



Price and Food Security Update Philippines

July 2012 || Issue 10

Main Price Trends

Highlights

- A slight increase in CPI for all commodities was observed in June.
- The steep decline in fuel prices persisted until the end of the month. Gasoline and diesel prices per liter were down to Php 47.95 and Php 39.80, respectively.
- Prices of selected commodities remains stable.

General Inflation

The country's annual headline inflation rate measures the changes in people's cost of living based on the movement of a specified basket of commodities and services. A slight decrease from 2.9 percent in May to 2.8 percent in June was reported, while the core inflation rate for the month remained at 3.7 percent. Core inflation measures change in average consumer prices after excluding from CPI certain items with volatile price movements.

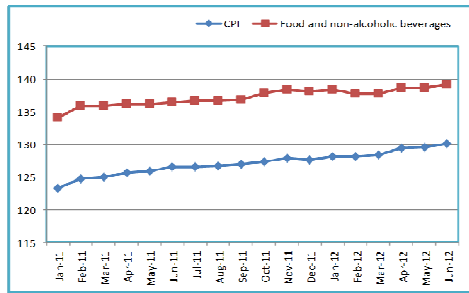


Figure 1. Consumer Price Index and Food Price Index (2006=100), Philippines, January 2011–June 2012

The CPI for all commodities increased from 129.5 to 130.1 (Figure 1). A similar trend was also observed for food and non-alcoholic beverages, from 138.6 in May to 139.2 in June.

Fuel Prices

Domestic fuel prices continued to drop. Fuel prices averaged Php 47.95 per liter of gasoline and Php 39.80 per liter for diesel (Figure 2). This brings the estimated decline to 12.4 and 11.1 percentage points for gasoline and diesel, respectively.

The decrease in the fuel prices, according to Department of Energy, was due to the weakening world economy in particular the debt crisis in Europe and deteriorating economic data in the US, China and other parts of the world which translates into weak world oil demand. Looking into its benefits to commuters, the Philippine

government openly supports fare reduction.

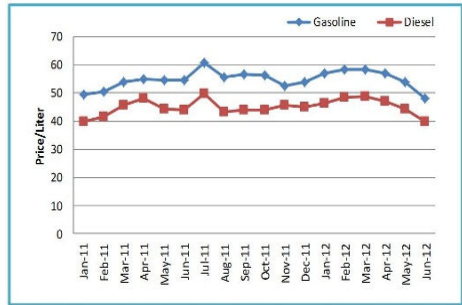


Figure 2. Average monthly prices of gasoline and diesel, January 2011–June 2012

2012. Increases in food prices do not always trickle down to the farm-gate, but the current price is 7.63 percentage points higher than that of last year's.

Main Staple Food Commodity Prices

- A slight increase in farm-gate price of paddy was observed to have increased from Php 16.67 per kg in May to Php 16.92 per kg in June

- The average retail price of regular milled rice in June 2012 was Php 32.17 per kg, a slight increase of 0.40 percentage points from last month's price (Php 32.04 per kg).
- For June 2012, retail prices of meat and poultry, cooking oil and sugar are generally stable based on the weekly and monthly price situationer of the Bureau of Agricultural Statistics. Above normal fluctuation, however, was observed for fish (*galunggong*).



This monthly update is jointly prepared by United Nations World Food Programme (WFP) and Food and Agriculture Organization of the United Nations (FAO). The accuracy of the information contained in this document cannot be guaranteed as the information may come from official as well as from qualitative/ anecdotal sources. The monthly update does not replace reporting of more reliable information (e.g. monthly or quarterly bulletins) from COs/RBs of these organizations.

PROJECT UPDATES

WFP launches new Climate Change Adaptation (CCA) project in four highly-urbanized Philippine cities

The devastating aftermath of Typhoons Frank, Ketsana, Parma, and Washi between 2008 and 2011 have underscored the high vulnerability of cities to both natural and climate-induced hazards. Such disaster events have exposed the underlying problems associated with urban development, particularly in highly-urbanized cities like Metro Manila, Cagayan de Oro, and Iligan, where flooding claimed lives and properties and severely affected business operations and public service delivery. Large populations in unsafe areas, poor land use and management, unplanned settlements, environmental degradation and fragile livelihoods plague disaster-prone cities. While extreme weather events serve as a trigger, environmental hazards built over time have raised attention to the need to strengthen disaster preparedness and mitigation capacities and build resilient and adaptive infrastructures, ecosystems, livelihoods, and sustainable practices.

Already, current climate projections for time slices of 2020 and 2050 indicate increasing changes and variability in patterns of temperature, rainfall and extreme weather events. One important implication of climate change for food security is that it will tend to reduce global agricultural production, increase food prices, and intensify the risk of hunger and malnutrition (WFP 2009). Given these trends, the need to bolster disaster preparedness, response, and adaptive capacity is critical.

To assist selected at-risk cities in enhancing their adaptive capacities to climate change, the United Nations World Food Programme (WFP)-Philippines is implementing a 12-month Climate Change Adaptation (CCA) Project as a component of the United States Agency for International Development Office of U.S. Foreign Disaster Assistance (USAID/OFDA)-funded Phase II programme "Capacity-building Support to the Government of the Philippines on Disaster Preparedness and Response." The project will be carried out in partnership with UN-Habitat in the highly-urbanized cities of Davao, Butuan and Cagayan de Oro in Mindanao, and Iloilo in Western Visayas. The cooperation between WFP and UN-Habitat will benefit from their respective technical expertise in implementing disaster preparedness and response (DPR) and CCA initiatives at the local government level.

WFP will build upon the progress achieved during the first phase of the USAID/OFDA-funded disaster prepared and response programme. The programme was institutionally supported by a Memorandum of Understanding between WFP and the Department of Interior and Local Government (DILG), Department of Social Welfare and Development (DSWD) and Office of Civil Defense (OCD). Tangible results working with local governments include the rehabilitation of evacuation centers, the construction of food storages and the planting of vetiver, a fast-growing grass with a deeply-

penetrating root system that can mitigate soil erosion. WFP also supports training tailored to local needs and priorities with an emphasis on strengthening the preparedness of the Provincial and Municipal Disaster Risk Reduction and Management Offices via contingency planning, GIS hazard mapping and some hardware support. It additionally works hand-in-hand with national DSWD to augment logistics capacity.

In Phase II, WFP will continue to provide disaster preparedness and response assistance in four targeted disaster prone provinces in Luzon, while leveraging technology innovations from new academic and NGO partners. Partner agency UN-Habitat has successfully carried out participatory Climate Change Vulnerability Assessments and customized training for the local government in the city of Sorsogon. Lessons learned from this experience will be applied to help meet the objectives of the WFP-UN-Habitat Joint Initiative on Philippine Cities and Climate Change Adaptation to: 1) conduct participatory climate change vulnerability assessments to guide mainstreaming efforts and identify city adaptation strategies and options; 2) increase the competency and knowledge of local government personnel and planners in the cities of Davao, Iloilo, Cagayan de Oro, and Butuan; and 3) strengthen the resilience of vulnerable communities to climatic changes through the implementation of appropriate climate change adaptation projects.



New Zealand gives more to IDPs in Maguindanao to restore their livelihoods and address food insecurity through the UN FAO

Following the successful completion of an earlier grant, the New Zealand Government has provided an additional USD 238,371 for the Food and Agriculture Organization of the United Nations (FAO) to continue assisting internally displaced persons (IDPs), returnees and flood-affected households in Maguindanao restore their farming activities. Earlier, the New Zealand Government responded to the 2011 Humanitarian Action Plan (HAP) by providing a grant totaling USD 1,351,413 that benefited 12,364 farm households from 62 barangays in 14 municipalities of Maguindanao. The agriculture inputs provided by FAO included certified rice seeds, F1 hybrid corn and assorted vegetable seeds; fertilizers; hand tools; goats (bucks and does); mallard ducks; set gill nets; and floating fish cages, including tilapia seed (post-fry) and starter feeds.

The project also provided trainings to improve crop, livestock/poultry and aquaculture production systems. Women groups were provided with technical assistance and training to equip them with the necessary knowledge and skills for them to engage in income-generating livelihood activities which included: vegetable

gardening, poultry and livestock production, aquaculture production, cultured mushroom production, fish handling and processing, and marketing of farm produce.

The 12 – month extended phase of the project aims to address the strategic objective of HAP 2012 of supporting the return to normality of the affected populations, particularly through livelihood opportunities. This continuation of the New Zealand assistance is expected to help more than 8,250 flood-affected IDPs or 1,650 farm households by providing them with agricultural packages consisting of rice, corn and vegetable seeds, fertilizers and hand tools in order to replace those productive assets lost or damaged during the conflict and flooding.



Turnover of fish cage. Messrs. Andy White, Deputy Head of Mission New Zealand Embassy and Kazuyuki Tsurumi, FAO Representative in the Philippines led in the turnover of floating fish cage to fisher beneficiaries in Northern Kabuntalan.

Similarly, the new beneficiaries will be trained on the effective and efficient use of the different agriculture inputs that the project will provide. Training would also include knowledge and skill along value chain (processing of produce) and community-based disaster risk management.



Seed Capital for Women: The project provided small seed capital to women for the establishment of livelihood activities

FAO is implementing the project in collaboration with the Department of Agriculture and Fisheries of the Autonomous Region of Muslim Mindanao (DAF-ARMM), local government units (LGUs) of Maguindanao Province, non-government organizations (NGOs), community-based organizations (CBOs), and other UN agencies like the World Food Programme (WFP) and the United Nations Development Programme (UNDP).

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