

## South Africa's standing in the global food security ladder

This past week, *The Economist* released its Corteva-sponsored *Global Food Security Index* results for 2021.<sup>1</sup> South Africa is now at 70th position out of 113 countries, from 69 in 2020 and 44 in 2019. At face value, this decline may be seen as worrying. However, when one looks at the index scoring's technical position, it becomes clear that South Africa is not doing as badly as the headline "ranking" suggests. In this case, South Africa's scoring remained unchanged from 2020, following a point drop in 2020 from 2019. The score came in at 57,8 in 2021, which is the same level as 2020, and down by 1,4 from 2019 in the *Global Food Security Index*. Relative to 2019, other countries have improved notably, resulting in the seemingly alarming deterioration in South Africa's ranking to 70.

The *Global Food Security Index* comprises four subindices, namely; (1) food affordability, (2) food availability, (3) food quality and safety, and (4) natural resources and resilience. The affordability and availability have a higher weighting of a combined two thirds (each 32,4%). The affordability subindex includes a change in average food costs, proportion of a population in poverty and agricultural import tariffs. Meanwhile, the availability subindex consists of the sufficiency of supply, agricultural infrastructure, volatility in agricultural production, political and social barriers to food, and food loss.

In 2021, South Africa experienced a mild deterioration in the food affordability and availability subindices of 0,7 and 0,1 points, respectively. Meanwhile, the rest of the other subindices improved marginally. In the case of affordability, the major challenge was an overall increase in food prices.

The food affordability issue in South Africa is not far off from what even local researchers have observed in various surveys, including Statistics South Africa. For example, the fifth wave of the National Income Dynamics Study – Coronavirus Rapid Mobile Survey (NIDS-CRAM) highlighted that some households had run out of money to buy food since the pandemic started, thus observing a rise in food insecurity.<sup>2</sup> Moreover, South Africa's overall food price inflation has been elevated this year, averaging 6,5% y/y in the first eight months, from 4,8% in 2020. These dynamics are in line with the views expressed in this Index. But worth emphasizing is that this challenge speaks to the rising costs of food in an environment where more people are out of work due to disruptions the COVID-19 pandemic caused in business.

In addition, it is essential to highlight that the rise in food prices is a global phenomenon and not unique to South Africa. The dryness in South America, which negatively affected the crops in the 2020/21 production season, combined with growing demand for oilseeds and grains in China and higher shipping costs, are some of the factors that have underpinned global food prices.<sup>3</sup> This, in turn, supported grain prices in South Africa; hence the food price inflation was somewhat elevated in the first eight months of this year. This was a global issue rather than domestic supply constraints.

<sup>1</sup> The Index is accessible [here](#).

<sup>2</sup> The full report of the National Income Dynamics Study – Coronavirus Rapid Mobile Survey on Food Insecurity in South Africa can be accessed [here](#).

<sup>3</sup> The IMF explored this issue in a blog post in June 2021, see [here](#).

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In terms of availability, we find the deterioration of this subindex inconsistent with the realities in South Africa. The 2020/21 production season was the second largest in history in terms of grains and oilseeds. In horticulture, the citrus industry had a record harvest, while other fruits and vegetables experienced a general improvement in output compared with the previous season. In such an environment of abundant output, one wouldn't expect a decline in the "availability" subindex. Moreover, there is also no major change in South Africa's agricultural infrastructure, political and social barriers to food, and food loss over the past nine months compared to 2020. The only notable glitch in supply chains was during the KwaZulu-Natal and Gauteng unrests and even then, it was short-lived and supply chains adjusted in a matter of days.

The "food quality and safety" subindex comprise of nutritional standards, dietary diversity, protein quality and food safety. These are challenging to measure in each country, which again raises concerns about the global ranking of such aspects. South Africa has the products standards regulations that guides food producers and ensures their products meet the required quality. Hence, we are not as concerned about this particular ranking, which South Africa improved on. The "natural resources and resilience" subindex focuses on drought, floods, agriculture water risk, forest change, and land degradation, amongst other aspects. These are generally easily observable and there are often public records of them, particularly droughts and floods. South Africa's ranking in this subindex improved, as there was a generally good agriculture season.

At the core, a major issue to keep in mind when observing global agricultural indexes as *The Economist's Global Food Security Index* is that its authors must contend with several challenges which often depend on their judgment rather than realities on the ground in each country. These include the data sources' inconsistency in quality, coverage, and frequency and reliability across all countries. The weightings and ranking are also tricky challenges that the Index authors have to consider thoroughly as these could be subjective.

While we note the technical issues of this Index, we still think the message is that South Africa will need to continue improving food security through expansion in agricultural production and job creation in various sectors of the economy. As we have previously stated, at a technical level, the ideas of expanding agriculture and agro-processing capacity to boost growth and job creation were well established as far back as in National Development Plan in 2012.<sup>4</sup> They were again highlighted in the 2019 National Treasury paper.<sup>5</sup>

These include expanding agricultural activity in the former homelands and government land, enhancing government-commodity organisations partnerships in extension services, investment in the network industries (water, electricity and road infrastructure), port infrastructure, and state laboratories. Some interventions are more regulation-focused, and therefore do not require significant capital spending by the government, although these still need institutional capacity building. Such regulatory interventions include modernising regulations such as the Fertilizers, Farm Feeds, Seeds and Remedies Act 36 of 1947, which many role players in agriculture continue to express dissatisfaction with. The enforcement of the Agricultural Product Standards Act in a way that ensures that the DALRRD leads the implementation and does not assign it to the third parties is also another critical intervention that could be explored.

In terms of regional focus, Limpopo, KwaZulu-Natal and the Eastern Cape, which are amongst the most food-insecure provinces, also have vast tracts of underutilised land. These provinces should be a priority in agricultural development plans. With a commercial focus where conditions permit, agriculture improvement would help job creation and, ultimately, household food security.

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<sup>4</sup> Chapter six of the National Development Plan is available [here](#).

<sup>5</sup> The National Treasury's 2019 paper on economic transformation, inclusive growth and competitiveness is available [here](#).