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Food Security in Southern Africa: A loaf in hand is worth two in the oven?

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The geopolitics of food can be traced back to antiquity, yet they remain no less of a conundrum to global leaders today. The hungry circumstances of Joseph the dreamer and the “minister of food security” in biblical Egypt seem to plague his modern-day equivalents in global forums like the Group of 8 (G-8) just as anxiously. Furthermore, and regrettably, these hungry circumstances remain deeply rooted in Africa, much as they were in millennia past.

The increase in food prices in the period from 2006 to 2008 and the increased volatility of food markets has awakened a deep concern around the world over the problems of food security in food-deficit and food-importing countries. Of particular concern are the adverse impacts of this volatility on poverty and the distribution of income. The subsequent 2008-2009 economic crisis reduced international prices of agricultural and non-agricultural commodities and attenuated preoccupations with food security. However, as predicted by some at the time, these were short-lived, and subsequently the price of foodstuffs has tended to increase and prices have continued to be volatile, rising to new peaks in 2011 in certain key commodities. In 2012, global corn prices, corn being Africa’s staple food, may reach new records once again.

The African struggle with hunger is patently evidenced in a simple but effective new index that has been developed by the Economist Intelligence Unit (EIU). The first index, released in June 2012, is a combination of new work moulded with a group of existing indices in the area. The index measures traditional supply, availability and affordability indicators and adds the dimension of food quality and food safety. In this way, the index provides a tool to assess individual countries on a range of food security indicators covering food consumption as a share of household expenditure, agricultural infrastructure and food safety. It will be a useful tool to measure food-price changes into the future, and red flag food security policy lacunas.

Based on Food and Agriculture Organization data, food prices have risen by a staggering 138 per cent over the

past 10 years in comparison to inflation, which has risen by 46 per cent over the same period. A 2011 International Monetary Fund study confirmed that a lack of food at a national level is correlated with a deterioration of democratic institutions in poor countries, together with an increase in civil riots, human rights violations and civil war. In Africa, these findings are reminiscent of riotous scenes in Mozambique in the wake of the 2008 global food price spikes, and more recently in Egypt as a contributing factor to the Arab Spring movement. Hunger presents a clear and present political threat in Africa.

So what does the index say about Africa? On the list of 105 countries indexed, 23 of the lowest 25 are African; in particular, sub-Saharan African countries are the most food insecure in the world. Burundi, Chad and the Democratic Republic of Congo fill the three bottom rankings and have a massive 60 per cent deficit in required calorie intake requirements of their populations. They also fall well short on enabling national food security. There are some mixed blessings, however. Some African countries in the bottom of the ranking, such as Mozambique (ranked 91), Ethiopia (ranked 100), Rwanda (ranked 90) and Nigeria (ranked 80), will be among the world's fast-growing economies during the next two years. So, these countries are likely to be in an improved national state to address food insecurity through growth benefits even though they are still poor in absolute terms. Another promising story is Botswana (ranked 47), which spends more on agricultural research and development as a share of agricultural output than all the other countries indexed. Also, South Africa (ranked 40) features just north of mid-way in a cluster with countries such as Turkey (ranked 36), China (ranked 38), Thailand (ranked 45) and Belarus (ranked 43).

What is interesting is that agricultural policy definitely counts: the work clearly shows that access to finance for farmers, the presence of food safety-net programs, protein quality and diet diversification are strong indicators of overall food security. The logical assessment is that government action in investing policy capital in these areas could substantially improve a country's food security position over time. One can only hope that the low rankings of most African states will spur governments into applying themselves to developing the agriculture sector. Indeed, this is precisely what Africa's key agricultural policy instrument at a continental level, the Comprehensive African Agricultural Development Programme (CAADP), requires. Under the CAADP, Africa seeks to achieve food security by 2015 by spending at least 10 per cent of their annual budgets on the agriculture sector. In this regard, the EIU index could well help politicians to better understand their food security constraints, and in so doing make for an additional tool in keeping track of progress on their CAADP programs. This would certainly be useful given that only a fraction of African governments that signed up to the CAADP have actually met their commitments to spend at least 10 per cent of their annual budgets on agriculture, and almost 30 countries currently spend well under 5 per cent, relative to the 10 per cent CAADP target.

What does the developed world have in store on the food security front? The leaders of the G-8 configuration (France, United States, United Kingdom, Russia, Germany, Japan, Italy and Canada) met in the United States in May 2012 to address major global economic and political challenges. Following their deliberations, the *Camp David Declaration* was issued. The declaration included four paragraphs dedicated to food security and nutrition. In short, the G-8 shows a sobering recognition that aid flows are insufficient in and of themselves. In order to end food insecurity, the G-8 declaration states that they will also need to "invest in Africa's growth, its expanding role in the global economy, and its success." In operationalizing this, they place much hope in the leadership of the African Union and the role of the CAADP, which they see as essential. Does this have any practical value? The answer is "yes," but only partly.

The "yes" is based upon the G-8's announcement that they are launching an initiative called the New Alliance for Food Security and Nutrition. The thrust of this alliance would be to accelerate the flow of private capital to

African agriculture, take to scale new technologies and other innovations that can increase sustainable agricultural productivity, and reduce the risk borne by vulnerable economies and communities. G-8 economists estimated that the alliance would lift 50 million people out of poverty over the next 10 years. According to the *Camp David Declaration*, important in the success of this instrument is that it requires “a collective commitment to invest in credible, comprehensive and country-owned plans” and will have to draw in private capital to spur and scale innovation, and manage risk. To do this, it will be essential to draw in the capacity of private sector partners. The responsibility is thus subtly eased in the direction of Africa and the business community. All roads lead back to the CAADP it would seem, and stakes are high on this journey—50 million people out of poverty represents the same number as the entire population of South Africa.

Another piece in the G-8 repertoire is trade. The *Camp David Declaration* makes reference to the benefits of international trade, investment and market integration. It particularly underscores a “fair, strong, rules-based trading system” that is supportive of the World Trade Organization (WTO) framework. In addressing the WTO framework, it is recognized that there are overly burdensome regulatory standards that serve as significant barriers to trade. In this regard, Africa faces a growing number of sanitary- and phytosanitary-related measures in developed markets, and also a growing number of so-called private standards imposed by First World supermarket chains. These private standards are blocking products from Africa for a range of reasons, from the carbon footprint of wine to the sulphur dioxide preservatives in dried fruit. What is required are efforts toward regulatory coherence and better alignment of standards to further promote trade, which puts foreign exchange back into African economies and thereby increases the propensity of the populations to purchase food.

One of the policy choices that is becoming increasingly attractive to African policy-makers is food self-sufficiency. Many are revisiting the historical role played by price support mechanisms in encouraging agricultural production as successfully used in the G-8 countries. A pertinent example is the recent application made by South African wheat farmers to build a self-sufficiency index into the national wheat tariff price band model so as assure that wheat (and bread) are available in-country all of the time. The critics contend that even if self-sufficiency is possible, the rationale is questionable, as such policy choices would possibly have a negative impact on national income as household food bills rise, purchasing power is reduced and, obliquely, food security is actually compromised. The argument is made that trade is a means of connecting those that have plenty of food with those that do not have enough. A compelling argument raised by the wheat farmers is that the 2008-2009 food crises saw a tremendous increase in export bans in grain-exporting nations. It would thus seem that, while trade is an essential element in achieving food security for Africans, trade alone will not guarantee food security. Rather trade is a tool, a necessary part of a comprehensive policy package to achieve food security. Accompanying policies, such as access to inputs, agricultural infrastructure and adherence by the G-8 to the WTO’s trade rules (as the members of the G-8 themselves recognize), will also be determinative.

The other question to ask in the trade debate is whether a successful conclusion of the Doha Round is a feasible probability. After 11 years of negotiations, four ministerial conferences, thousands of pages of negotiating texts, and several near collapses, the Doha Round is at an impasse. The cost expended on this process alone could feed several small African nations. The Doha impasse carries costs not only in relation to food security but also in terms of economic growth, jobs, poverty reduction and business confidence; all acutely felt in Africa. It would appear that Africans will try to capture some of the US\$300 billion gains of a successful conclusion of the Doha Round through the back door of further efforts at regional integration. Harking to the bygone era of Cecil Rhodes and the (now ex-) Gaddafi notions of a “United States of Africa,” the 18th Summit of the African Union held in early 2012 decided to

establish a continent-wide free trade area by 2017. The trade block will be known as the Continental Free Trade Area and may well be one of the drivers of better attention to implementation and the regional harmonization of national CAADP programs. Africans are also realizing the value of sophisticated financial instruments in addition to the standard rural development paradigms. The African Development Bank considers that a lack of robust and efficient regulatory frameworks within financial markets was one of the most important causes of the global financial crisis, and accompanying food crisis, in 2008. The bank sees that derivatives could enhance the liquidity, stability and robustness of financial systems, as long as they are structured and regulated in an appropriate manner. Derivatives exchanges do not yet exist in African countries (save for South Africa), but there has been a growing realization that efficient commodity markets are good for development and food security.

Food security remains an enigma for most African states in the post-2008 food-crisis-scenario era. In grappling with this enigma, tools like the EIU's new food security index point to a dismal picture, but also provide useful pointers as to where policy lacunae exist and where these could be filled. In this regard, and despite its criticisms, the CAADP has been recognized as a convenient docking station for the G-8 and international donor agencies in their responses to African food crises and agricultural development. Regional trading blocks and the African Union are highly cognizant of the role that CAADP plays in regional food security. What is required is the resolve to put not only money but also political will behind what appears to be a highly effective, goal-rich, policy instrument. The year ahead in 2012–2013 will be an imminent test in light of large-scale crop failures in the U.S. corn market, the United States being the world's largest corn supplier, and the concomitant current price-spiking trends of global corn, which remains Africa's staple diet. Africa requires the wisdom of Joseph the dreamer or the words of Mahatma Gandhi, which still ring true: "There are people in the world so hungry, that God cannot appear to them except in the form of bread."

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The TKN brings together institutions and individuals working on common concerns, strengthening each others' research and communication capacity and knowledge bases, and developing solutions to share with others outside the network. It thereby provides a platform for partner-based research and specific policy engagement.

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