According to the recommendation of the Strategic Advisory Group\(^1\) (SAG) of the Food Security and Livelihood Cluster (FSLC), the threshold that was defined as critical for revision of the food basket and the food basket cost is an above-5% increase in food prices. Following the recommendation, the cluster has been conducting a socio-economic analysis and market monitoring review to determine the changes in food prices.

In December 2021, the monitored food basket cost recorded a 19.6% overall annual increase (compared to December 2020) in average price for Ukraine, a 17.8% increase for Donetsk Oblast, and a 19.1% increase for Luhanska Oblast. Compared to the previous year, almost all food items recorded an increase in price. The largest increases are for the most basic food items: beetroots (147%), cabbage (144%), onions (136%).\(^2\)

**Socio-economic analysis**

The dynamics of economic recovery in Ukraine have slowed down significantly. According to International Monetary Fund (IMF) estimates, Ukraine's gross domestic product (GDP) growth in 2021 is expected to have been 3.2%. The projected real 2022 GDP is predicted to be 3.6%,\(^3\) which does not compensate for the 2020 annual economic downturn of −4.0%.\(^4\) Only 10% of GDP is accounted for by investments.

The recovery of production also does not make up for the 2020 decline. For agriculture, there was a 5.1% increase in January–September 2021 against 11.5% decrease in 2020. In manufacturing, the decrease continued in 2021 (and constituted 0.6% for January–September 2021) aggravating the 2020 decrease of 6.1%. Overall, the 2021 increase in industrial production is expected to be at the level of 1.3%, which is significantly lower than the 2020 decline of 4.5%.

Increase in real income of the population during January–September 2021 was about 3%, which does not compensate for the expenditure increase for goods of prime necessity. As a result, savings of the population decreased by 2.4% of GDP (or an estimated Ukraine hryvnia (UAH) 88 billion).

The trend of the real salary annual change rate has been declining since 2018. Based on preliminary estimations, the real salary change increase is expected to be at the

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\(^1\) The FSLC Strategic Advisory Group (SAG) plays a quality control role in the development of any guiding document in the cluster. SAG is required to endorse any technical guidance prepared by the cluster or the technical working groups before dissemination within the cluster. The FSLC SAG members are: Agency for Technical Cooperation and Development (ACTED), Arbeiter-Samariter-Bund (ASB), Caritas, Charitable Foundation “Humanitarian Aid and Development Center” (HADC), Food and Agriculture Organization (FAO), International Organization for Migration (IOM), Norwegian Refugee Council (NRC), and Triangle Generation Humanitaire (TGH).


level of 6.1% for Donetska government-controlled area (GCA) and 8.0% for Luhanska in 2021 (see Figure 1).

Figure 1
Real salary change (% compared to previous year).

*Indicative data. As of January 2022, data was not available at the national level.

Source: State Statistics Service of Ukraine, Statistical offices in Donetska and Luhanska Oblasts, January 2022*

Although some increase in real salary is expected, social benefits that are the income source for the majority of the affected population are significantly below the subsistence line (UAH 4,419), as defined by the Ministry of Social Policy for the month of November 2021. The minimum unemployment payment did not change compared to 2020 and is UAH 1,800.

The vast majority of conflict-affected people are elderly whose main source of income is pensions. Although the nominal minimum pension has risen from UAH 1,712 in November 2020 to UAH 1,854 in November 2021, it is still considerably below the subsistence level. Even the average pension of UAH 3,915 does not cover the minimum expenditure level (see Figure 2).

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The labor market also deteriorated, with unemployment rising to 10.0% in September 2021.

The unemployment analysis shows that unemployment rates in Donetsk and Luhanska GCAs have remained significantly higher compared to the average for Ukraine since the beginning of the conflict. This gap has been aggravated by the decrease in industrial production, closure of enterprises, and unwillingness to invest due to ongoing conflict. The average unemployment rate for Ukraine from 2013 to the third quarter (Q3) of 2021 increased by 2.8 percentage points, reaching 10.0% in September 2021. In the Eastern Conflict Area, the unemployment rate doubled, reaching 15.6% in Donetsk Oblast and 16.5% in Luhanska Oblast (see Figure 3).

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Figure 2
Monthly income levels and subsistence line, January 2021, in UAH.

Source: Ministry of Social Policy of Ukraine, State Statistics Service of Ukraine

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Food prices analysis

According to State Statistics Service of Ukraine, consumer prices increased by 0.6% in December compared to November 2021. Out of this overall trend, food prices recorded an even higher increase of 1.2% per month. The annual consumer price index increase is found to be 9.4%, and specifically 10.8% for food.

According to the Ministry of Agrarian Policy and Food, a record amount of crops was harvested in 2021: 106 million tons, which is the absolute maximum over the years. Despite the record harvest, food prices are increasing drastically due to more expensive energy resources and the increasing of global food prices. For 2021 as a whole, averaging across the entire year, the FAO Food Price Index averaged 125.7 points, as much as 28.1% above the previous year.

These developments resulted in an increase in the price of food items in Ukraine, both in mainland areas and the Eastern Conflict Area. The largest annual increase is for the most basic food items: beetroots (147% average for Ukraine, 141% and 113% for Donetska and Luhanska respectively), cabbage (144% average for Ukraine, 136% and 88% for Donetska and Luhanska), onions (136% average for Ukraine, 117% and 98% for Donetska and Luhanska), carrots (66% average for Ukraine, 66% and 38% increase for Donetska and Luhanska).

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for Donetska and Luhanska), sunflower oil (46% average for Ukraine, 38% and 55% for Donetska and Luhanska), rye bread (24% for Ukraine, 28% and 36% for Donetska and Luhanska), eggs (23% for Ukraine, 15% and 19% for Donetska and Luhanska), etc. See Figure 4.

Figure 4
Food prices change from Dec 2020 to Dec 2021, in %.

The significant increase of food prices and agricultural inputs was detected by the Joint Market Monitoring conducted by ACCESS Consortium partners (ACTED, PIN, MdM, REACH), NRC, and Save the Children. The Joint Market Monitoring is led by ACTED. As a result of the recent round of the Joint Market Monitoring conducted in August–September 2021, on the GCA side, high prices remain the prevailing constraint in accessing markets: 87% of customers reported the price issue. Annual price change in GCA is significant: 34.3% for food and 30.5% for agricultural inputs compared to the corresponding period of 2020. All monitored food items were available, except for vegetables and honey, which were not available in a few shops.

On the non-government-controlled (NGCA) side, food prices increased at a slightly higher rate than in GCA. The average annual change in price for food in NGCA was
at +35%. Sunflower oil and potatoes showed the highest increases since August 2020, at an average of 84% and 85%, respectively.¹¹

As a result of galloping inflation during the last year, the government took a decision on state price regulation of some of the most critical food items. At the end of 2021, the government of Ukraine issued a decree according to which wheat and rye bread are included in the list of socially critical items.¹² Therefore, the price increase for these products is to be regulated, and retail extra charges should not exceed 10%. In early 2021, government added nine more food items to this list: eggs, butter, pasta, buckwheat, sugar, wheat flour, milk, sunflower oil, and chicken meat.¹³

**Food basket monitoring.** The FSLC continues monitoring the food basket cost, which was monitored by World Food Programme (WFP) before 2018. The monitored food basket includes the 23 main food items from the governmental food basket.

The dynamics in food prices and consequently the monitored food basket cost in the Donetska and Luhanska GCAs are in line with country trends.

Figure 5 shows the cost dynamics of the food basket that was monitored by WFP until 2018 and, using the same methodology, by FSLC after 2018. In December 2021, the monitored food basket cost recorded a 19.6% overall annual increase in price for Ukraine (compared to December 2020), reaching UAH 1,393. There is a 17.8% increase for Donetska Oblast, reaching UAH 1,428, and a 19.1% increase for Luhanska Oblast, reaching UAH 1,405.

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¹¹[https://app.powerbi.com/view?r=eyJrIjojYWI4MDFiYTgtYTU2OC00OGM0LW1sMTktNGRkYzBkNDNmMDliIiwicCI6ImQyMDBlOTAzLTE5YjAtNDUyZS1iZDIxLWQxYWEwMTEzOTBkNSIsImMiOih9](https://app.powerbi.com/view?r=eyJrIjojYWI4MDFiYTgtYTU2OC00OGM0LW1sMTktNGRkYzBkNDNmMDliIiwicCI6ImQyMDBlOTAzLTE5YjAtNDUyZS1iZDIxLWQxYWEwMTEzOTBkNSIsImMiOih9).


At the same time, the UAH exchange rate remains relatively stable and is showing a decreasing trend, dropping from 1 USD = 28.3 UAH in October 2020 to 1 USD = 27.2 UAH in December 2021 (see Figure 6).

Source: State Statistics Service of Ukraine, January 2022

FSL Cluster in Ukraine is led by Food and Agriculture Organization of the United Nations

The combination of these major trends—increase in food prices in national currency, national currency relative stability, and low real income—has led to a decrease in purchasing power for the population.

**Cash-based transfers (CBT) value recommendation**¹⁵

The monitored food basket cost has increased by almost 20% since the last CBT revision, while the threshold that was defined as critical for revision of the food basket is an above-5% increase in food prices. Taking into account macroeconomic changes (including income changes and price spikes), the revision of the recommended CBT value has become a high priority and should be undertaken by the FSLC and the SAG.

To revise the CBT value, the cluster follows the same methodology that has been applied since 2016. CBT value calculation is based on the 23 main commodities (see Figure 4) from the governmental food basket and applies the methodology used by WFP in 2018. Applying the same methodology as used in 2018 and 2021, the CBT value was recalculated using the latest available prices as of December 2021 provided by State Statistics Service of Ukraine as a reference. The FSLC referred to the previous WFP-monitored basket to calculate the cost of 1 kilocalorie (kcal). Knowing the value of 1 kcal, it is possible to calculate CBT by multiplying the cost of 1 kcal by 2,100 or 1,575 to get 100% or 75% of the ration. Therefore, the recommended CBT value starting from January 2022 is as follows.

**Total reliance on cash/voucher assistance.** The FSLC recommends covering 100% of the ration (2,100 kcal) with the CBT, mainly for severely food-insecure households. To cover a full ration of 2,100 kcal (100% of the full ration), the recommended CBT value as a basis for cash-for-food and voucher-for-food assistance is UAH 1,540.¹⁶

**Partial reliance on cash/voucher assistance.** The FSLC recommends covering 75% of the ration (1,575 kcal) with CBT, mainly for the moderately food-insecure population, and for those households able to cover a portion of their daily requirement. To cover a partial ration of 1,575 kcal (75% of the full ration), the recommended CBT value as a basis for cash-for-food and voucher-for-food assistance is UAH 1,155.¹⁷

The draft document should follow the revision by the SAG and is to be discussed at the SAG meeting for endorsement.

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¹⁵ The initiative in revising the transfer value for food security and livelihoods response using cash as a modality is a live process and should be treated as a work in progress. The cluster will conduct further review based on subsequent feedback received from the partners. It should be noted that this revision was primarily developed based on previous analysis and household data. As more data become available in the future, the food basket will be reviewed and updated periodically.

¹⁶ Calculation, January 2022: The food basket average cost as of December 2021 was UAH 1,393 per the WFP-monitored basket (1,900 kcal). Therefore, the equation to find the cost of 2,100 kcal if 1,900 kcal cost UAH 1,393 is: CBT value = (1,393/1,900)*2,100 /= UAH 1,540.

¹⁷ Calculation, January 2022: The food basket average cost as of December 2021 was UAH 1,393 per the WFP-monitored basket (1,900 kcal). Therefore, the equation to find the cost of 1,575 kcal if 1,900 kcal cost UAH 1,393 is: CBT value = (1,393/1,900)*1,575 /= UAH 1,155.
The FSLC recommends that cluster partners providing cash or voucher assistance apply this value starting from January 2022 onwards. However, considering that some projects are ongoing, with the CBT value set according to the previous recommendation, the partners are free to start applying the new value when feasible.

In-kind food basket recommendation

In early 2021, the FSLC revised the recommended in-kind food basket. Based on the beneficiaries’ feedback and after consultation with the cluster SAG and revision by the global Food Security Cluster (gFSC) Nutrition Working Group, some products have been recently adjusted to the context of Ukraine (e.g., buckwheat, oatmeal, and optional black tea). The partners’ post-distribution monitoring reports revealed overall positive feedback of beneficiaries regarding the updated food basket. Therefore, the FSLC recommendation for an in-kind food basket for 2022 remains the same.

The recommended food basket envisages two options: 1) 2,100 kcal per person per day as per the Sphere-recommended international standard humanitarian intervention in emergencies; and 2) provision of the minimum food basket, up to 75% of the 2,100 kcal, especially where the market is functioning well and if a household has the ability to partially cover food expenditures. The targeting should be based on the coping strategy used by the household, household expenditure income, and overall food availability and accessibility.

The composition of the food basket follows global WFP methodology for emergency settings, with some products having been recently adjusted to the context of Ukraine (e.g., buckwheat, oatmeal, and optional black tea).

**Total reliance on food assistance—no other source of food.** Populations suffering from the aftermath of the continued unrest, spanning from multiple displacements to loss of jobs and the inability to access social services and benefits as well as inflation in prices, have been faced with an increase in food insecurity highlighted by a critical lack of access to food. In these situations where households are unable to meet any of their food requirements, humanitarian response is crucial to provide food assistance that supplies the targeted population with their total minimum nutritional requirement.

Figure 7 suggests the food basket content recommended by FSLC to cover 100% of the daily ration of 2,100 kcal.

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18 The food component represents the minimum set of basic food items comprising 2,100 kcal per person per day for basic energy requirements.
Figure 7
Food basket options at 2,100 kcal per person per day.*

<table>
<thead>
<tr>
<th>RATION CONTENTS</th>
<th>Daily ration g/person/day</th>
<th>Energy kcal</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUCKWHEAT GRAIN</td>
<td>100</td>
<td>343</td>
</tr>
<tr>
<td>PASTA, MACARONI</td>
<td>100</td>
<td>371</td>
</tr>
<tr>
<td>BEANS, KIDNEY, ALL TYPES</td>
<td>45</td>
<td>150</td>
</tr>
<tr>
<td>CANNED MEAT</td>
<td>45</td>
<td>99</td>
</tr>
<tr>
<td>OIL, SUNFLOWER, UNFORTIFIED</td>
<td>30</td>
<td>265</td>
</tr>
<tr>
<td>SUGAR</td>
<td>15</td>
<td>58</td>
</tr>
<tr>
<td>SALT, IODIZED (WFP)</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>OATMEAL (OAT FLAKES)</td>
<td>100</td>
<td>350</td>
</tr>
<tr>
<td>SARDINES, CANNED IN OIL, DRAINED</td>
<td>45</td>
<td>94</td>
</tr>
<tr>
<td>RICE, WHITE, MEDIUM GRAIN</td>
<td>100</td>
<td>360</td>
</tr>
<tr>
<td>TEA, BLACK, NUTRIENTS PER 100 ML OF BREWED</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Ration totals</td>
<td>589</td>
<td>2,090</td>
</tr>
<tr>
<td>Beneficiary requirements for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of requirements supplied by ration</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*NutVal Ration Calculation—exported data.

**Adding tea is optional. It is recommended to be added based on the needs of the beneficiaries.**

Partial reliance on food basket. In areas with adequate food supply and where markets are functioning well, it is recommended to provide up to 75% of the minimum food basket (1,600 kcal of the 2,100-kcal total) to the vulnerable population groups. It is assumed that these population groups have access to food through (economic) formal and informal safety nets and consequently do not completely rely on humanitarian/food assistance to meet all their food and nutrition needs. Figure 8 presents the nutritional requirements needed to provide 1,600 kcal per person per day.

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19 Some studies (for instance, [https://pubmed.ncbi.nlm.nih.gov/11029010/](https://pubmed.ncbi.nlm.nih.gov/11029010/)) show that polyphenols and phytates in tea are inhibiting factors for absorption of iron. At the same time, the evidence shows that the presence of sufficient amounts of iron absorption enhancers (ascorbic acid, meat, fish, and poultry, as present in most industrialized countries) overcomes the inhibition of iron absorption from even large amounts of tea. Considering that functional Accountability to Affected Person (AAP) mechanisms of FSLC partners in Ukraine show that tea is an expected component of food kits, it is recommended to include it based on these AAP results.
### Figure 8

**Food basket options at 1,600 kcal per person per day.**

<table>
<thead>
<tr>
<th>RATION CONTENTS</th>
<th>Daily ration</th>
<th>Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>g/person/day</td>
<td>kcal</td>
</tr>
<tr>
<td>BUCKWHEAT GRAIN</td>
<td>60</td>
<td>206</td>
</tr>
<tr>
<td>PASTA, MACARONI</td>
<td>200</td>
<td>742</td>
</tr>
<tr>
<td>BEANS, KIDNEY, ALL TYPES</td>
<td>60</td>
<td>200</td>
</tr>
<tr>
<td>CANNED MEAT</td>
<td>30</td>
<td>66</td>
</tr>
<tr>
<td>OIL, SUNFLOWER, UNFORTIFIED</td>
<td>20</td>
<td>177</td>
</tr>
<tr>
<td>SUGAR</td>
<td>25</td>
<td>97</td>
</tr>
<tr>
<td>SALT, IODIZED (WFP)</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>SARDINES, CANNED IN OIL, DRAINED</td>
<td>50</td>
<td>104</td>
</tr>
<tr>
<td>TEA, BLACK, NUTRIENTS PER 100 ML OF BREWED TEA</td>
<td>6</td>
<td>0</td>
</tr>
</tbody>
</table>

Ration totals 454 1,591

Beneficiary requirements for 2,100

% of requirements supplied by ration 76%

*NutVal Ration Calculation—exported data.*