

Food Security Bulletin

Edition no. 26: January - March 2022

Highlights

- Rice production estimates done by the Ministry of Agriculture and Fisheries, point to an 18 percent increase compared to 2021 season and a further 66 percent more than the five-year average. Now estimated at 85,465 metric tonnes: However, only accounts for 55 percent of the annual national rice requirement.
- Rice imports hit 60,000 metric tonnes in the first quarter of 2022, nearly three times more than the previous period.
- Rice prices remain elevated, however, local rice prices likely to ease on the prospect of incoming fresh harvests on the local market in the second quarter.
- Policy-wise, Government has proposed to launch a further relief package, *Cesta Basica* programme 'Food basket and essential non-food items' to targeted population with a broad aim to mitigate the impacts of COVID-19 pandemic.

Background and Context

As COVID-19 continues to present unprecedented challenges to health, food systems and the general economy, the Government of Timor-Leste has proposed to launch a further relief package, *Cesta Básica 2.0* (food basket) worth US\$80mn, with the broad aim to mitigate the immediate impacts of the pandemic. Specifically, *Cesta Básica 2.0* aims to support vulnerable households to meet food and other basic needs and stimulate the local economy through supporting the activities of producers and other economic operators as part of the economic recovery plan.

The Coordinating Ministry of Economic Affairs (MCAE) will be the overall lead for the programme which will be implemented by the Ministry of Tourism, Commerce, and Industry (MTCI) as well as Secretary of State for Cooperatives (SECoop).

Based on the decree law, the program has set a maximum value of US\$ 50 for each member of the beneficiary households to be delivered through in-kind transfers. Unlike its precursor which was universal, *Cesta Básica 2.0* will target households whose head earn a monthly income of less than US\$ 500.

Looking ahead, based on the agricultural seasonal calendar, the second quarter is mainly for rice and maize harvesting. Hence, relatively staple nominal rice price trends are expected as incoming fresh produce will increase availability on the local market, and farming households will start to consume from own production.

Methodology

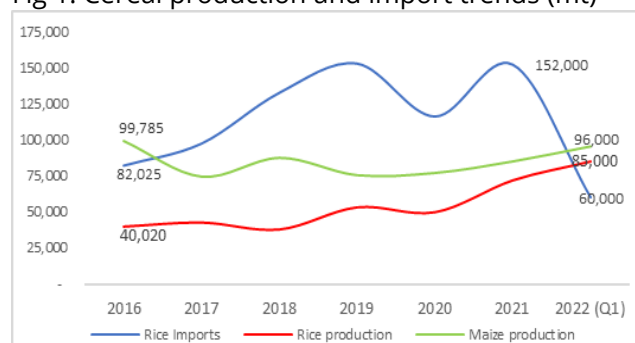
This Food Security Bulletin (FSB) is based on data emanating from institutions under the KONSSANTIL (Inter-Minister Council for Food Security, Food Sovereignty and Nutrition).

The FSB is a product of the Ministry of Agriculture and Fisheries (MAF) as the lead and secretariate of KONSSANTIL with technical support from WFP as part of the National Information and Early Warning System.

Cereal availability

Rice remains the key staple for most of the population. The 2022 rice production estimates done by Ministry of Agriculture and Fisheries are at 85,465 metric tonnes which is 18 percent above last year's estimates and a further 66 percent higher than the five-year average (fig 1).

Fig 1. Cereal production and import trends (mt)



Source: Ministry of Agriculture and Fisheries & Customs

The current production accounts for 55 percent of the annual national rice requirement which is estimated at a minimum of 154,00 metric tonnes. There is significant potential for increased production as the cultivated hectares is half of the potential area.

In the last five years, rice imports have consistently covered more than 70 percent of the national requirements. A total of 60,000 metric tonnes of rice was imported in the first quarter of 2022, nearly three times more than the previous period.

Maize production, the second most important staple food crop, is estimated at around 96,000 metric tonnes, an increase of 17 percent compared to previous season. The production is more than the national requirement pegged at 75,000 metric tonnes.

Other food imports

Chicken imports were recorded at 5,795 metric tonnes in the first quarter of 2022, one of the highest in recent times. The imported volumes are 33 percent higher than the previous period, and 23 percent higher than the same time last year.

During the reference period, decreases were observed for vegetable oil, eggs, and wheat.

Fig 2. Imports of other food commodities (mt)

Import	Tonnage (2022)		% Change (2021)			
	Q1	Q4	Q3	Q2	Q1	
Chicken	5,795	↑ 33	↑ 32	↑ 79	↑ 23	
Wheat	3,646	↓ -11	↓ -15	↓ -10	↑ 4	
Vegetable Oil	2,073	↓ -54	↓ -40	↓ -7	↓ -56	
Fish	1,087	↑ 21	↑ 359	↓ -18	↑ 53	
Eggs	365	↓ -42	↓ -31	↓ -33	↓ -100	

Source: Customs (Ministry of Finance)

Timor-Leste’s main source of vegetable oil and wheat is Indonesia. The oil export barriers imposed by the government of Indonesia in the first quarter of 2022 led to significant drop in the import volumes. Indonesia imports nearly 25 percent of its wheat from Ukraine, as such the relatively low wheat imports during the reference period is likely linked to the conflict which has brought supply chain disruptions.

Agricultural exports

During the reference period, the top three agricultural exports were Arabica coffee, candlenut, and dry coconut. About 760 mt of arabica coffee were exported in first quarter of 2022, 27 percent lower than the previous quarter, however, these volumes are 139 percent higher than the same period last year (Fig 3). Exports of candlenut and dry coconut were much higher compared to the previous quarter and the same time last year.

Fig 3. Exports of food commodities (mt)

	Tonnage (2022)		% Change (2021)			
	Q1	Q4	Q3	Q2	Q1	
Arabica Coffee	760	↓ -27	↓ -20	↑ 451	↑ 139	
Candlenut	674	↑ 130	↑ 58	↓ -42	↑ 167	
Dry Coconut	558	↑ 73	↑ 101	↑ 25	↑ 180	

Source: Customs

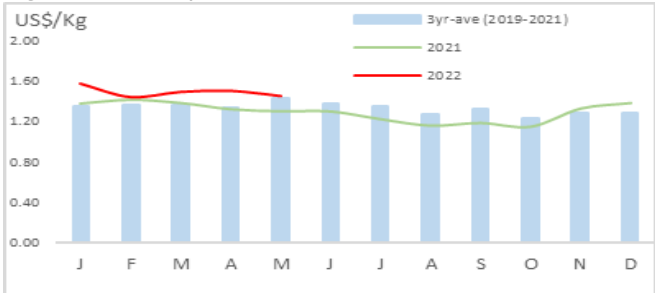
Food Access

Nominal price of rice

As the price of fuel increases substantially, a noticeable upward trend in food prices was observed across Timor-Leste towards the end of first quarter of 2022 compared to the previous-reflective of the global trends.

Uptick in local rice price by 6 % in March 2022 compared to the previous month and 31 percent up compared to the three-year average. The March 2022 increase is likely due to tight supply conditions as the next harvest is only expected in two months’ time. The fuel increase is an added burden.

Fig 4. Nominal price of local rice

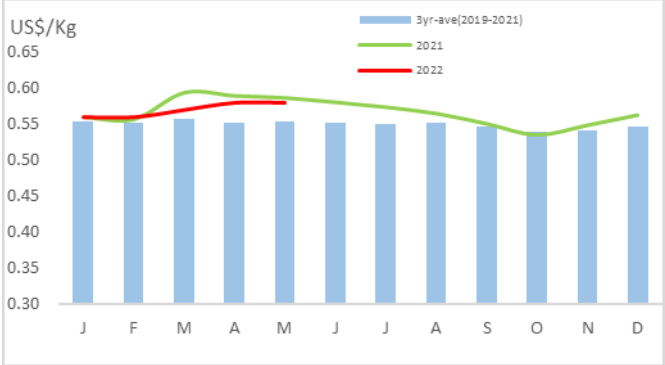


Source: WFP

During the reference period, there was also an uptick in the price of imported rice which is a widely consumed staple. Imported rice, increased by 2 % in March 2022 compared to the previous month.

This is reflective of the global rice price trends measured by FAO All Rice Price Index (2014-2016=100) which has been on a steady increase in the first quarter of 2022. The Index reached 103.0 in March, an increase of 1.6 percentage points from January 2022.

Fig. 5. Nominal price of imported rice

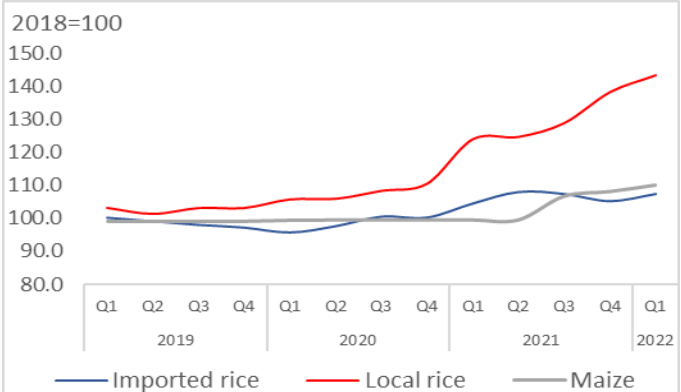


Source: WFP

Rice and Maize price index

The local price index for local rice (2018=100) averaged 143.3 points in first quarter of 2021, up 5 percentage points from the previous quarter, the highest value in the current series. Similar increase was observed for imported rice at 2.2 percentage points more compared to the previous period. Relatively minor increase was also observed for maize. The imbalance on the supply side are likely the leading cause for the upsurge in rice prices, coming at a typical lean season.

Fig 6. Rice and Maize price indices



Source: General Directorate of Statistics

Food insecurity

Food Insecurity Experience Scale

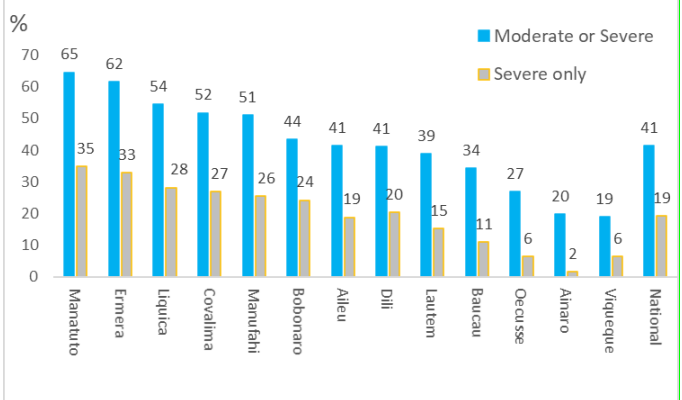
The Food Insecurity Experience Scale (FIES) is used as an estimate in the prevalence of food insecurity from the 2021 Social-Economic Impact Assessment (SEIA II).

The FIES is based on a 30-day reference period preceding the survey and relies on people’s direct response to eight questions regarding their access to adequate food.

The results indicate that 41.4 percent of the population was affected by moderate or severe food insecurity. At municipal level, higher percentage in the moderate or severe food insecurity were observed in Manatuto (64.6 %), Ermera (61.5%) and Liquica (54.4%) while lower percentage was observed in Viqueque (18.9%) and Ainaro (19.9 %).

This refers to individuals living in households where at least one household member has likely been forced at times during the last month to reduce the quality of their diet, due of lack of money or other resources. Out of the 41.4 percent that were moderate or severe food insecurity at national level, 19.3 percent of the population estimated to be affected by severe food insecurity.

Fig 7. Prevalence of moderate or severe and severe food insecurity, by municipality (%)



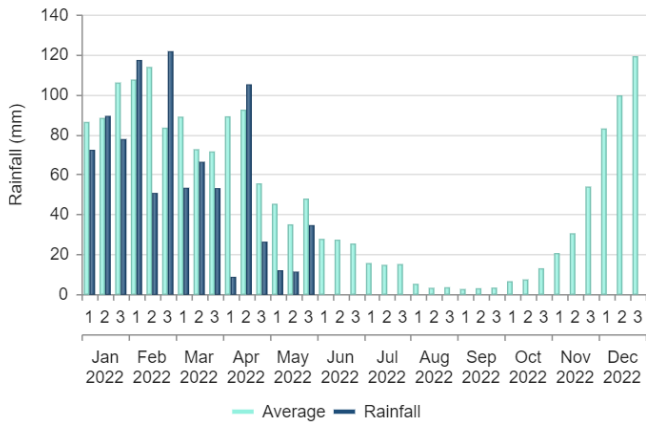
Source: UNDP (SEIA II)

Climate and Earth Observation

Rainfall Distribution

In the first quarter of 2022, the country experienced rainfall amounts ranging from 50.3mm to 121.3mm. As show in figure xxx, the overall rainfall amounts were slightly lower than the normal, however, the conditions were still conducive for crop production.

Fig 8. Rainfall amounts (mm)



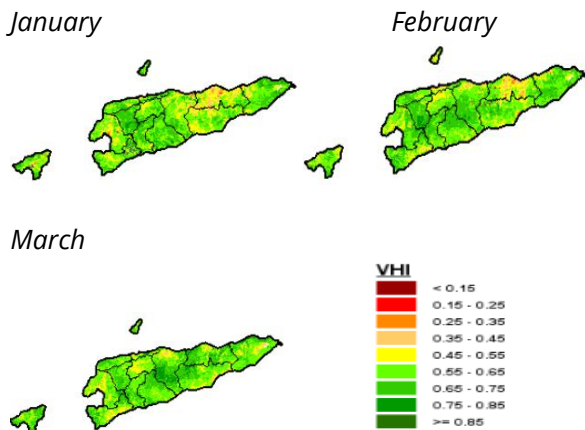
Source :

https://dataviz.vam.wfp.org/seasonal_explorer/rainfall_vegetation/visualizations#

Vegetation Health Index

The Vegetation Health Index (VHI) provides the severity of drought based on the vegetation health and influence of temperature on plant conditions. A decrease in the VHI would indicate relatively poor vegetation conditions and warmer temperatures, signifying stressed vegetation conditions.

Fig 9. Vegetation Health Index



Source: www.fao.org/giews/earthobservation.

At the end of first quarter, the VHI was around 0.65 to 0.75 (green with yellowish patches) in most areas. A condition that signifies precipitation and related agricultural production activities.

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