



Entering its fourth year, the conflict in eastern Ukraine continues to have a **devastating impact on the food security and socio-economic situation**. Without adequate food, agriculture and / or livelihood support, there is a significant risk that vulnerable people will fall into more critical food insecurity and poverty.

In less than one year, **food insecurity levels have doubled** in both government- and non-government controlled areas (GCA and NGCA respectively) of Luhanska and Donetsk oblasts. According to the 2017 joint Food Security Assessment (FSA), up to **1.2 million people** are now moderately or severely food insecure. This is an increase from 620,000 since July-August 2016 (REACH 2016 data).

INCREASING HUMANITARIANS NEEDS

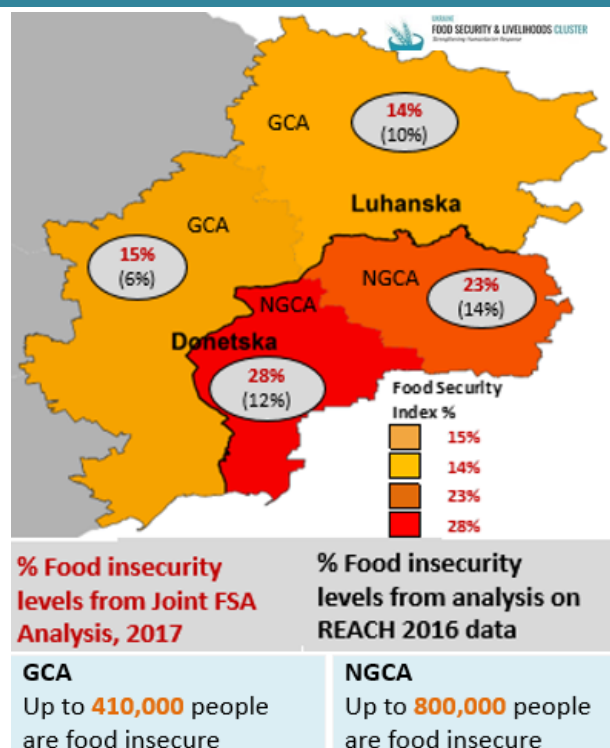
The recent Joint Cluster Food Security Assessment 2017 found that:

Food Insecurity has doubled:

Across **NGCA**, increased humanitarian needs remain unmet with **800,000 people** (an increase from 401,000 in 2016) **severely and moderately food insecure** out of which **150,000 people** are severely food insecure.

Whereas Luhanska NGCA traditionally has been most food insecure, now, the highest levels are seen in Donetsk NGCA. This could be attributed to several factors, some inter-linked, and / or mutually reinforcing such as the ongoing blockade, “nationalisation of factories and mines” and subsequent knock-on effects (e.g. loss of income) and not least the sharp reduction in food assistance in 2017

Food security needs have also increased in **Luhanska and Donetsk GCA** where **410,000 people** (an increase from 220,000 in 2016) now are found to be food insecure. Among them, **26,000 people** are severely food insecure.



Food Consumption & Diet Diversity have deteriorated:

Growing needs are demonstrated by the deterioration of **food consumption** in the past year especially for elderly people (60+). The **share of the population with poor and borderline levels of food consumption** has increased to 17.8% (up from 7.3%) in GCA and 20.8% (up from 15.2%) among the general population in NGCA. Similarly, **diet diversity** has declined in the past year with the associated risk of Vitamin A and micronutrient intake deficiencies at household (HH) level.

Vulnerable Groups:

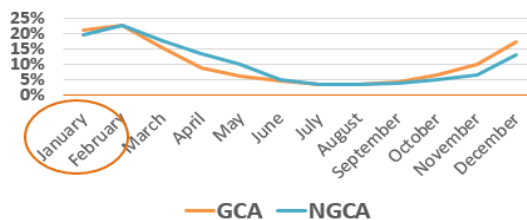
Unmet humanitarian needs have continued to put at risk the **most vulnerable groups**: elderly (mostly those living alone), single headed HHs with children, HHs with no active employment as well as female-headed HHs. However, elders were found to be the most vulnerable group with up to 35% found to be food insecure in NGCA and 21% in GCA.

Link between high expenditure on utilities and deteriorating food consumption levels:

Food Expenditure has reduced overall, mainly to reflect the increased cost of utilities, which in turn has negatively impacted the food consumption of some vulnerable groups.

Seasonal Link – increased humanitarian needs during winter months:

“Were there months, in the past 12 months, in which you did **not have enough food** to meet your family's needs?”



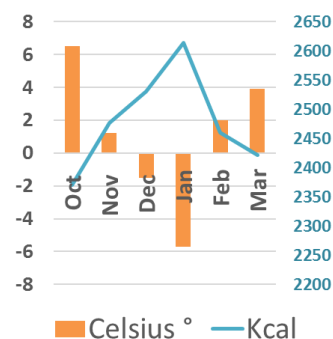
Clear trend of higher unmet food needs during winter months:

- Needs peak in January-February: **20-23%**
- In Nov-Dec and again in March-April: **10%** (still high)

During winter, the daily kcal requirement increases as the temperatures drop.

At the same time, as many as **23%** of the population in both GCA and NGCA report that they did **not have enough food** to meet their food needs in the height of winter (February). Unmet food needs peak during January-February but with continued high rates (10% and above) from November-December and again in March-April.

Temperature vs Daily Kcal Requirements



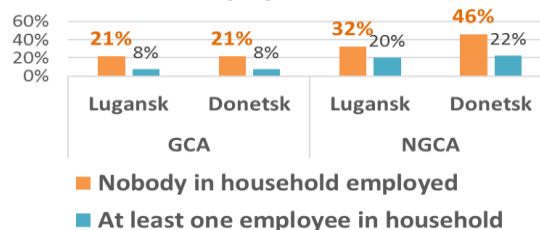
Negative Coping Strategies on the rise in NGCA

People in the conflict-affected areas who have exhausted their savings and have no income opportunities **have increasingly resorted to negative coping strategies to buy food**. In NGCA, the percentage of people applying negative coping strategies is as high as **87%** (up from 40% in 2016), and over **half of the population** in GCA. Such mechanisms include buying food on credit or borrowing food and/or reducing diet diversity due to lack money or other resources to obtain food. **A high number of households also had to reduce its health expenditures to manage to buy food** (61% in NGCA and 31% in GCA). Finally, in NGCA the number of people who **had to resort to high-risk works** (such as illegal mining), **illegal work** (including theft, robbery, drug trafficking) or **“degrading” work, increased fivefold** (from 2% to 10% of the population). A similar tendency is observed with the number of people who **had to move in search for work**, which also sharply increased (from 3% to 14%).

Link between food insecurity and unemployment:

The FSA indicates a **direct link between food insecurity and unemployment** – in GCA, the food insecurity levels of HHs where no one is working is 21% (compared to 8% in HHs with one or more employed). In Luhanska NGCA, 32% of HHs, where no one is working, are food insecure (compared to 20% in HHs with one or more employed) whereas in Donetsk NGCA this figure is 45% (compared to 22%).

% of Households Moderately or Severely Food Insecure & HH Employment Status



POSSIBLE CONTRIBUTING FACTORS:

The following could help explain the significant deterioration of food security in Donbas:

Increased Consumer Prices: Consumer prices has seen a **rapid increase** – between June 2016 and June 2017, consumer prices had **increased by 15,6%** (especially utility prices which alone increased by 29,2%).

Increased Food Prices: In May 2017, the value of the WFP monitored food basket in **NGCA reached its the highest level** (at 1066 UAH – approximately 40 US\$ - per person per month) since the beginning of the conflict.

Food prices in **GCA**, according the WFP monitored food basket, between December 2016 and June 2017, **increased by 22.7%** from UAH 702 in **December 2016** to UAH 846 in **June 2017**.

High unemployment rate: In GCA: During the first quarter of 2017, unemployment has increased to 18,3% in Luhanska GCA (up from 16.9% in Dec 2016) and to 15,6% Donetsk GCA (up from 14,6%). This is the **highest increase in the unemployment rate since 2008**. Employment data is unavailability for **NGCA**, however FSA indicates increased levels of unemployment.

Salary Arrears & Social Benefits: The amount of **salary arrears** in GCA is growing – in June 2017 GCA made up 41% of total salary arrears in all of Ukraine. In a context of **increased prices, social payments** (e.g. pensions) for the most vulnerable groups have **stayed almost on the same level** – this means that the income of the majority of pensioners **fall below** the **actual minimum subsistence level**.

Blockade and nationalization & reduction of humanitarian assistance: After **March 2017**, the blockade and “nationalization” of numerous businesses and mines in NGCA, is expected to have led to a **large number of people losing jobs and income**. In addition, between February and March, food assistance **declined by 89% in Donbas** – mainly due to the departure from NGCA Donetska of the main food aid provider. From 500,000 beneficiaries average per month in early 2017, between March-June, **only 69,600 beneficiaries** in average per month across Donbas received some type of food assistance – in NGCA alone, the monthly average was **only 25,800**

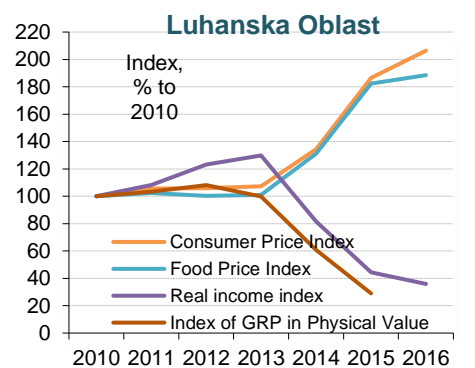
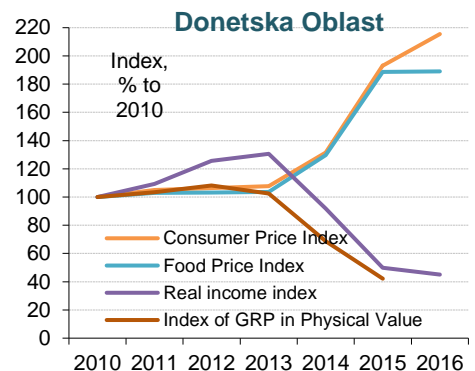
SOCIO-ECONOMIC CLUSTER ANALYSIS

Conflict has had a detrimental effect on many aspects of life in eastern Ukraine – most strongly felt in Luhanska and Donetska oblasts which experienced a more direct impact (such as loss of control of territory, infrastructure, markets and resources) as well as an indirect impact through negative structural changes and poverty.

Cluster analysis of GCA state statistics data shows a **clear link** between the **consequences of the conflict** (i.e. the closure of enterprises, high inflation rate, economic blockade, damage to critical infrastructure, etc.) and the **deterioration of the overall socio-economic situation**, including the increase of unemployment, prices and wide-spread poverty – which **impacts food security** and the **ability to meet basic needs**.

The cluster analysis finds that:

- **Consumer prices** has increased **two times between 2014 and 2016 (in 2010 prices)**, which has directly impacted the level of “real income” in Donbas.
- There has been a **reduction of “real income”** by **55% in Donetska (GCA)** and by **64% in Luhanska (GCA)** between 2013 and 2015.
- **Poverty by actual cost of living** has **increased** from 2013-2015: % of the population living below the **actual minimum subsistence level** has increased from:
 - **20% in 2013 to 74% in 2015 in Luhanska oblast (GCA)**
 - **22% to 66% in Donetska oblast (GCA)**.
- Between 2013 and 2015, the **number of enterprises decreased**, especially large and medium-sized businesses: **Luhanska (GCA)** lost **70%** of total enterprises whilst **Donetska (GCA)** lost almost **60%**.



FUNDING IS URGENTLY NEEDED BY FOOD SECURITY & LIVELIHOOD CLUSTER PARTNERS

The Food Security and Livelihoods Cluster is calling upon the donor community to contribute to the cluster’s response, which remains severely underfunded despite growing humanitarian needs.

Additional funds from donors are urgently needed to address the needs of the most vulnerable population in the conflict-affected area – **especially as winter approaches**.