

Reflections on the growing household poverty challenge in South Africa

- October 16th marks World Food Day, a celebration of the founding of the United Nations Food and Agriculture Organisation in 1945. This day is also an opportunity for countries to reflect on their food security conditions. Thus, this was one of the major discussion themes in South Africa's agriculture this past week. Viewed at a national level, South Africa is food secure, but this manifests differently at the household level, with many families continuing to struggle with food insecurity. Speaking in the Western Cape on October 17, President Cyril Ramaphosa also weighed in on the country's household food insecurity challenge, correctly highlighting the household poverty challenges and emphasizing the need to find ways of addressing the food insecurity crisis in the country.
- Food insecurity has many different explanatory factors. Income poverty is one driver of household food insecurity in the country. Moreover, the inefficient logistics and higher energy prices, amongst other factors that contribute to the cost structure of the economy, are sources of persistent cost pressure in the food value chain. These add upward pressure to food production costs, even in times of ample harvests. Still, the fact that we have a robust agricultural sector, with surpluses, helps a great deal in boosting food security at a national level.
- Indeed, South Africa remains with a conundrum of being food secure at the national level, and a net exporter of roughly half of its agriculture and food products a year in value terms. Clearly, our household food insecurity challenges are not just an agricultural matter, but a challenge that requires a broader economic policy response. This is particularly as the household food insecurity is primarily a challenge of a lack of household income to a large degree. Therefore, ensuring the growth of the economy and job creation likely have a more notable impact in resolving our poverty challenges than simply focusing on agriculture per se.
- This is not to negate the role agriculture can play. Indeed, the sector could play a positive role in creating jobs, specifically for the rural poor, where other sectors of the economy tend to be a lot smaller. But the sector alone will not be able to change the South African household food insecurity challenge. Focusing on the reforms in the economy that stimulate growth in the various sectors, boost investments, and subsequently employment should be the key focus of policymakers.
- A point could be made that South African households, although not seeing food prices rising at a faster pace than we witness in other countries globally, still pay reasonably higher prices for some products. The underlying drive of costs in the food system, amongst other factors, is the value chain associated costs, as we stated above. Therefore, observing only the agricultural commodities prices as the signal for food prices is not a sufficient indicator. Other notable food costs are associated with the processing and distribution of food products across the country.

- On top of this, South African households spend a significant portion of their wages on transport costs due to the deterioration of our public transport system. Therefore, public transport is another area that requires closer focus. Another area of household spending, which we have not done deep research on, but requires a closer is the share of household spending on gambling activities.¹ We are not attributing this factor to the rising household food insecurity in the country. Still, it warrants some attention given its growing prominence in the spending of South African households.
- Ultimately, South Africa should deal with the constraints to growth, investment and employment to address the growing poverty. The focus on agriculture is one aspect, but the policy response will need to be wider and focus on strengthening income security, particularly for more vulnerable households.

¹ <https://businesstech.co.za/news/government/837170/south-africa-has-a-new-crisis-and-its-getting-worse/>