

Business and food security in southern Africa

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Guiding question

How can we get business to make more proactive and systemic contributions to food security in southern Africa?

International expectations and models

United Nations, 2008:

While government leadership is crucial for addressing the implications of the food crisis, business also has a vital role to play in partnership with others to develop and implement innovative responses.

For example: The Sustainable Food Lab
(www.sustainablefoodlab.org)

Inception stage research

Interviews with private sector representatives (18) and consultants / researchers (15), focused on:

- 1) Is there a crisis, and if so, what are the causes?
- 2) What are the impacts and implications for food companies?
- 3) What should be done about it?
- 4) What can or should business do?
- 5) Is there scope for a multi-stakeholder dialogue process?

Is there a crisis, and if so, what are the causes?

Yes (mostly).

Diverse causes were mentioned, generally in line with media analyses. Common emphasis on rising input costs (linked to oil), lack of investment in agriculture, problems related to land reform.

Food prices tend to work by cycle – today the situation is dramatic because several factors are in motion. (SAM)

Implications for food companies?

The food prices are affecting us... We are seen as bad companies that are profiteering and contributing to the situation... This positions us negatively and we get a bad reputation. This has tangible aspects when the unions talk us down and put our name on billboards.
(SAM)

Currently we are not making money on some of our products [in order to retain market share] (SAM)

Remedies? (1)

We have to resist the temptation to give subsidies and control prices. If you do so you create an artificial situation. Free markets can take care of themselves: high prices are the best solution for high prices!

(SAM)

You have to secure the consistency of grain supply. Market forces are not totally able to make that happen. (SAM)

Remedies? (2)

Our key question today is how to increase agricultural production (A)

→ GM versus low-input agriculture?

→ Issues of scale; commercial vs subsistence?

→ Issue of land reform

Remedies? (3)

There is the issue of logistics, which could be better managed. One of the problems is that Transnet is shutting down some of its rail operations, which is a problem because road transport is much more expensive. (SAM)

Contributions by business? (1)

→ Lower costs, squeeze suppliers and reduce margins:

We control more aggressively our costs, put more pressure on the suppliers and we do not increase our margins. (W)

→ Change product formulation:

We are committed in our core business to work on quality and prices. We are closely examining the ingredients in our products to see how we can reduce prices while maintaining quality. (IM)

Contributions by business? (2)

→ Transport and logistics:

Distribution is a really big part of our costs. The biggest costs are warehousing and moving our products. But there are few opportunities for improvement here. (IM)

There is, without a doubt, space for improvement and collaboration [in logistics]. (W)

Contributions by business? (3)

→ Retail in low-income areas:

We help [smaller / independent retailers to have some leverage on the suppliers. It is a good way for us to understand our markets. (W)

In the low-income areas, we follow the franchise route and encourage community ownership. In one of our stores the local community provides the cabbage. But I am cautious because I think it could be dangerous for the more informal traders if the big retailers arrive massively. (R)

Contributions by business? (4)

→ Support to emerging farmers:

We provide the emerging farmers with a facility to package... try to give them skills and access to markets. The key thing is that we commit to buying their products. We have more than 200 such initiatives but clearly this is not enough. (R)

→ Developing new products:

We have a programme to develop food products with high nutrition quality targeted at poor consumers. This is not CSR, but meant to make a profit. (IM)

Contributions by business? (5)

→ Food giving:

We are involved in the Global Food Banking Network. There are four food banks being established in each of the major urban centres. (IM)

→ Feeding schemes and vegetable gardens

→ Advocacy and policy dialogue:

Most of the time there is no dialogue possible between us and them [government and unions]. (A)

Scope for a new initiative and collaboration?

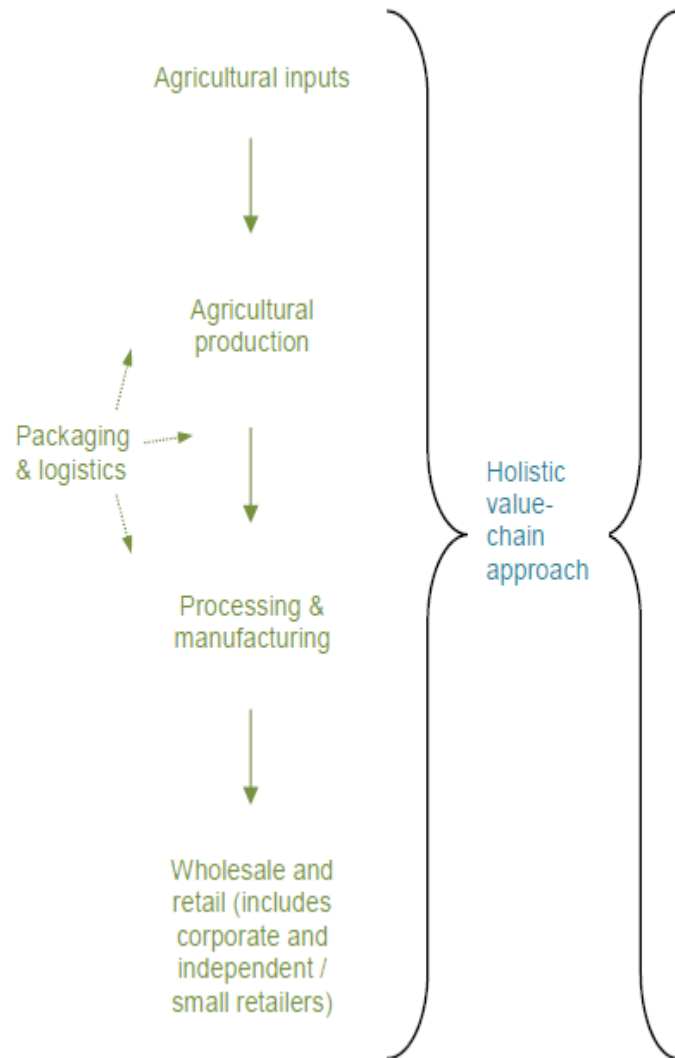
→ The challenge of existing structures / relationships

Most of the time we navigate in a sort of comfortable zone of conflict. But it depends which kind of manufacturer you are. (SAM)

→ The quest for competitive advantage and fear of the Competition Commission

I really think we have to achieve better collaboration in the food value chain... Whenever something interesting is released, usually people refuse to share it because they think it could represent some competitive advantage. (SAM)

The generic value chain:



How can we scale-up and enhance current efforts in **support of emerging farmers**, by providing resources, training and access to the value chain?

How can we develop the most efficient, safe and accountable system of **food banking** in support of those most in need of food?

Do we sufficiently understand long-term **environmental changes** – in particular climate change, water scarcity and soil degradation – and their implications for food security?



How can we develop and best distribute **innovative, nutritious and affordable food products** targeted at poor consumers?

Can we consolidate some of the currently profuse **labeling and certification schemes** so as to enhance access to markets while at the same time limiting the costs of compliance?

How can we better share **information on supply and demand** expectations – in order to reduce price volatility and reduce inventories – without falling foul of competition laws?