The government is planning to increase the price of subsidized fuel by 33% in April. This subsidy cut is apparently expected to make a saving of more than $5 billion this year. About $4 billion are reported to be spent on unconditional cash transfers for a few months. Many regard this move as long overdue, but accept that it is a highly political issue. In addition to increasing demonstrations, sporadic increase in hoarding of fuel, as well as increase of food prices are being reported in March.

National average price of rice continued to rise and reached a record level of IDR 10,520/kg in February 2012, 15% higher compared to the same month of the last year, and 51% higher than December 2009.

In Kota Kupang Market in East Nusa Tenggara (NTT) province, the price of yellow maize remains IDR 5,000/kg. The price of rice and vegetable oil decreased slightly since December 2011, but higher than the price of the same month of the last year.

The latest models forecast relatively high probability of La Niña conditions for the period of February-April 2012.

The real wage of vulnerable agriculture labour groups continuously decreased in February 2012 due to increase in food prices. This indicates that purchasing power has been eroded.

The FAO Food Price Index (global) increased roughly 1% comparing to January 2012, which is mainly driven by higher price of sugar, oil and cereals.

**Main staple food commodity prices**

**Rice:** Rice is the staple food for Indonesians, comprising of more than 50% of the diet. In vulnerable areas, poor households spend around 60% of their monthly expenditure on food and more than 20% on rice during lean season.

National average price of rice continued to rise since March 2011 and reached a record level of IDR 10,520 (USD 1.2) per kg in February 2012, 15% higher compared to the same month of the last year, and 51% higher than December 2009. The price is expected to decrease slightly towards main harvesting season (March-May).

**Other commodities:** The price of cooking oil continued to increase since 2007 and reached IDR 13,142 (USD 1.5) per litre, about 60% higher compared to the price in January 2007. This is of concern to the poor households who spend nearly 10% of their monthly food expenditure for cooking oil. The price of red chilli increased sharply in January 2012 and reached IDR 27,556 (USD 3) per kg. It decreased to IDR 19,215 (USD 2.2) but still 25% higher than 2 months ago.
OTHER ISSUES IMPACTING ON FOOD SECURITY SITUATION

**Climatic conditions**: The rain season is ending and the rainfall has become lower in March. Lower rainfall is forecasted in April. (Figure 3 and 4)

The latest meteorological models forecast relatively high probability of La Niña conditions (69%) for the period of February-April 2012, while the probability of neutral condition increased 31%. La Niña condition is known to be associated with increase in rainfall in most part of Indonesia.

**Crop harvesting**: Indonesia achieved rice self-sufficiency in 2008 but the level of increase in production reduced in 2010 mainly due to irregular rainfall. Production of rice in 2011 is 65,740,946 mt, which is 0.5% decrease from the previous year. Production of maize is 17,629,033 mt, which is 3% decrease (Figure 5).

**Government responses**: Government imported 1.6 million mt of rice in 2011 to boost public rice stock from Viet Nam, Thailand and India.

PRELIMINARY INSIGHTS ON EFFECTS AT THE HOUSEHOLD LEVEL

**Purchasing power / food access of vulnerable groups**: Recent food security assessments and monitoring in vulnerable areas of the country revealed that the households engaged in subsistence farming (food crop and cash crop) and agricultural wage labour are more vulnerable to food insecurity than other livelihood groups.

**Agricultural wage labour (Figure 6)**: The nominal daily wage of agricultural labourer has been increased gradually for the last few years. However, the increase is offset by increased food price. As Figure 7 shows, the real wage sharply decreased since May 2010. The real wage increased for four months from February 2011 reflecting eased inflation, but it started decreasing again in June 2011 and continued decreasing to February 2012. The real wage in February 2012 marked the lowest since June 2008. This indicates that the purchasing power of agricultural wage labourer has been continuously eroded.

**Non-agricultural wage labour (construction worker, Figure 7)**: There was a massive labour protest in January in West Java to fight for the minimum wage. Through this protest, the Indonesian Workers Association secured new wage rates, which is IDR 1.491 million ($167) per month for the lowest category. This results in the highest wage of construction labourer in February 2012. But if the fuel price increased, this increment of wage would not ease lives of people engaging non-agricultural labour.
**Regional disparity:** WFP/GOI Food Security and Vulnerability Atlas was launched by the President of Indonesia in 2010 shows that food insecure districts are concentrated in eastern parts of the country such as Nusa Tenggara Timur (NTT), Nusa Tenggara Barat (NTB) and Papua provinces. While 13% of the national population lived below the national poverty line, this increases up to nearly 40% in the eastern provinces where most people are engaged in agriculture. The income level of farmers and agricultural labourers is among the lowest.

**Figure 6: Wage of agricultural labourer in Indonesia**

*Figure 7: Wage of construction labourer in Indonesia*

*Figure 9: Food Security and Vulnerability of Indonesia (FSVA 2010)*

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WFP’s food security analysis in Indonesia

http://www.foodsecurityatlas.org/idn/country/Indonesia

http://www.wfp.org/countries/Indonesia/Hunger-Info