Impacts of the Cost of Inaction on WFP Food Assistance

In Eastern Africa (2021 & 2022)

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WFP
World Food Programme

SAVING LIVES
CHANGING LIVES

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The Costs of Inaction and their implications on WFP food assistance

Across Eastern Africa, food insecurity as classified under IPC Phase 3+ has increased by 151 percent in just 7 years to 65 million in 2022. To respond to this crisis WFP has scaled up its assistance to food insecure populations from approximately 19 million assisted beneficiaries in 2015 to 40 million in 2022, an increase of 113 percent.

However, the sheer scale and speed in the deterioration of food security has resulted in an increasing gap between needs and the resources available to WFP to intervene and there have been significant funding shortfalls. In addition, the macroeconomic shocks in the region such as high food prices and inflation have also increased WFP's operational costs putting extra stress on the already-stretched capacity of WFP to respond.

WFP has therefore been forced to modify its responses due to funding gaps in the following ways: 1) It reduced the number of people it could reach and 24.5 million food insecure people were not assisted 2) WFP reduced the duration of assistance 3) WFP implemented ration cuts. This means that for many people reached by WFP the duration or size of their assistance is below their minimum daily requirements. These "inactions" have had repercussions on the food security of people already in need.

This first Cost of Inaction study aims to quantify the impacts of the World Food Programme's funding shortfalls in the Eastern Africa region in 2021 and 2022. It also looks at the potential impacts on food insecure populations and WFP future operations. This is not to ignore the fact that there are various key humanitarian actors in the region, starting with governments.

The analysis uses Integrated Phase Classification (IPC) data so in this study the food insecure numbers equate to populations classified as IPC Acutely food insecure 3,4 and / or 5.

Lastly this novel study will now act as a baseline for further RAM work on the implications of inaction on food security levels at the household level. This work has already begun in partnership with the University of California, Davis.

KEY FINDINGS

- The Cost of Inaction on WFP's food assistance in Eastern Africa in 2022 translates into 24.5 M Acutely food insecure (IPC 3, 4 or 5) people NOT receiving any assistance. By December 2022 nearly 40 percent of the IPC acutely food insecure across 10 countries in Eastern Africa received no assistance from WFP.
- The cost to provide a full ration increased by 26 percent between 2021 and 2022, forcing WFP to resort to different strategies (e.g. ration cuts, targeting, prioritization).
- WFP needed to spend 0.81 cents per person per day in 2022 but could only spend 0.52 cents. This meant that for those people assisted, WFP was able to provide, on average, only 62% of the minimum daily kilocalories needed. The long-term implications of this particularly on women, children and the elderly will be dire.
- If the above gaps persist, there will, over time, be an increase in both the numbers of hungry people as well as an increase in the severity of their hunger, which will see an increasing percentage of the population moving into worse IPC phases. This in turn will necessitate an increase in resources required by WFP and its partners to combat hunger.

This in summary is the cost of inaction on WFP's operations; in 2021 and 2022 WFP (1) was unable to reach all the people in the Eastern Africa Region that were classified as acutely food insecure (IPC 3+) and (2) provide even the minimum kilocalories needed per day to those people it could assist.

[1] Food Insecurity numbers refers to populations classified as Acutely food insecure and in IPC Phases 3, 4 or 5. Urban food insecure as well as the refugees and IDPs that are food insecure are not factored in the analysis, unless already included in the IPC 3+ (or equivalent) caseload.

SUMMARY OF KEY FINDINGS: THE COST OF INACTION ACROSS EASTERN AFRICA

THE COST OF INACTION IN EASTERN AFRICA	2021	2022
NUMBER OF FOOD INSECURE IN THE REGION*	43.7M	64.5M
NUMBER OF FOOD INSECURE ASSISTED BY WFP IN THE REGION	34.4M	40M
NUMBER OF FOOD INSECURE UNASSISTED BY WFP IN THE REGION	9.3M	24.5M
AMOUNT OF MONEY WFP NEEDED TO SPEND PER BENEFICIARY PER DAY	0.66 CENTS	0.81 CENTS
AMOUNT OF MONEY WFP ACTUALLY SPENT PER BENEFICIARY PER DAY	0.43 CENTS	0.52 CENTS
PERCENTAGE OF MINIMUM KILOCALORIES PROVIDED BY WFP TO A BENEFICIARY ON AVERAGE	54%	62%

*Food Insecurity numbers refers to populations classified as Acutely food insecure and in IPC Phases 3, 4 or 5.

THE HUMAN COST OF INACTION

- The people that WFP should be serving are suffering under the Cost of WFP's Inaction and are having to find alternative ways to cope without sufficient food.
- Some are dealing with inadequate assistance. Olive Ngirabatware arrived in the Mugombwa camp in Rwanda in 2014, is from the Democratic Republic of the Congo (DRC) and has ten people in her household. She receives cash-based transfers as general food assistance from WFP but says that the food purchased is not enough for her family. *"When (the) food is finished, I go to the nearby market and ask for (a) food loan. I receive RWF 70,000 per month (just over USD 60) for the entire family. I buy rice and maize meal, salt, vegetable oil only for 15 days because prices are very high. (The) other 15 days I try to look for casual work or borrow food from traders. Sometimes we go to sleep without food. I wish I could get a place to go and leave the camp and be able to work and get food for my children."*

WFP/Aristide GATERA

- Others no longer receive assistance from WFP. Adau Akol is a 37-year-old woman and mother of 6 from Amaicrol boma in Aweil South County, South Sudan. She and her family are heavily impacted by the reduction in funding for WFP assistance and, despite her household's food insecurity, stopped receiving assistance in 2021 after a targeting exercise in her community. Adau has a small shop at the local market where she sells tea, but this is not enough to support her family. Not receiving assistance from WFP has had enormous consequences for her and her children, who often eat only once a day when before they used to eat two or three times. *"After I stopped receiving assistance from WFP I didn't have enough food to pay for all my children's school fees, so I had to take my eldest daughter out of school"* Her oldest daughter, Rebecca (15 years old), now supports her mother at home and collects wild fruits every day to feed the family.

WFP/Eulalia BERLANGA

Objectives and Limitations

OBJECTIVES

This study aims to quantify the impacts of the World Food Programme (WFP)'s relief response funding shortfalls in East Africa in 2021 and 2022 and analyse the cost of this inaction. The study provides an overview of how this inaction translates into implications on WFP assistance and analyses:

- *WFP expenditure per beneficiary 2021-2022* and the impacts of increased needs on operational costs and implications for WFP beneficiaries
- *Ideal budget* WFP needed to provide the minimum kilocalorie intake to the food insecure population in the Eastern Africa Region for a full year in 2021 and 2022 and the cost of inaction in terms of funding shortfalls

Developed by the Corporate Planning and Performance (CPP) Division, the Cost per Beneficiary (CpB) is an indicator representing the daily cost for WFP to deliver food or cash assistance to beneficiaries. The Methodology can be found in Annex 1.

LIMITATIONS

The analysis on ideal budget needed to provide the minimum kilocalorie intake to the food insecure population across Eastern Africa uses peak food insecurity numbers based on IPC 3+ (or equivalent) as a detailed breakdown to enable the calculations. Urban food insecure as well as the refugees and IDPs that are food insecure are not factored in the analysis, unless already included in the IPC 3+ (or equivalent) caseload.[2] An Explanation of IPC classification can be found in Annex 2

The CpB analysis used to quantify the Cost of Inaction is based on the expenditures on unconditional resource transfers to deliver food assistance.

The funding overview provided in this report only concerns WFP; however, this does not imply that WFP is the only humanitarian actor with operational presence across the Region. Comparative analysis between WFP funds and Humanitarian Response Plans (HRPs) shows needs-based operational requirements, resourced funds and gaps follow a similar pattern – especially in countries where WFP is the largest recipient of funding under these plans.

[2] Due to this methodological decision overall regional or country numbers of 'food insecure' might vary from totals presented in other regional or country reports.

[3] An analysis of the 2021 and 2022 data uploaded on the OCHA Financial Tracking Service (FTS) shows that WFP was the largest recipient for all HRPs in the region and in the top 3 of funding recipients for Migration Response Plan (MRP) & Refugee Response Plans

Overview of Humanitarian Needs in Eastern Africa

Throughout 2021 and 2022 drought, conflict, macroeconomic trends, the fallout of the conflict in Ukraine, such as the huge global and regional price spike, and the continuing effects of the COVID-19 pandemic led to the highest number of food insecure people in Eastern Africa on record. South Sudan and Somalia remain particularly concerning as all of these countries have segments of the population facing IPC phase 5 'Catastrophe' – or at risk of deterioration towards catastrophic conditions. With widespread and rapid deterioration of the food security and nutrition situation Somalia, and South Sudan are facing an increased risk of famine.[4]

DROUGHT AND CLIMATE SHOCKS

The Eastern Africa Region is particularly vulnerable to climatic shocks. The Horn of Africa is currently experiencing its worst drought in 60 years. As of December 2022, there have been five consecutive below-average rainy seasons, affecting the lives of millions of people across Kenya, Somalia, and southern Ethiopia. More than 22 million people were food insecure in drought-affected regions as of December 2022 and more than a million had been displaced by the drought. This is likely to continue through 2023 as a sixth below-average season is projected as a possibility for the March-May rainfall season and an average season would still not be enough to recover.[5]

At the same time, there have been two years of unprecedented flooding of the Nile River alongside drought in the agricultural production areas in South Sudan and Sudan. This has been reducing production in riverine areas which in turn results in less local produce available in markets, and pushes up food prices.

CONFLICT AND DISPLACEMENT

Localized conflict and related displacement are also key drivers of increased needs in Eastern Africa. Protracted conflict and insecurity in South Sudan, Sudan, northern Ethiopia, and Somalia is resulting in increased displacement, disrupted access to markets, reduced livelihood opportunities, and restricted access for humanitarian assistance. As of December 2022, the region hosted about 4.67 million refugees and asylum seekers. Most are hosted in Uganda (1.49 million), Sudan (1.13 million), Ethiopia (0.88 million) and Kenya (0.57 million). The majority of these refugees and asylum seekers originate from South Sudan, DRC, and Somalia.[6] There are also many people that are internally displaced (IDPs) in the region, largely due to protracted localized conflict. This number reached 21.64 million people by December 2022 (UNHCR). Ethiopia has the highest number of IDPs (4.57 million), followed by Sudan (3.71 million), Somalia (2.97 million) and South Sudan (2.23 million).

ECONOMIC VULNERABILITY

The increase in conflict in Ukraine in 2022 combined with the negative socioeconomic impacts of the COVID-19 pandemic on already fragile economies by pushing up prices of imported goods such as cereals, cooking oil, fuel, and fertilizers. The rise in fuel and food prices recorded since the increase in conflict in Ukraine, which peaked at record highs in March/April 2022, has exacerbated the inflation rates across Eastern Africa while eroding purchasing power. The annual inflation rate across the region was 24.2 percent as of the end of 2022, increasing the cost of living significantly for already-vulnerable households. Food inflation was averaging at 27.2 percent in Eastern Africa as of December 2022, while the cost of the local food basket reached USD 19.2, a 46.3 percent increase since the same time last year. The surge in petrol and fertilizer prices has also hit farmers. This, coupled with climatic shocks, is likely to reduce farmers' ability to grow sufficient crops thereby continuing keep the local prices of food high.[7]

[4] WFP, WFP Global Operational Response Plan 2022, Update #7 (February 2023)
[5] WFP, More Than a Decade of Drought: Impacts and Lessons Learned Across the Eastern Horn of Africa (February 2023)
[6] UNHCR, Refugees, returnees and IDPs in the IGAD region (31 December 2022); UNHCR, Burundi Situation (31 December 2022); UNHCR, Somalia Monthly Refugee Returnee Report (December 2022);
[7] WFP, Market and Trade Update 2022 Q4 (January 2023)

International macroeconomic dynamics and their implications on operational costs for WFP

Compound shocks not only increased needs but also affected WFP's ability to address them. Soaring global oil and food prices[8] (see figure 3) have made procurement of food and fuel more expensive, which, in turn, pushed up overall operational costs.

WFP budget and expenditure have also been affected by fluctuations of local currencies. When local currencies record severe depreciation, transactions from U.S. dollars to local currencies (either for cash -based transfers or local purchases of food and fuel) imply a loss of value in the contributions received by WFP, hereby requiring more resources to purchase and deliver food.

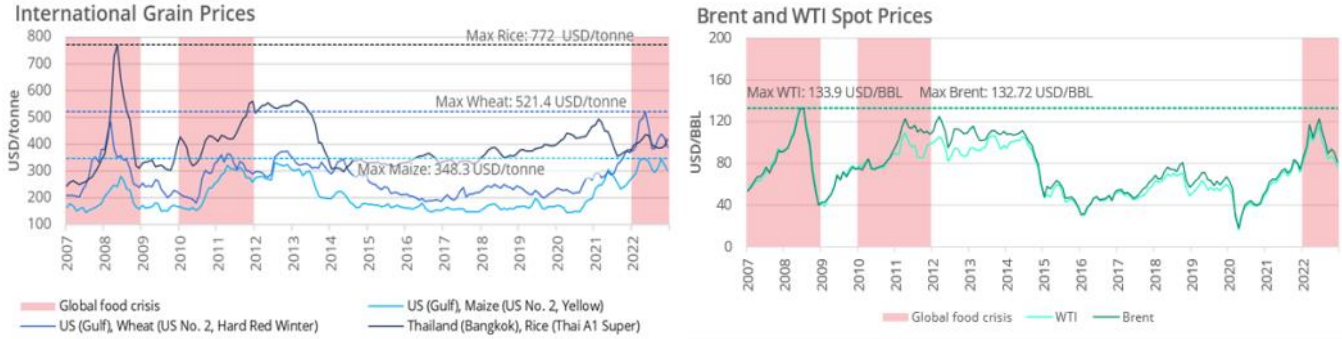
In countries where a parallel rate exists (i.e. Burundi, Ethiopia, South Sudan, Sudan), large differences between parallel and official rates cause uncertainties for an economy and substantially reduce budgets transferred into the country by U.N. agencies when relying on the official rate.

Table 1: Exchange rate trends in WFP Eastern Africa Region

Trends in exchange rates					
Country	Currency	Type	Dec-22	m-o-m	y-o-y
Burundi	BIF/USD	Official	2,080	-0.3%	-2.8%
		Parallel	3,550	-0.8%	-4.2%
Djibouti	DJF/USD	Official	178	0.0%	0.0%
Ethiopia	ETB/USD	Official	54	-0.4%	-9.5%
		Parallel	98	-10.2%	-39.3%
Kenya	KES/USD	Official	123	-0.7%	-8.1%
Rwanda	RWF/USD	Official	1,060	0.6%	-3.5%
Somalia	SLS/USD	Official	32,550	-0.8%	-5.6%
	SOS/USD	Official	8,520	-0.1%	-0.1%
South Sudan	SSP/USD	Official	663	-5.8%	-36.6%
		Parallel	653	-4.4%	-35.8%
Sudan	SDG/USD	Official	579	0.0%	-24.4%
		Parallel	580	0.0%	-22.4%
Uganda	UGX/USD	Official	3,681	2.0%	-3.6%

Source: WFP Field Monitor, National Central Banks.

Figure 3: Global Oil and Food Prices Historical Trends



Sources: OPEC, FAO FPMA (international prices)

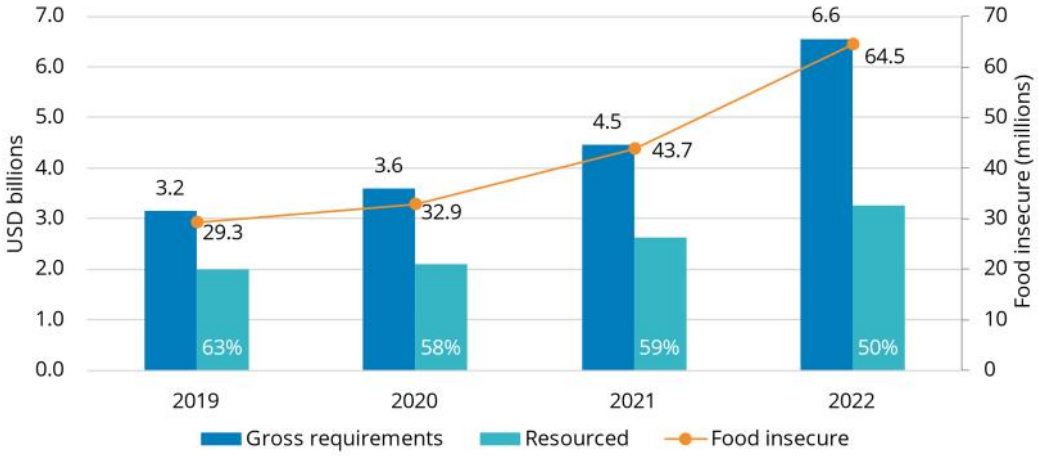
[8] The FAO Food Price Index (FPI) is a measure of the monthly change in international prices of a basket of food commodities, calculated as the average of five commodity group price indices composed of 95 commodity quotations and weighted with the export shares of each of the groups. The FAO Cereal Price Index, a sub index of the FAO Food Price Index, combines the relative prices of sorghum the IGC Wheat, Maize and Barley Price Indexes and the FAO All Rice Price Index, weighting each commodity with its export trade share.

Rising Needs and Funding Situation

The number food insecure people more than doubled between 2019 and 2022 (from 29.3 million to 64.5 million) due to the compound effect of the prolonged drought, localized conflict and the fallout of the conflict in Ukraine on top of existing economic fragilities.

Accordingly, WFP needs-based operational requirements have more than doubled since 2019 (from USD 3.2 billion in 2019 to USD 6.6 billion in 2022), also reflecting how the above-mentioned international trade dynamics and currency fluctuations impacted on operational costs. Response from donors (resourced in figure 4) has also grown in the same time span (up 63 percent). However, the gap between requirements and resourced funds has also increased over time – from 37 percent in 2019 to 50 percent in 2022, implying that WFP was only able to cover only 50 percent of the needs in East Africa, with variations across countries.

Figure 4: Sourcing Trends and food insecure population for WFP Regional Bureau for Eastern Africa, 2019-2022



Source: WFP Budget and Programming and IPC3+ or equivalent

Figure 5 shows the countries in the region with the highest number of people that are food insecure according to IPC 3+ (or equivalent) and their respective funding situation. Ethiopia is the country with the largest number of food insecure people (which increased from 16.8 million in 2021 to peak at 22.6 million in 2022). The increase in hunger levels was reflected in the WFP gross requirements (up from USD 1.2 billion in 2021 to USD 2 billion in 2022) and response from donors (up from USD 848.8 million in 2021 to USD 1 billion in 2022). However, only 49 percent of requirements were resourced in 2022.

Despite the increase in the number of food insecure in Sudan (from 9.8 million to 15.8 million) and the slight increase in WFP gross requirements (from 1 million to 1.2), only USD 331.5 million were resourced in 2022, corresponding to a funding gap of 73 percent (the largest in the region).

Despite the increased needs, Somalia and South Sudan (the two countries with people in IPC5 – Catastrophe) also recorded funding gaps (31 and 51 percent, respectively). In South Sudan, funding levels have remained almost unchanged between 2021 and 2022 despite the substantial increase in gross requirements following higher operational costs.

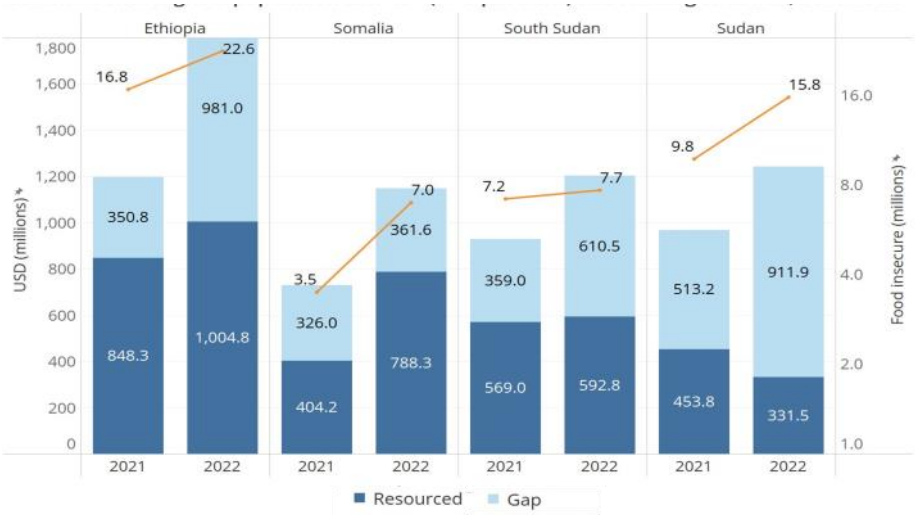
Facing funding shortfalls, WFP country offices across the region had to implement prioritization strategies either in form of reduction of duration of planned assistance, reduction of beneficiaries receiving assistance or ration cuts.

How WFP Adapted to Increased Needs

BENEFICIARIES

Despite the increased emergency response requirements caused by the COVID-19 pandemic, conflict, localized violence and climatic shocks, WFP continued to deliver assistance throughout Eastern Africa. The number of beneficiaries reached increased by 73 percent (from 23 million in 2019 to 40 million in 2022), but is not the same level as the planned number of beneficiaries due to funding shortfalls. In addition, the gap between planned and reached beneficiaries has also decreased over time (from 18 percent in 2019 to 6 percent in 2022).

Figure 5: Countries with Highest Population in IPC3+ (or equivalent) and Funding situation, 2021-2022



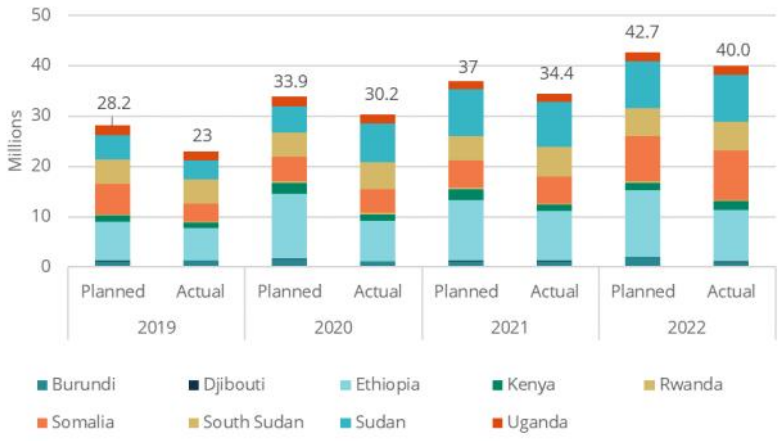
Source: WFP Budget and Programming and IPC or equivalent

If we take 2022 as an example, the needs-based budget for East Africa was USD 6.6 billion, and only 50 percent was resourced – equivalent to USD 3.3 billion, which translated into a reduction to 40 million beneficiaries from the 42.7 million planned.

The 50 percent funding shortfall did not equally result in the same proportional reduction in beneficiaries reached (the gap is only 6 percent. Instead, it was also absorbed by ration cuts and reduction in assistance duration or a combination of the two.

The below section provides an overview of the most significant ration cuts implements across the region in 2022.

Figure : WFP Eastern Africa Beneficiaries (Planned and Reached), 2019-2022



Source: WFP COMET

IMPACT ON FUNDING CONSTRAINTS – EXAMPLES FROM EASTERN AFRICA OF RATION CUTS ON REFUGEE BENEFICIARIES

Conflict, insecurity and the effects of climate change continue to displace millions of people across Eastern Africa. This increasing demand for assistance, exacerbated by the global food crisis, is fast outpacing resources, pushing many of WFP's refugee support operations to reduce food rations below the minimum requirements (2,100 kcal per person per day). As donors' attention is diverted to competing emergencies, there is a risk that refugees relying on external assistance are forgotten and left to face the dire consequences of malnutrition and hunger.

In 2022, WFP provided relief food assistance to over 4 million refugees in Eastern Africa. For most of these refugees, food assistance remains a primary means of subsistence. Unfortunately, in 2022, the majority of WFP's refugee assistance programmes in Eastern Africa reported critical funding shortfalls, forcing operations to cut the size of their food rations and/or reduce the number of beneficiaries to prioritize the most vulnerable. For a significant majority of refugees, these measures have been having detrimental effects on their food security and livelihoods. Several operations have already been applying ration size or beneficiary reductions for the past one or two years.

The severity of the measures taken varies from one operation to the other depending on the resources available, the size of the operation and the profile of the refugee population. WFP's largest refugee operations in Eastern Africa all implemented significant ration cuts in 2022. WFP Ethiopia, Kenya, Sudan and South Sudan were all forced to introduce 50 percent ration cuts in 2022. Fortunately, due to the US Supplemental Grant in late 2022, WFP Kenya was able to increase the refugee ration upwards to 84 percent of the minimum daily requirements.

Meanwhile, Rwanda and Uganda continued their prioritization exercises and allocated rations based on vulnerability. Ration sizes in Rwanda, with prioritized targeting, ranged between 46-92 percent, depending on vulnerability and local market prices. In Uganda, funding shortfalls forced cuts to in-kind commodities in Uganda during 2022.

In Ethiopia, following ration cuts of up to 50 percent for most of 2022, the percentage of refugees with an acceptable food consumption score dropped from 73 percent in 2021 to 53 percent at the end of 2022 (as per the standard food security and outcome monitoring survey conducted in December 2022). Furthermore, according to the Standard and Enhanced Nutrition Survey jointly undertaken with WFP and UNHCR, the average Global Acute Malnutrition (GAM) rate increased from 12 percent in 2021 to 13.2 percent in 2022, showing a deterioration in refugees' nutrition situation. The worsening situation is attributed to prolonged humanitarian food assistance ration cuts and WFP's funding shortfalls.

BENEFICIARIES VS. NEEDS

Although the number of people assisted by WFP reached increased by 73 percent between 2019 and 2022, the overall number of food insecure across the region more than doubled in the same period. This meant that the gap between the number of people who were food insecure and beneficiaries increased from 22 percent in 2019 to 38 percent in 2022.

Other than compound shocks and chronic vulnerabilities, the fact that funding levels have not adjusted to increased needs might have contributed to the widened gap recorded. There are also concerns on the possibility of a worsening food security situation in the near future (either in terms of increase of the overall caseload or in terms of increase in the number of people falling under the most severe food insecurity status).

The Implications of Funding Shortfalls on WFP Assistance & potential scenarios

BACKGROUND

The daily cost per beneficiary is an important benchmark for WFP, reflecting the estimated budgeted amount that can be attributed to a daily food basket or CBT entitlement designed to achieve programme objectives. Based on projected operational requirements or actual expenditures, the daily cost per beneficiary can help formulate scenarios to address the needs of food-insecure populations in various contexts.

Key drivers of the cost per beneficiary include programme and ration design, commodity rates, and operational costs (including transportation). Countries where the daily ration size was lower than 2,100 Kcal per day – either due to programme design or because of funding and operational gaps – tend to have a low cost per beneficiary.

COST PER BENEFICIARY – 2021

In 2021, WFP reached 34.4 million beneficiaries in the Eastern Africa region. However, in the course of the year due to a 2.3 billion funding shortfall, WFP had to prioritize beneficiaries by a combination of the following actions: 1) reducing the number of beneficiaries; 2) reducing the duration of assistance; 3) implementing ration cuts.

Based on actual expenditure, the average daily cost of Unconditional Resource Transfers (URT) activities across the RBN region[9] was USD 0.43 per day in 2021. Distribution reports show that the average ration size was 1,130 Kcal per beneficiary per day.

Aligned with ration cuts applied, Kenya, Somalia, and Sudan recorded the lowest cost per beneficiary across the region (USD 0.15, USD 0.17, and USD 0.27, respectively). Countries where WFP was able to give greater levels of assistance recorded higher costs per beneficiary (USD 0.91 for South Sudan, USD 0.54 for Burundi and USD 0.44 for Uganda).

Figure 6: Actual ration size and gap to reach 2,100 kcal/day,

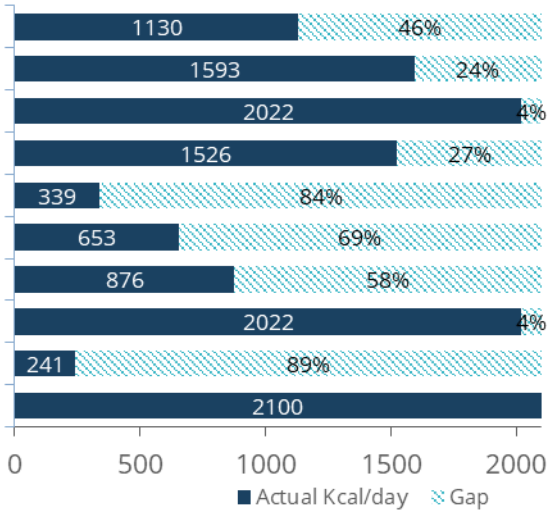
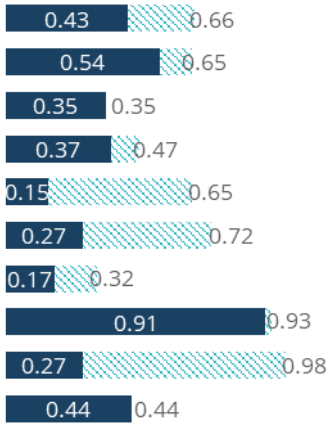


Figure : Daily cost per beneficiary, 2021



*Source: WFP COMET and WINGS, 2021. * Weighted RBN average Cost per Beneficiary in countries with populations in IPC4 +).*

By applying a proportionality rule, it is estimated that a full, 2,100 Kcal daily ration, would have cost on average USD 0.66 per day, with variations between countries. Sudan and South Sudan (among the countries in the region recording the highest inflation rates, hereby transmitted to higher operational costs) would have had the highest daily cost per beneficiary if a full ration was delivered for the full year (costing USD 0.98 and USD 0.93, respectively).

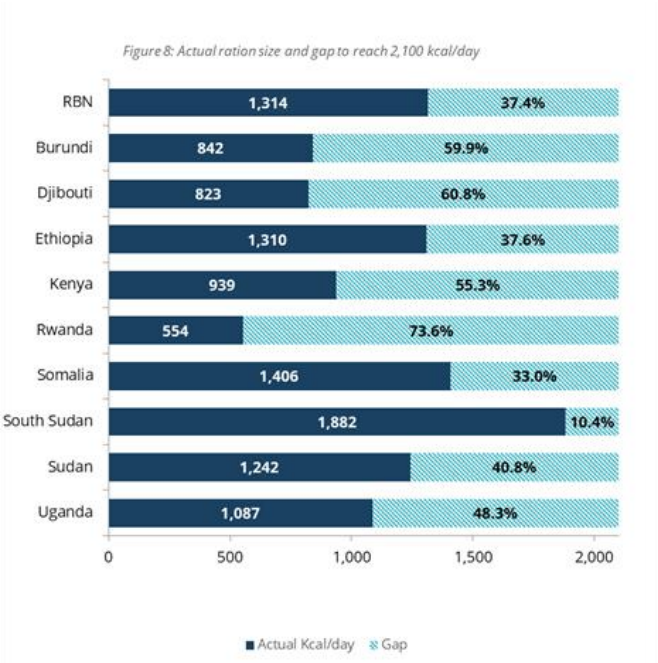
[9] Burundi, Djibouti, Ethiopia, Kenya, Rwanda, Somalia, South Sudan, Sudan, Uganda.

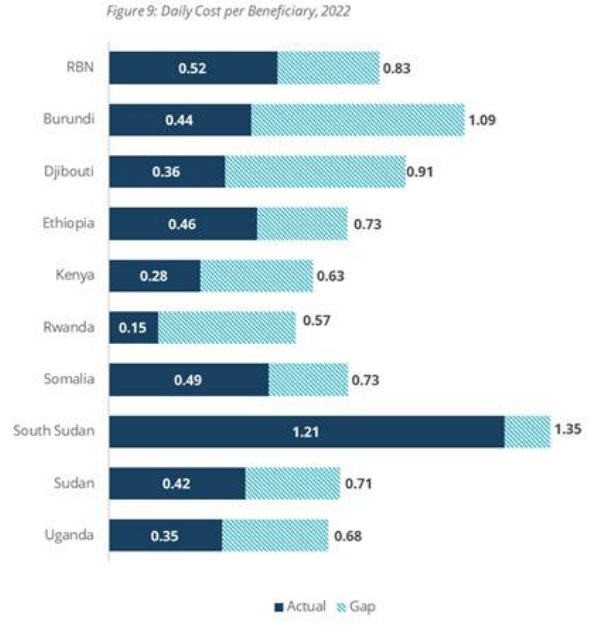
COST PER BENEFICIARY – 2022

Due to the importance of commodity rates as part of the total cost, inflation across the region has caused the cost per beneficiary to increase in proportion to food prices on average. However, because each country has a different ration composition, different countries are not exposed in the same way to inflation. Instead they may be impacted by variations in the price of the food commodities included in the unconditional resource transfer (URT) food basket.

The 2022 actual cost per beneficiary partly considers these variations and represents the most current reflection of budget estimates for 2022. The below chart represents the ration size in each country and the corresponding actual cost per beneficiary.

Compared to 2021, the average cost per beneficiary to provide 2,100 kcal per day has increased by 25.7 percent (from USD 0.66 to USD 0.83 per capita per day), highlighting increased operational costs due to factors such as higher inflation rates. South Sudan recorded the highest actual cost per beneficiary to provide a full ration of 2,100 kcal per day (USD 1.21), more than double the other countries. This was followed by Somalia (USD 0.49) and Ethiopia (USD 0.46).





In 2022, none of the nine countries in the region distributed rations included a kilocalorie intake that was the daily minimum requirement unlike in 2021 – highlighting how needs outpaced funding levels. Rwanda recorded the highest gap between the ration and the daily minimum kilocalorie intake with a gap of 73.6 percent, followed by Djibouti (recording a gap of 60.8%) and Burundi (a gap of 59.9%). In 2022 yet again WFP was unable to assist those in need in an adequate way.

KEY FINDINGS TO KEEP IN MIND WHEN PLANNING OPERATIONAL SCENARIO IN 2023

- It is also possible to analyse different operational scenarios within these frameworks based on the key parameters: a) the number of beneficiaries; b) the daily ration size; c) the duration of assistance.
- As such, with the same budget, it is possible to increase the coverage of beneficiaries by decreasing the duration of assistance, or the ration size.

Number of beneficiaries WFP could assist with, as an example, USD 2 billion
at an average cost per beneficiary of USD 0.83 corresponding to a daily ration of 2,100 Kcal/day

Daily needs coverage	Duration of assistance			
	3 months 90 days	6 months 180 days	9 months 270 days	12 months 365 days
100% 2,100 Kcal	27M beneficiaries	13M beneficiaries	9M beneficiaries	7M beneficiaries
75% 1,575 kcal	36M beneficiaries	18M beneficiaries	12M beneficiaries	9M beneficiaries
50% 1,050 kcal	54M beneficiaries	27M beneficiaries	18M beneficiaries	13M beneficiaries
25% 525 kcal	107M beneficiaries	54M beneficiaries	36M beneficiaries	26M beneficiaries

- If WFP receives USD 2 billion, it can (at an average cost per beneficiary of USD. 0.83):
  - Provide a full ration to the full planned caseload. However, this level of assistance can be kept for 3 months only.
  - Provide 75 to 50 percent ration, which can increase the length of the duration to a maximum of 6 months. Despite the longer duration of assistance, WFP's inability to provide the minimum dietary requirements for the full a year would have implications on food security.
  - Reduce the ration to 25 percent to assist the planned caseload for a full year. In this case, the Inaction would lead to serious repercussion on the food security and nutritional status of people assisted by WFP.

Conclusions

Hunger across Eastern Africa has increased and more and more people are in need of WFP assistance to meet at least their minimum food requirements. In 2022, the total number of people that did not have enough to eat reached a staggering 64.5 million people. WOf these there were also people in Somalia and South Sudan classified as in phase Catastrophe (IPC 5), putting them at risk of famine if crop and livestock production fails, key commodity prices continue to rise, and humanitarian assistance fails to reach the most vulnerable.

Humanitarian assistance has helped mitigate the worst outcomes; however, the level of assistance provided has been outpaced by rising needs. This is due to the compound effect of prolonged drought in the Horn of Africa, localized conflict, displacement, the fallout of the conflict in Ukraine on top of an already fragile socio-economic situation, and the twofold impact of inflationary pressures. This in turn is eroding the purchasing power of households and increasing operational costs for humanitarian actors – raising needs while heavily impacting WFP operations.

Increased operational and procurement costs have reduced WFP's capacity to reach people suffering from hunger. The capability to meet other needs (i.e., education, health, water, shelter) is also of concern as people who struggle to afford a basic meal are less likely to be able to meet other equally important non-food needs.

Immediate and urgent scale-up of life-saving humanitarian food assistance is required to prevent massive displacement, save lives, restore livelihoods and avoid the reduction or stopping of essential humanitarian programmes.

This study acts as a baseline for further RAM work on the implications of inaction on food security levels at the household level. This will model the impacts of reduced assistance on specific food security and nutrition indicators to understand how humanitarian assistance can contribute to food access while offsetting the negative impact of shocks (economic, climatic, conflict etc.) on food security and nutrition. This work has already begun in partnership with the University of California, Davis.

Annexes

ANNEX 1: METHODOLOGY

- *Cost per Beneficiary* (CpB) is a performance metric capturing the daily cost for WFP to assist its beneficiaries.
- Activity bundling is the registration of certain activities under another activity category. For example, a school feeding activity can be registered under an unconditional resource transfer activity. As a result, all financial data related to an activity bundled under another activity will appear as part of the activity category under which it is bundled. Reporting data such as output and outcome indicators are correctly captured in COMET thanks to the introduction of a sub-tagging mechanism that allows the unbundling of bundled figures.
- The bundling of activities is a consequence of a combination of factors, including:
    - Effective programme and/or operational design through integrated packages of interventions to achieve intended outcomes;
    - A desire to limit the proliferation of activities, and streamline the number of activities being managed by a country office to maximize flexibility;
    - Awareness of the level of donor earmarking in the Country Strategic Plan (CSP) framework
    - Insufficient guidance on categorizing the activities.
- Consequently, there is a mismatch between financial and outcome/output reporting that prevents WFP from accurately analyzing activity results with regards to the allocated resources. To capture the cost per ration and per beneficiary, expenditures must be unbundled.

Definition

- **Unbundling** is a form of analysis of WFP's budget or expenditures, whereby amounts are classified not following WFP's Work Breakdown Structure (WBS), but rather by Programme Area in proportion to the assistance distributed by Activity Tag.
- **CpB** is an indicator representing the daily cost for WFP to deliver food or cash assistance to beneficiaries.
- For a given activity (*A*) and a given period (*P*), the formula to calculate CpB is as follows:

$$Daily\ Cost\ per\ Beneficiary_{A,P} = \frac{\sum Total\ Cost\ (incl.\ ISC)_{A,P}}{\sum Adjusted\ Beneficiaries_{A,P} \times \sum Assistance\ Days_{A,P}}$$

Data Sources

- Distributed quantities (Food MT and Cash-Based Transfers USD): COMET/DOTS
- Batch numbers (Food Purchase Orders & Food Production Orders): WINGS-LESS/DOTS
- Budget: Management Plan
- Expenditures: WINGS FM System
- Beneficiaries: COMET Needs-Based Plan and MoDa Adjusted Actual Beneficiaries
- Assistance days: COMET/DOTS
- Nutritional Values : Optimus Nutritional Tables (DOTS)

Analysis procedure and disaggregation

1. Processing of expenditure data:

- Food Transfer Values are estimated by linking batch numbers with COMET distribution reports and using the original food purchase price as recorded in the Food Purchase Order; for processed food, where WFP purchases raw commodities and orders the transformation, the cost of processing is included in the Transfer Value.
- Cash-based Transfer (CBT) value is extracted from COMET distribution reports.
- The Transfer Value is estimated for each Activity Tag in COMET. Using these amounts, the percentage is calculated expressing the share of each activity tag within a WBS Element (corresponding to a CSP activity).
- This percentage is applied to the budget of expenditures for Food and CBT-related costs (Food Transfer Cost and CBT Transfer Cost). Capacity Strengthening and Service Delivery are allocated at the WBS Code Activity and therefore not unbundled.
- Using a similar proportionality rule, DSC and ISC – which are not specific to a WBS Element but cover the full CSP – are unbundled by calculating the proportion corresponding to each Activity Tag.
- The amounts are then re-aggregated at the Programme Area level, gathering all Activity Tags corresponding to the same activity (for instance, on-site and take-home school feeding are re-aggregated into the "school feeding" programme area).

2. Processing of Programme output data:

- Based on COMET data, the total number of planned and distributed rations is extracted from the Needs-Based Plan and Distribution Reports, respectively, at the Activity Tag level for each country and each modality.
- Using MoDa adjusted beneficiary tables, the number of rations per unique beneficiary is calculated as the ratio between total rations and adjusted beneficiaries.
- The nutritional value of each ration is calculated based on individual food items, by calculating the Kcal value of each food item comprised in the ration using Optimus nutritional values tables.
- The number of rations is re-aggregated at the Programme Area level.
- Expenditures are then divided by the number of rations at the Programme Area level to calculate the daily Cost per Beneficiary.
- Projected cost per beneficiary at 2,100 Kcal is calculated as a function of the gap between the actual URT food ration size in each country, and the target of 2,100 Kcal. For 2022, taking into account the impact of inflation, the corresponding increase factor was applied to implementation and direct support costs as well.

Reporting

- Unbundled budget and planned CpB are reported on an annual basis in WFP's Management Plan. Unbundled expenditures and actual CpB are reported on an annual basis in WFP's Annual Performance Report.

ANNEX 2: WHAT IS THE IPC?

The IPC Acute Food Insecurity (IPC AFI) classification provides strategically relevant information to decision makers that focuses on short-term objectives to prevent, mitigate or decrease severe food insecurity that threatens lives or livelihoods. In particular, the IPC Acute Food Insecurity classification provides:

- Differentiation between different levels of severity of acute food insecurity, classifying units of analysis in five distinct phases: (1) Minimal/None, (2) Stressed, (3) Crisis, (4) Emergency, (5) Catastrophe/Famine. Each of these phases has important and distinct implications for where and how best to intervene, and therefore influences priority response objectives;
- A snapshot of the current severity of acute food insecurity situations as well as a projection of future conditions. This information over two time periods provides stakeholders with an early warning statement for proactive decision-making;
- Identification of key drivers of acute food insecurity.

The IPC Acute Food Insecurity classification is conducted according to the four functions of the IPC, including: 1) consensus building, 2) methodical evaluation, review and convergence of all evidence available against global thresholds, 3) strategic communication for action, and 4) quality assurance.

The below table describes each of the IPC phases as well as related response objectives:

Figure 2: IPC/CH acute food insecurity phase description and response objectives

Phase	Phase description and priority response objectives
Phase 1 None/Minimal	Households are able to meet essential food and non-food needs without engaging in atypical and unsustainable strategies to access food and income. Action required to build resilience and for disaster risk reduction.
Phase 2 Stressed	Households have minimally adequate food consumption but are unable to afford some essential non-food expenditures without engaging in stress-coping strategies. Action required for disaster risk reduction and to protect livelihoods.
Phase 3 Crisis	Households either: • Have food consumption gaps that are reflected by high or above-usual acute malnutrition; or • Are marginally able to meet minimum food needs but only by depleting essential livelihood assets or through crisis-coping strategies. URGENT ACTION required to protect livelihoods and reduce food consumption gaps.
Phase 4 Emergency	Households either: • Have large food consumption gaps which are reflected in very high acute malnutrition and excess mortality; or • Are able to mitigate large food consumption gaps but only by employing emergency livelihood strategies and asset liquidation. URGENT ACTION required to save lives and livelihoods.
Phase 5 Catastrophe/ Famine	Households have an extreme lack of food and/or other basic needs even after full employment of coping strategies. Starvation, death, destitution and extremely critical acute malnutrition levels are evident. (For Famine classification, area needs to have extreme critical levels of acute malnutrition and mortality).[2] URGENT ACTION required to revert/prevent widespread death and total collapse of livelihoods.

2 A Famine classification requires evidence on food security, nutrition and mortality at or above IPC Phase 5 thresholds. If there is insufficient data for Famine classification but the available information indicates that Famine is likely occurring or will occur, then the famine classification is called 'Famine Likely'. It is important to note that Famine and Famine Likely are equally severe.

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