iodized salt   | 7                                      |              |               |                  | 3  | 3  |
| Bread  |  |              |               | 500              |  |  |
| <b>total kcal/person/day</b>   | <b>1,611</b>                           | <b>2,381</b> | <b>2,100</b>  | <b>3,398</b>     | <b>2,135</b>                                 | <b>2,135</b>                                   |
| % Energy supplied by protein   | 14.2%                                  | 12.3%        | 16%           | 23.6%            | 13.1%  | 13.1%  |
| <b>Cash Based Transfer</b><br>(US\$/person/day)  | <b>\$1.67</b>                          |              | <b>\$1.17</b> |                  | MPC (Apr and May):<br><b>\$1.50</b>          | <b>\$1.90</b>                                  |
|  |  |              |               |                  | MPC (Jun, Jul and Aug): <b>\$0.5</b>         |  |
|  |  |              |               |                  | Hot meals (Commodity voucher): <b>\$10.5</b> |  |
| Number of feeding days monthly   | 30                                     | 5            | 21            | 5                | 30   | 30   |

<sup>5</sup> RRR may be provided as bread only in conflict-affected areas where WFP has limited access.

**TABLE 3: TOTAL FOOD/CASH-BASED TRANSFER REQUIREMENTS AND VALUE**

| Food type / cash-based transfer         | Current Budget |                    | Increase      |                    | Revised Budget |                      |
|---|----------------|--------------------|---------------|--------------------|----------------|----------------------|
|   | Total (mt)     | Total (USD)        | Total (mt)    | Total (USD)        | Total (mt)     | Total (USD)          |
| Cereals                                 | 135 830        | 138 812 900        | 63 450        | 45 436 280         | 199 280        | 184 249 180          |
| Pulses                                  | 1 848          | 1 848 000          | 7 090         | 12 974 700         | 8 938          | 14 822 700           |
| Oil and Fats                            | 7 850          | 20 410 000         | 5 094         | 13 448 160         | 12 944         | 33 858 160           |
| Mixed and blended foods                 | 2 998          | 8 770 229          | 732           | 3 477 000          | 3 730          | 12 247 229           |
| Other                                   | 45 833         | 172 575 229        | 12 912        | 62 596 706         | 58 746         | 235 171 935          |
| <b>TOTAL (food)</b>                     | <b>194 360</b> | <b>342 416 358</b> | <b>89 278</b> | <b>137 932 847</b> | <b>283 638</b> | <b>480 349 205</b>   |
| Cash-Based Transfers (USD)              |                | 619 085 465        |               | 434 800 000        |                | 1 053 885 465        |
| <b>TOTAL (food and CBT value – USD)</b> | <b>194 360</b> | <b>961 501 823</b> | <b>89 278</b> | <b>572 732 847</b> | <b>283 638</b> | <b>1 534 234 670</b> |

**COST BREAKDOWN**

| COST BREAKDOWN OF THE REVISION ONLY (USD) |                                     |                                       |                    |
|---|-------------------------------------|---------------------------------------|--------------------|
|   | Strategic Result 1 / SDG Target 2.1 | Strategic Result 8 / SDG Target 17.16 | TOTAL              |
| Strategic outcome                         | 01                                  | 02                                    |                    |
| Focus Area                                | Crisis Response                     | Crisis Response                       |                    |
| Transfer                                  | 642 969 317                         | - 363 247                             | <b>642 606 070</b> |
| Implementation                            | 11 575 755                          | - 585 269                             | <b>10 990 486</b>  |
| Direct support costs                      |                                     |                                       | <b>11 461 597</b>  |
| Subtotal                                  |                                     |                                       | <b>665 058 154</b> |
| Indirect support costs                    |                                     |                                       | <b>42 884 090</b>  |
| <b>TOTAL</b>                              |                                     |                                       | <b>707 942 244</b> |

| OVERALL CSP COST BREAKDOWN, FOLLOWING THE REVISION (USD) |                                     |                                       |                      |
|--|-------------------------------------|---------------------------------------|----------------------|
|  | Strategic Result 1 / SDG Target 2.1 | Strategic Result 8 / SDG Target 17.16 | TOTAL                |
| Strategic outcome  | 01                                  | 02                                    |                      |
| Focus Area   | Crisis Response                     | Crisis Response                       |                      |
| Transfer   | 1 719 392 251                       | 19 322 540                            | <b>1 738 714 791</b> |
| Implementation   | 48 277 576                          | 972 374                               | <b>49 249 950</b>    |
| Direct support costs                                     | 39 682 209                          | 455 598                               | <b>40 137 807</b>    |
| Subtotal   | 1 807 352 037                       | 20 750 512                            | <b>1 828 102 549</b> |
| Indirect support costs                                   | 117 477 882                         | 881 965                               | <b>118 359 848</b>   |
| <b>TOTAL</b>   | <b>1 924 829 919</b>                | <b>21 632 477</b>                     | <b>1 946 462 396</b> |

