

The food system: South Africa's biggest socio-economic challenge that no one knows about

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The Facts: Hunger and malnutrition

- ▶ South Africa is a middle income country, generally food secure on a national basis, with a sophisticated and thriving formal food sector – large-scale commercial agriculture, big and very big food processing and retail.
- ▶ Most South Africans are aware that there is some kind of “problem” with malnutrition, but not the scale or implications thereof.

So how bad is it?

- ▶ Only 23% of all SA children aged 6 – 23 months meet the criteria for a **minimum** acceptable diet, and only 16% under the age of 12 months do so (SA Demographic and Health Survey 2016)
- ▶ Around 25% of children under 5 are stunted, and this appears to be increasing
- ▶ Somewhere between 10 and 20 children under 5 die of starvation each day
- ▶ Perversely, farm workers are among the hungriest of South Africans



The socio-economic implications of malnutrition

- Severe implications for cognitive development in children which undermines any education programme and long-term goals of skills development.
- School feedings schemes are not universal, sometimes of questionable nutritional value and only cover around 55% of the year. Most importantly, they do not start until the most important phase of development (1,000 days) is gone.
- The burden of NCD – diabetes, obesity and similar – is much higher in adults with nutritionally compromised childhoods. (Limpopo study showing underweight AND obesity in children highlights the issue of calories vs nutrition and the impact of carbohydrates/sugar).
- NCD is a significant public health expenditure item
- Malnourished children are sentenced to a life-time of limited employment prospects, poverty, poor health and early mortality. These are overwhelmingly poor black children.
- What does “inclusive growth” mean in these circumstances?




The socio-economic implications of malnutrition

- ▶ There is a well-documented link between severe early childhood nutrition (i.e. the kind associated with stunting) and permanent damage to the brain's impulse control system (Vaughn et al 2016).
- ▶ What does that mean? Impulse control manages violence responses, anti-social behaviour and addictive behaviour. This is an evolutionary response to hunger, but has enormous implications in South Africa.
- ▶ Childhood malnutrition may be the single biggest variable explaining the country's extreme levels of violence, particularly domestic violence.
- ▶ This effect is exacerbated by the disproportionate pressure on women to provide food, often resulting in violent responses towards children (Kruger and Lourens, 2016).
- ▶ Increased propensity for violence + violent households = recipe for disaster
- ▶ In many communities women trading sex for food is normalised
- ▶ How can we progress women's rights against this backdrop?


What drives malnutrition?

- Firstly, it isn't ignorance, as all the "nutrition education" programmes would have us believe.
- All South Africans would benefit from better nutritional knowledge, but there is no significant difference between nutritional knowledge of the best and the worst fed.
- Women readily acknowledge that their children (and themselves) are not eating what that they should, BUT they cannot afford the alternatives.
- The single biggest determinant of diet is cost of food vs income, together with the daily reality of being poor in South Africa.
- Households are forced to downgrade purchases, and to skip key food groups entirely. The daily amount of milk for a child costs more than 50% of the CCG.
- Own production of food is not a viable alternative:
 - most of the hungry live in dense urban settlements with no space
 - Water is a constant constraint
 - The key nutritional gaps are in protein and dairy products, not vegetables
- Policies that focus on own production shift blame onto the hungry, and absolve government of their constitutional obligation



What is happening at the other end of our food system?

- ▶ Both "ends" of the system are losing out to the middle in terms of who gets to keep the value created
- ▶ Higher food prices for consumers do not trickle down directly to farmers or farmworkers
- ▶ Farming is under greater and greater pressure as the terms of trade for agriculture decline, and the farm gate share of the retail price of food declines.
- ▶ Declining agricultural margins keep farm worker wages under pressure.
- ▶ Smaller farmers find it harder to make a living as the margins earned in agriculture are squeezed, and the average farm size has increased in response to this market pressure.
- ▶ New market entrants (such as land reform beneficiaries) find it extremely difficult to earn positive income in these circumstances, particularly when a farm is intended to provide livelihoods for multiple beneficiaries.
- ▶ How can land reform meet its progressive goals of reducing rural poverty under these circumstances?





What is happening at the other end of our food system?

- ▶ There is no “news” in what we are seeing in the agricultural sector: This is a trend seen across most of Europe – the power of supermarkets and processors drives down prices for farmers, and the farm gate share of the final price of food.
- ▶ As a result, farm incomes and rural livelihoods are under pressure
- ▶ The impact of this – essentially a trade-off between corporate profit on one side and rural livelihoods and the consumer price of food on the other – are magnified in South Africa because of our particular demographics.
- ▶ The real difference between South Africa and other countries is:
 - ▶ The adoption of a system-wide analysis (rather than discrete parts) and a clear focus on the GOVERNANCE of the system as the critical leverage point.
 - ▶ The realisation that different agri-food system outcomes depend on a cross-cutting and multi-disciplinary approach

How did we get to this position?

- The current outcomes of our food system are the result of decades of regulation and policy making, based on generally erroneous assumptions about the workings of the system, and in particular - power.
- The dismantling of the control boards and the 1996 Marketing of Agricultural Produce Act were based on a very poor understanding of the retail food sector, and a glossing over of the depth and impact of malnutrition.
- Successful food retailers require market share and vertical market power: the one feeds the other.
- As they become the gatekeepers of consumers, so producers have to accede to their growing demands. As the share of processed food increases, so processors enjoy greater power over producers, and need to balance the extraction of value from supermarkets. Producers lose on both accounts.
- Value chains in this sector are not benign groups working to mutual advantage – they are a vicious fight for value.
- Government's exist from the regulation of these markets post-1996, together with the legacy of the control boards has resulted in extremely high levels of concentration, and the outcomes that we see.



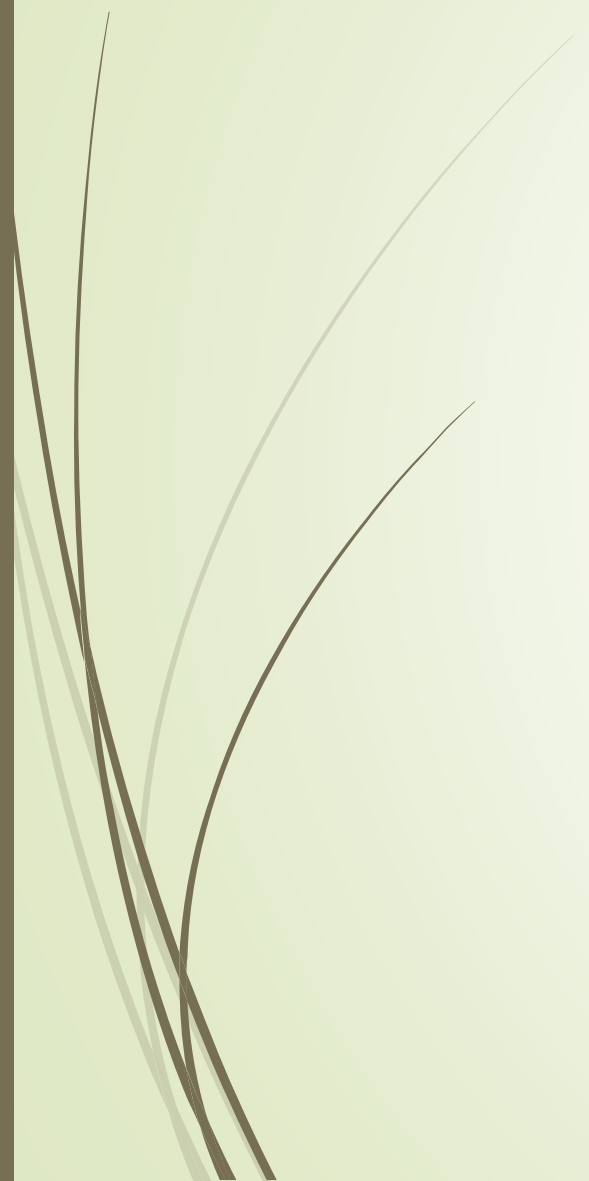
MOSTLY, IT IS THE APPARENT INABILITY TO SEE THE **SYSTEM** AS THE REASON FOR THESE OUTCOMES, AND THE ROLE OF GOVERNANCE IN STRENGTHENING ONE PARTICULAR KIND OF SYSTEM AND THUS ONE PARTICULAR SET OF OUTCOMES, THAT IS THE CRITICAL FAILING POINT.

What should be done?

- Government can no longer avoid its constitutional obligations: we are very, very far from “the best that can be done with existing resources” (Grootboom judgement).
- We are running out of time to acknowledge the depth and spread of the problem and the challenge that it poses.
- Nothing will be achieved until the systemic nature of the problem is acknowledged, together with the role of governance in determining the functioning of that system.
- In particular, we need to move away from the completely false idea that the answer to malnutrition is producing more food on a national basis (DAFF).
- In this respect there are very important lessons from the EU and other countries for South Africa, particularly in terms of taking a “whole supply chain” view of the issues. This is the only way to surface causality and the relationship between apparently disparate outcomes.
- This approach also helps to clarify the cross-cutting nature of the issue, across functional areas as well as the various spheres of government

What could be done?

- An acknowledgement of the role of the agri-food system in preventing us from reaching many social and economic goals will contribute to raising the profile of the problem.
- The key to a social justice and long-term equity outcome is the understanding of the “public good” nature of food: the significant negative externalities of malnutrition and declining rural livelihoods are carried across the entire society and economy. This is basis for a meaningful policy response.
- This is not to say that there is no role for private enterprise in the food system, BUT – we need to understand the implications for greater society and economy of having **one particular kind of private enterprise** as our ONLY food system. No other social good – water, health care, education – works on this basis.
- Nor is the choice between predatory capitalism and state provision: Instead there are hundreds of examples of social enterprise, private enterprise, solidarity enterprise and many others that work well. Their key role for government is in facilitating a governance structure in which these kinds of alternatives are possible.
- Mostly, we need solutions based on the daily lived reality of the hungry, farmworkers and land reform beneficiaries.



THANK YOU