
ANNEX III-E: COST PER BENEFICIARY ANALYSIS

Definitions and methodology

1. The cost per beneficiary indicator measures the average cost of delivering assistance to a tier 1 beneficiary. Tier 1 beneficiaries are individuals who benefit from food or cash-based transfers (CBTs) from WFP or cooperating partners and those who benefit directly from capacity strengthening activities or from any transfer aimed at improving their food security or nutrition status.
2. The cost per beneficiary measures the cost to WFP of delivering assistance and provides an indication of WFP's cost-efficiency. Assessment of the cost per beneficiary can help identify best practices and cost containment opportunities.
3. The two metrics developed for this indicator show the daily cost and the annual cost per beneficiary, respectively. The daily cost per beneficiary is calculated by dividing total expenditures by the total number of daily transfers corresponding to those expenditures. The total number of daily transfers is calculated by multiplying the number of days for which assistance is provided by the number of beneficiaries, as recorded in distribution reports. The annual cost per beneficiary is calculated by dividing total annual expenditures by the total number of beneficiaries receiving assistance through one or more WFP programmes over the course of the year. A longer duration of assistance may increase the annual cost per beneficiary without affecting the daily cost, while ration cuts typically affect the daily cost per beneficiary.
4. The cost per beneficiary includes the transfer value, transfer costs, implementation costs, direct support costs and indirect support costs. It excludes the costs of capacity strengthening and service delivery activities that do not assist tier 1 beneficiaries. The cost per beneficiary applies to all programme areas and all transfer modalities.

Results for 2021

5. In 2021, WFP distributed a total of 13.7 billion daily food rations and 6.2 billion food-ration equivalents in the form of CBTs or commodity vouchers, including 5.4 billion daily CBTs and 865 million commodity vouchers. The average daily cost per direct beneficiary was USD 0.38 (USD 0.33 for food transfers, USD 0.50 for CBTs and USD 0.35 for commodity vouchers). The average annual cost per direct beneficiary was USD 53 per beneficiary (USD 46 for food transfers, USD 68 for CBTs and USD 66 for commodity vouchers).

Table 1: Daily average cost per beneficiary for food transfers, cash-based transfers and commodity vouchers

Programme area	Food		CBTs		Commodity vouchers		All modalities	
	Number of daily transfers	Daily cost per beneficiary (USD)	Number of daily transfers	Daily cost per beneficiary (USD)	Number of daily transfers	Daily cost per beneficiary (USD)	Number of daily transfers	Daily cost per beneficiary (USD)
Asset creation and livelihood support	203 350 802	0.52	428 841 059	0.61	24 179 100	0.49	656 370 961	0.58
Climate change adaptation and risk management	2 431 410	0.15	58 862 607	0.34			61 294 017	0.33
Emergency preparedness	2 712 705	0.33	18 196 226	0.41			20 908 931	0.40
Prevention of malnutrition	1 260 769 659	0.29	57 869 700	0.80	5 473 274	0.35	1 324 112 633	0.32
School-based programmes	1 598 905 838	0.16	180 917 077	0.31	90 138 403	0.15	1 869 961 318	0.17
Smallholder agricultural market support			236 040	1.64			236 040	1.64
Treatment of malnutrition	1 102 344 691	0.40	4 796 964	0.91			1 107 141 655	0.40
Unconditional resource transfers	9 544 159 811	0.36	4 620 057 415	0.50	745 050 110	0.37	14 909 267 336	0.40
Total	13 714 674 916	0.33	5 369 777 088	0.50	864 840 887	0.35	19 949 292 891	0.38

Table 2: Annual average cost per beneficiary for food transfers, cash-based transfers and commodity vouchers

Programme area	Food		CBTs		Commodity vouchers		All modalities	
	Number of beneficiaries	Annual cost per beneficiary (USD)	Number of beneficiaries	Annual cost per beneficiary (USD)	Number of beneficiaries	Annual cost per beneficiary (USD)	Number of beneficiaries	Annual cost per beneficiary (USD)
Asset creation and livelihood support	2 226 839	48	5 947 301	43	265 865	45	8 440 005	45
Climate change adaptation and risk management	55 300	7	1 577 774	13			1 633 074	12
Emergency preparedness	24 631	36	246 124	31			270 755	31
Prevention of malnutrition	9 115 684	39	674 356	69	42 671	44	9 832 711	41
School-based programmes	14 736 659	17	2 151 287	32	642 123	22	17 530 069	19
Smallholder agricultural market support			7 868	49			7 868	49
Treatment of malnutrition	11 057 684	37	66 056	66			11 123 740	38
Unconditional resource transfers	61 071 753	56	29 127 003	79	3 626 462	76	93 825 218	64
Total*	98 288 550	46	39 797 769	68	4 577 121	66	142 663 440	53

* The totals displayed in this row include overlaps that occurred when a single beneficiary received assistance through more than one WFP programme or transfer modality. In 2021, WFP provided assistance to 128 million beneficiaries, some of whom were reached through multiple programmes in various programme areas.

Analysis and interpretation

6. Compared with 2020, in 2021, WFP's total expenditures increased by 5 percent, from USD 8.2 billion to USD 8.6 billion, while the number of beneficiaries increased by 12 percent, from 114 million to 128 million. Because the proportional increase in the number of beneficiaries was greater than the increase in total expenditures, in 2021, the cost per beneficiary did not increase significantly compared with 2020.
7. The record number of beneficiaries was not matched by a substantial increase in the volume of food (4.4 million mt) and CBTs and commodity vouchers (USD 2.3 billion) distributed. In 2021, 19.9 billion daily transfers were distributed, including 13.7 billion daily food transfers, 5.4 billion daily CBTs and 865 million daily commodity vouchers.

8. Global food and fuel prices soared in 2021. The Food and Agriculture Organization of the United Nations (FAO) Food Price Index increased by 18 percent from January 2021 to December 2021.¹ For the same period, the World Bank reported a 36 percent increase in the average price of crude oil.² As a result, while WFP's 2021 expenditures increased compared with 2020, the increase was largely absorbed by inflation and did not result in increased ration size or duration of assistance.
9. In many major operations, the daily value of WFP's assistance had to be reduced, illustrating the necessary trade-off between the number of beneficiaries and the ration size that resulted from an increase in humanitarian needs. In many emergency operations, WFP distributed reduced rations and provided fewer days of assistance per beneficiary, as illustrated in table 3, which compares the sums of the transfer values and the transfer costs between 2020 and 2021.

Table 3: Daily value of assistance*		
Programme area	2020 value (USD)	2021 value (USD)
Asset creation and livelihood support	0.49	0.46
Prevention of malnutrition	0.27	0.26
School-based programmes	0.20	0.14
Treatment of malnutrition	0.37	0.33
Unconditional resource transfers	0.36	0.34
Total	0.35	0.32

* The value of assistance includes the transfer value and transfer costs. It does not include implementation, direct support and indirect support costs.

10. The report of the External Auditor on the management of information on beneficiaries³ highlighted the need to strengthen the planning, monitoring and reporting of the duration of the assistance provided to beneficiaries. The duration of assistance is defined as the average number of days of assistance that a single beneficiary receives within a given period.

¹ FAO, 2021. [Food Price Index](#).

² World Bank, 2021. [Commodity Markets Outlook](#).

³ WFP, 2021. "[Report of the External Auditor on the management of information on beneficiaries](#)" (WFP/EB.A/2021/6-G/1).

11. The duration of assistance is an important dimension of the intensity of assistance. The other two dimensions of intensity are the daily value of assistance, reported in table 3, and the number of beneficiaries, reported in part 2 of this APR, on programme performance. The duration of assistance is determined for each programme area based on programme guidance, country strategic plan objectives, operational constraints and available resources. For instance, the duration of school-based programmes will typically correspond to the average duration of the school year in the countries where such programmes are being implemented, while activities in seasonal or resilience-focused programme areas will often have a shorter duration of assistance. External factors, such as access constraints, funding gaps or the closure of distribution points resulting from the COVID-19 pandemic, may reduce the duration of assistance. Table 4 indicates the average number of assistance days per beneficiary by programme area in 2021.⁴

Table 4: Average duration of assistance by programme area (assistance days per programme area)				
Programme area	Food	CBTs	Commodity vouchers	Average
Asset creation and livelihood support	122	58	66	70
Prevention of malnutrition	177	130	109	174
School-based programmes	123	84	78	115
Treatment of malnutrition	164	76		164
Unconditional resource transfers	197	122	169	164

⁴ As 2021 is the first year in which duration of assistance is reported, table 4 establishes a baseline for comparisons and analyses in the coming years.