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policy brief

Protecting food insecure households against rapid food price inflation

Introduction

To raise the efficiency and effectiveness of targeted food and nutrition security interventions, policy may benefit from the careful tracking of the following determinants of household food security status:

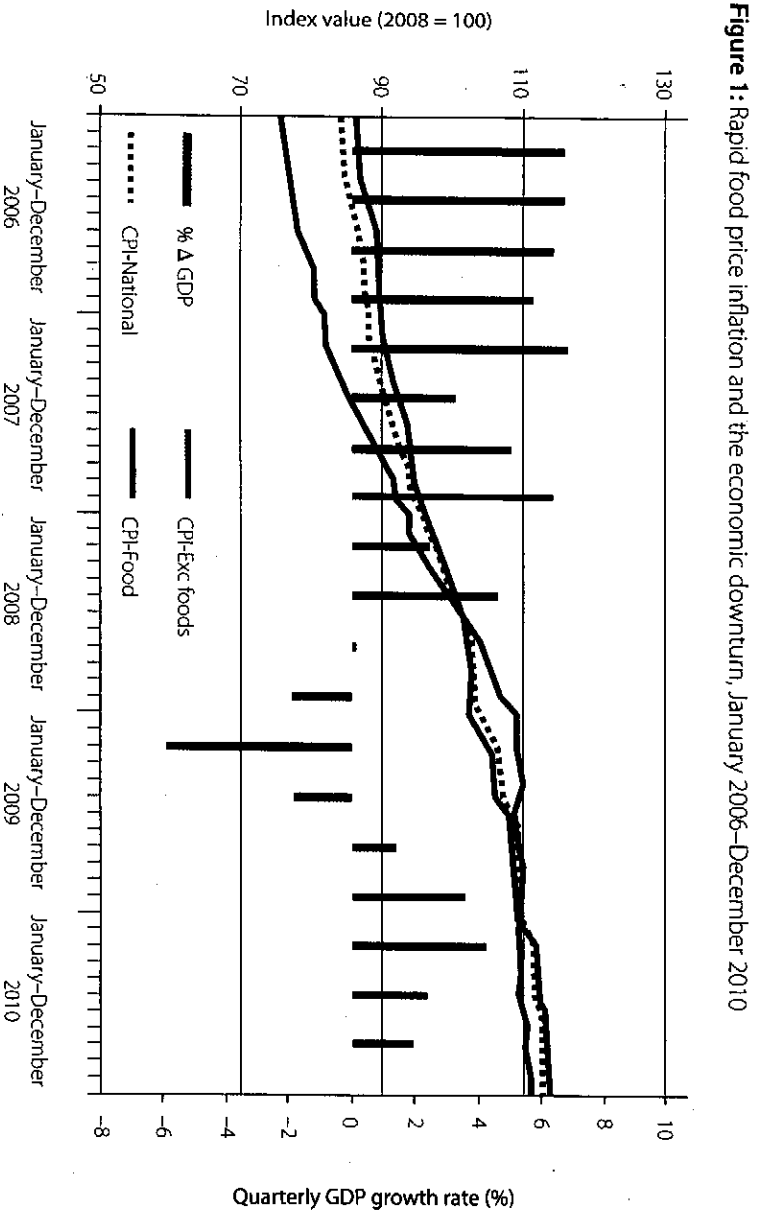
- household profiles
- location (geography and dwelling type)
- main household income sources and adult equivalent expenditure patterns (including food spending).

This policy brief outlines recommendations in this regard.

Higher food prices increase the overall cost of living

South Africans experienced a wave of rapid food price inflation from the end of 2007 until mid-2009. Figure 1 shows the rising cost of living and economic performance from 2006 to 2010. Food price crises raise the cost of foods, making it increasingly difficult for low-income households to afford their pre-crisis food baskets. The 2007–2009 food price crisis overlapped with the global economic downturn. The loss of jobs and reduction of remittances was an added blow to low-income families. These crises reversed the gains made against household hunger recorded until 2007. Approximately 12% of households reported experiences of hunger in 2007, whereas by 2010 24% of households reported that they had periodically gone without food during the year because they had no money. The average household thus had to craft strategies to make ends meet in the context of two intersecting crises. How government intervenes to protect vulnerable households from hunger in such contexts has been, and continues to be, a key policy concern.

Figure 1 shows the rising cost of living and economic performance from 2006 to 2010. From 2007 onwards, the cost of the average food basket (as measured with the consumer price index (CPI-Food)) was rising faster and driving the overall cost of living (CPI-national) upwards.



Source: Stats SA (electronic databases)

Policy framework

Integrated Food Security Strategy

In 2002 the South African government formulated and adopted an Integrated Food Security Strategy (IFSS). Priority outcomes of this strategy include:

- Greater ownership of productive assets and participation in the economy by the food insecure
 - Increased competitiveness and profitability of farming operations and rural enterprises that are owned and managed by or on behalf of the food insecure
 - Increased levels of nutrition and food safety among the food insecure.
- (NDA 2002: 9–10)

In line with the United Nations Millennium Development

Goals, the IFSS translates the Constitutional right to food into

a concrete strategy aimed at achieving access to adequate food for all by 2015. It makes a convincing case for integrating a host of food and nutrition interventions by separate state departments into a coherent policy and institutional framework. Although the IFSS recognises the multifaceted nature of food security, it is embedded in an overarching food availability approach. In terms of this approach, boosting farm output in a diverse range of agro-foods is a sufficient strategy for achieving food security.

Social grant system

South African policy makers and regulatory agencies responded to the 2007–2009 domestic food price crisis by implementing several interventions. The Competition Commission launched a series of investigations into what it perceived to be the driving forces behind the growing gap between primary producer (farm-level) prices and retail prices

of basic foods (such as bread and milk). The state increased the monthly cash value per social grant to the roughly 1.4 million beneficiaries on social welfare. The pension and child welfare payment increases, however, covered a fraction of the higher food costs. The magnitude of food inflation more than outweighed the monetary value of grant increments, and therefore this support probably brought little relief to grant-dependent families.

Research data and findings

Vulnerable households suffered a reversal in food security status

Findings from recent research completed by the Human Sciences Research Council (HSRC) for OXFAM show that the knock-on effects of the global food price crisis and the economic downturn contributed to a slight rise in the proportion of hungry South African households between 2007 and 2008. Within a year the proportion of hungry families had risen by two to three percentage points. Female-headed households, whilst representing less than 40% of South African households, experienced a disproportionately greater impact of the two intersecting crises. The gap between male- and female-headed households that never experienced adult hunger in 2008 was five percentage points, which suggests that female-headed households are more likely than male-headed households to experience hunger.

From 2007 to 2008, the proportion of households in which adults and children experienced hunger increased in seven out of nine provinces. Female-headed households living in traditional homesteads in the predominantly rural provinces of Eastern Cape and KwaZulu-Natal experienced the sharpest rise in hunger.

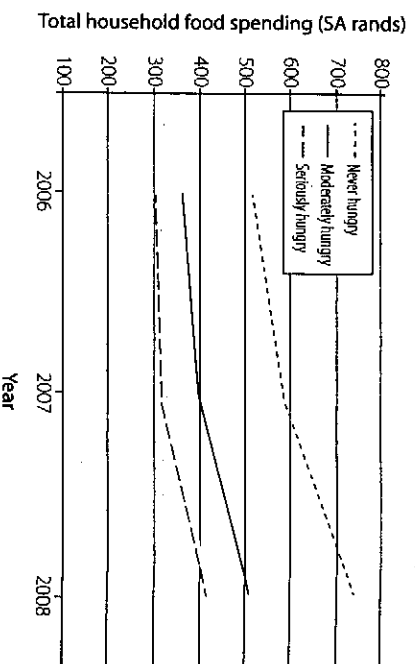
Female-headed households in settlements in Gauteng and backyard dwellings in Western Cape also reported more hungry adults and children. Using dwelling type as a proxy for location, the gains against hunger in the two years before the crises had been reversed within one year.

Available data for 2006–2008 suggest that major sources of primary household income, particularly salaries and wages, remittances and social grants, have cushioned the household-level impacts of the intersecting crises. These certainly helped to pull some female-headed households out of serious hunger. Moderate hunger increased from 2007 to 2008 among households primarily dependent on salaries and wages, mainly due to higher unemployment and working poverty.

Food price inflation reflected in sharply higher food expenditures

When the first signs of sharply increasing food prices appeared in 2007, they immediately translated into steeply higher food expenditures across all female-headed households. Although female-headed households consistently spent less than the average household on food and total household expenditure, seriously hungry households¹ invariably the poorest, reported the lowest absolute amount of monthly spending on food. The biggest increase in additional spending on food was among households without adults experiencing hunger, partly because they could afford more expensive foods.

Figure 2: Higher food prices translate into steeper food spending across all households, 2006–2008

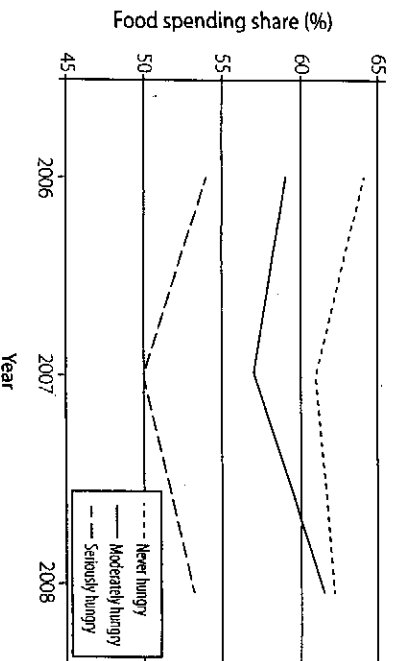


Source: Stats SA, 2006–2008; GHS

Whilst the General Household Surveys 2006–2008 provide only high-level information about total food expenditure for every household, the analysis of this limited information confirms the basic inverse relationship between household wealth and food spending shares (reflected in the Engel curve hypothesis). Figure 3 shows that seriously hungry households always spend the highest share of total household spending on food – which reflects overall household poverty. More importantly, during the first year of the crises, the share of food expenditure in their total spending basket dramatically increased. This suggests that households were switching larger portions of their total household spending towards food, signalling a coping strategy to counter the effects of both rapid food price inflation and the economic downturn.

¹ Self-reported

Figure 3: Higher food prices translate into reversals in food spending shares across all households 2006–2008



Source: Stats SA, 2006–2008; GHS

Recommendations

1. Given the impact of food price increases on female-headed households, gender-based targeting in food security policies must incorporate the additional determinants listed in the Introduction to this policy brief if they are to effectively and sustainably address transitory food insecurity induced by similar livelihood shocks.
2. Food prices must be stabilised. Fluctuating agro-food markets expose people who might be perceived as food-secure at any moment to enormous risks, and therefore raise their vulnerability to unanticipated livelihood shocks (food price inflation, unemployment, etc.).
3. An appropriate food and nutrition security monitoring and evaluation system for early effective support to the most vulnerable households must be set up in order to effectively support the most vulnerable households.

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