

**BECOME AN ADVOCATE FOR THE
DOUBLE-DISCOUNTED LIST OF
TEN BEST BUY FOODS**



1. WHY THIS IDEA?

CHILDREN HAVE A RIGHT TO NUTRITION.

Section 28 of South Africa's Constitution requires that every child has adequate nutrition. Yet, in the past financial year (2022/3), 15,000 children were admitted to hospital with severe acute malnutrition¹ – 25% higher than five years ago. Over the past five years, about 1,000 children per year have died from acute malnutrition. But that's just the tip of the iceberg. Malnutrition is the underlying cause of death in a third of child deaths in SA.² A quarter of all children younger than 5 years are nutritionally stunted.³

GOOD NUTRITION IS GOOD FOR BUSINESS.

South Africa is stuck in a low-growth trap. This low physical growth and brain development means that children can't learn in school, which leads to poor educational outcomes and a small skills base and high levels of unemployment. This damages our economy, which has only grown by 0.7% per person per year over the past 40 years!⁴ The World Bank ranks South Africa 88th out of 130 countries on the Human Capital Index. According to that Index, a child born in South Africa today is likely to reach only 43% of their potential productivity – the result of the reinforcing factors of nutritional stunting and poor school performance.⁵

A child who grows well learns well.

A THIRD OF FAMILIES CAN'T AFFORD TO BUY ENOUGH FOOD

The food poverty line represents the minimum amount of money needed to meet the basic energy intake of a person (2,100 kCals per day). While very young children have lower energy needs

(1 to 6 yr olds need about 1,800 Kcals), this threshold does not consider the higher cost of proteins (about 0.9 g/kg/day), which are especially required for child growth. It also does not include other essential costs such as transport or cooking fuel. For these reasons, the food poverty level is a reasonable measure of the absolute minimum requirement for child nutrition.

The General Household Survey (GHS) shows that a third of children live in households where the per capita income is less than the food poverty line.⁶ The proposed double-discounting of Ten Best Buy Foods aims to close the gap between the amount of food that parents can afford and what their children need to grow well.

INTERNATIONAL STUDIES SHOW THAT RETAIL SUBSIDIES CAN HELP, BUT ONLY IF THE INDUSTRY IS SERIOUS.

The United Nations Food and Agriculture Organisation (FAO) states that fiscal subsidies of food that put more buying power in the hands of consumers – instead of producers – are most effective (provided that pricing power is such that primary producers are not squeezed into failure by manufacturers and retailers).⁷ Retail food subsidies in Egypt, India and the Philippines all increased household access to food and reduced the prevalence of underweight children. However, in China and Iran, retail subsidies seemed to have little effect, possibly because the subsidy was not passed onto the consumer but retained by the retailer.⁸ It is clear from these studies that retailer and manufacturer involvement is key to the success of retail food subsidies.

2. WHAT IS THE LIST OF TEN BEST BUY FOODS?

Grow Great Campaign has identified ten foods that are full of protein and energy. That doesn't mean that other foods are not important, but they have been chosen because they could provide high nutritional value at the lowest cost, especially for families living below the food poverty line.

WHAT IS THE GROW GREAT CAMPAIGN?

Using data to mobilise policymakers, stories to inspire the public, communities of practice to support Community Health Workers and mom & baby classes to support parents, the Grow Great Campaign seeks to galvanise South Africa towards achieving zero stunting by 2030 and building a future where no child is unjustly denied the opportunity to reach their full potential.

1 SA Department of Health District health Information System. Written reply in Parliament Question No. 2501, 30 June 2023

2 Ndlovu S, David-Govender Ctinawu P, Naidoo L (2022). Changing mortality amongst hospitalised children with Severe Acute Malnutrition in KwaZulu-Natal, South Africa, 2009 – 2018. <https://bmcnutr.biomedcentral.com/articles/10.1186/s40795-022-00559-y#citeas>

3 Statistics South Africa (2017). South Africa Demographic and Health Survey 2016: Key Indicator Report, Statistics South Africa. Report No. 03-00-09. <https://www.statssa.gov.za/publications/Report%2003-00-09/Report%2003-00-092016.pdf>

4 Khuluvhe M, Bhorat H et al (2022). Skills Supply and Demand in South Africa: Labour Market Intelligence research programme. Dept of Higher Education. Available at: <https://www.dhet.gov.za/Planning%20Monitoring%20and%20Evaluation%20Coordination/Report%20on%20Skills%20Supply%20and%20Demand%20in%20South%20Africa%20-%202022%20%281%29.pdf>

5 Kraay A (2018). Methodology for a World Bank Human Capital Index. Policy Research Working Paper 8593. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3255311

6 Hall K (2022). Income poverty, unemployment and social grants, in The South African Child Gauge 2021/22. http://www.ci.uct.ac.za/sites/default/files/image_tool/images/367/Child_Gauge/2022/CC%20-%20poverty.pdf

7 Food and Agriculture Organization of the United Nations (2022). Potential options to repurpose policy support to food and agriculture for improving affordability of a health diet, in The State of Food Security and Nutrition in the World 2022. <https://www.fao.org/3/cc0639en/online/sofi-2022/repurposing-measures-healthy-diets.html>

8 Zhong T, Crush J, Song Y, Si Z, Scott S, Peng Y (2022). Affordable food shops and urban food security in China. Hungry Cities Partnership. Discussion Paper No. 54, Waterloo and Cape Town



Amasi



Soup Mix



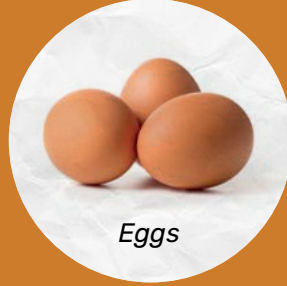
Fortified Maize



Pilchards



Milk Powder



Eggs



Peanut Butter



Soya Mince



Speckled beans



White Rice



In addition to these, growing children need fresh fruit and vegetables, but these are chosen for their long shelf life and fairly predictable costs, which are important for the Double-Discount strategy described below.

3. WHAT IS THE PROPOSAL TO DOUBLE-DISCOUNT THESE TEN BEST BUYS?

4. WILL THIS PROPOSAL CLOSE THE FOOD GAP?

Government, business and civil society would work together to bring down the prices of ten highly nutritious basic foods, in the following way:

- 1 Manufacturers and retailers agree to forego their profits on one product label of ten best-buy foods. This would be the product label of Grow Great, the national zero-stunting campaign.
- 2 Government agrees to provide a subsidy to retailers and manufacturers matching the value of their discount on the ten best buys.
- 3 Civil society promotes the ten best buys to help shape consumer behaviour towards the most affordable nutritious foods.

The profit margin contributed by the industry would be based on a weighted aggregate number, to ensure that there is no disclosure of commercially sensitive information that could be in breach of the Competition Act.

If parents used all of the child support grant on food, and the Ten Best Buys were double-discounted, that would almost close the food gap. Of course, children need other things too, so this is not a complete answer to the problem of food affordability, but it would increase parents' buying power and encourage them to buy highly nutritious protein-rich foods that were previously too expensive.





5. WON'T RICHER PEOPLE BENEFIT TOO?

Yes, richer people could benefit, but the nature of most of the foodstuffs means that this project is already well-targeted to the poorest. Richer people don't tend to eat a lot of these products. The exception is Eggs, but they are super-brain foods containing critical nutrients for child growth, and so we can't leave them off the list.

More importantly, this double-discounting of foods will benefit pregnant women, foreign nationals who are not eligible for social grants and children under 1 year of age, many of whom are yet to receive the child support grant.

6. HOW WILL YOU MONITOR IT?

We will be able to track trends in prices of the Grow Great Ten Best Buys and compare them to other product labels. Companies already submit their food prices to the AC Nielsen price-tracking company, and there are non-government organisations in South Africa that track the prices of basic foodstuffs. We will be able to quickly see if any food company is not passing on the benefit to consumers.

7. HOW MUCH WILL IT COST?

The exact amount is still to be determined but is likely to cost the fiscus between R1.5 billion and R2 billion per year. The effect on food companies should not be as substantial, because while they will forego the profit on the Grow Great Ten Best Buys, it will allow consumers to buy more goods in their stores.

8. WHAT NEEDS TO HAPPEN NEXT?

The proposal has been included in the Presidency's Plan for Accelerated Poverty Alleviation 2024 – 2030 but is obviously subject to the tough choices that will need to be made given the state of public finances. It does, however, have strong political support.

The food industry has expressed hesitation over its viability. The National Economic Development and Labour Council Cost of Living Increases Task Team has convened a technical committee to assess its implementation. This process should be completed by mid-November 2023. If the proposal is too difficult to implement, we expect the food industry to propose another more practicable solution. The alternative cannot be to do nothing.

There is a strong correlation between real food price levels and the risk of food riots and looting. However, research suggests that high food prices themselves are not the root cause of social unrest, but rather evidence that government and the food industry are cynical and uncaring and have broken a valuable social contract – especially against the backdrop of other service delivery failings.

WE ARE ALL RESPONSIBLE FOR CLOSING THE FOOD GAP IN SOUTH AFRICA.

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To learn more:
www.dgmt.co.za/lets-close-the-food-gap
www.growgreat.co.za

Contact us on WhatsApp to explore the 10 Best Buys.

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