This Supply Alert updates UNICEF’s ready-to-use therapeutic food market note published in March 2021. Price increases for constituent ingredients and packaging materials making up ~75 per cent of the costs of the finished product, combined with associated challenges to global shipping and international transport, increased freight costs, and longer lead times for delivery, are resulting in significant price increases for nutrition programmes.

- The weighted average price (WAP) of ready-to-use therapeutic food (RUTF) declined by 21 per cent over the past 16 years, having decreased from USD 52.00 per carton in 2006 to reach USD 41.00 per carton in 2021.
- However, the recent commodity price increases for ingredients and packaging materials used in RUTF production, combined with the higher cost of energy and freight, have resulted in significant product price increases for the next six months (May-October 2022) with an uncertain outlook over the next 12-24 months.
- This signals a potential reversal in the trend UNICEF had set of steady price decreases over the previous years.
- UNICEF anticipates prospective WAP increases could reach 16 per cent over the next six months, compared to its 2021 WAP, which has been reflected in the new indicative price of 47.41 USD in UNICEF’s Supply Catalogue.¹
- Even though this Supply Alert amends UNICEF’s RUTF Market Note published in March 2021, the note’s general content and information remain valid.² A full update of the market note will be published in the coming weeks.

**Key Drivers**

- The biggest cost variable and driver for many products supplied through UNICEF is the price of raw materials. The current extreme market and price volatility of critical food ingredients (i.e. vegetable oil, peanuts, skimmed milk, and sugar) and packaging materials used in making RUTF are driving price increases.
- Combined, they can represent up to ~75 per cent of the cost of the finished product. This highly exposes RUTF to market price volatility given the nature and share of the raw materials used in the product’s cost price. The product’s low profitability margin for suppliers also limits their ability to take “hits” from swings in raw material price volatility.
- From 2020 to April 2022, UNICEF registered a 41 per cent compound increase across the group of raw materials considered most impactful for UNICEF, of which 30 per cent was registered from 2021 to April 2022. In addition, there are more general cost increases to production related to energy prices, inflation, and labour.
- This has been compounded by the turbulence and cost increases associated to global shipping, international transport, and freight, which has also resulted in higher costs and longer lead times for delivery.
- Suppliers identify the underlying causes as due to the impact COVID-19 has had on markets, which has led to imbalances and speculation in supply and demand, which has been compounded further by the crisis in Ukraine and current global food market situation.

**Next Steps**

- UNICEF revised its product prices for the next six months and anticipates undertaking a second price revision later in the year, subject to market conditions.

UNICEF calls on the need for immediate funding increases to be considered for nutrition programmes to ensure they maintain current and increased programme coverage rates to respond to the growing nutrition emergencies, for example in the Horn of Africa, amongst others, in addition to the need to increase access to treatment in non-emergency contexts.

UNICEF is undertaking a comprehensive needs and market assessment to decide on the appropriate timing and approach for its new tender.

UNICEF will also continue to closely monitor the supply situation and will update countries accordingly should there be any changes.

UNICEF will continue to work with partners on mechanisms to address and mitigate market and price volatility in the RUTF market, as well as to provide flexibility and an effective response to volatile raw material markets.

For further questions or additional information, please contact:

Akthem Fourati
Chief, Medicines & Nutrition Centre
UNICEF Supply Division
+45 45 33 57 65
afourati@unicef.org

Jan Debyser
Contracts Manager
UNICEF Supply Division
+45 45 33 56 43
jdebyser@unicef.org

Aadrian Sullivan
Information Management
UNICEF Supply Division
+45 45 33 57 68
asullivan@unicef.org

Other UNICEF information notes can be found at: Market notes and updates | UNICEF Supply Division

UNICEF issues market and information notes on products and supplies that are essential for the needs of children, and by extension their families. While some products are easily available and affordable, the availability of others can be limited, or in some instances, non-existent in the quality and price required. UNICEF places a strategic focus on these supplies to shape healthy markets. UNICEF seeks to influence the market to achieve greater coverage, affordable prices, diversified supplier bases, competitive market landscapes, and product quality that is fit for purpose and in the right form for children.