

## POLICY BRIEF

# Building back better after Covid-19

Why South Africa needs an equitable food system for small-scale farmers and fishers, street traders and consumers – and how to build it

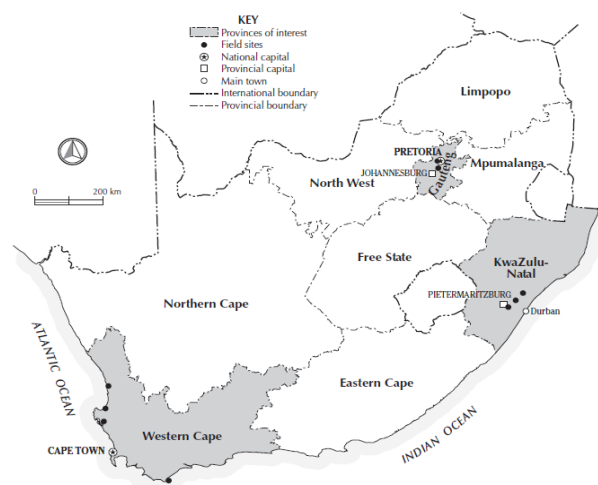
This policy brief reports headline findings from research investigating the impacts of Covid-19 regulations and mitigation measures on actors in South Africa's food system. The research focuses on fresh produce in Gauteng<sup>1</sup> and KwaZulu-Natal and fish in the Western Cape.<sup>2</sup> The researchers conducted 211 in-depth interviews, facilitated the production of 24 food diaries<sup>3</sup> and visited 16 primary field sites.

### Key messages

- Covid-19 regulations affected different parts of the food system unevenly, with negative outcomes for low-income producers, traders and consumers.
- A key effect of the regulatory response was to protect and insulate commercial farming and corporate-owned businesses.
- Despite the supply and sale of food being declared an 'essential service' and exempted from certain lockdown regulations, vast sections of the informal sector were closed under the restrictions imposed by the government from March 2020.
- The pandemic response presupposed that salaried workers would stay at home while business owners would obtain business relief – a presumption that ignored the actual experiences of those making a living in the informal sector, including food producers and traders.
- This led to vast unintended but foreseeable consequences in the form of unsellable surpluses, food wastage and lost incomes.
- Covid-19 regulatory responses had the effect of reinforcing inequalities within the food system, with women in the informal sector being the most marginalised at the same time that they had to ensure household food provisioning and care for children during school closures.
- Mitigation measures were welcomed although they were too little; too late; failed to meet the most urgent needs; and were poorly targeted, except in the case of social grants.

- The net effect of the state's regulatory response to Covid-19 has been to reinforce inequalities within the food system.
- An improved understanding of the informal food system needs to be fostered, including in relation to its contribution to resilience, economic development and the distribution of food on a more democratic basis. Such an appreciation should inform the adoption of new policy measures to restructure the system and enable a more effective response to future crises and shocks.

Fig. 1: Field research sites



Ruth Hall and Marc Wegerif

## A summary of findings from the research

Agriculture grew 13% in the first year of Covid-19 – the only sector which grew amid a 7% contraction in the South African economy as a whole. Yet this positive picture masks rising inequality among the millions of people who derive their livelihoods from the production, processing, trade and sale of food and food products.

### Informal sector locked down

While supermarkets, food processors and commercial farms were largely able to sustain their businesses, small-scale farmers and fishers lost access to markets as a result of a prohibition on street trade, curfews and a lack of storage and refrigeration – and also because of the collapse of the hospitality and tourism sector to which they had previously provided food. On top of this, the sale of cooked food on the streets continued to be prohibited even after restaurants were reopened. In these ways, small-scale actors in the food system were hit by the loss of both low-income *and* middle- and high-income customers as these consumers shifted towards buying food, including cooked food, through formal retail outlets.

### Loss of market access

Street traders, farmers and fishers who sell extensively to low-income consumers (who were the worst hit by income losses under Covid-19) struggled; as did farmers and fishers who had previously focused on niche high-value hospitality and export markets, which now collapsed.

### Farmers scaled down production

Small-scale black farmers, many of whom are hindered by a lack of capital and fair access to markets, faced increased input costs; transport, labour and input disruptions; and reduced market demand. Some stopped production; many retrenched workers; and others were forced deep into debt. They generally failed to benefit from the increased food prices or exports from which a number of the larger agribusiness players profited.

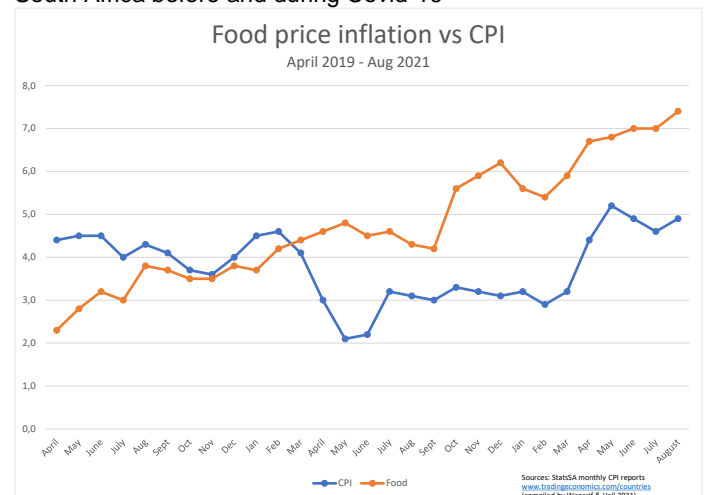
### Fishers sidelined as corporates rode out price fluctuations

Artisanal fishers, and the small-scale traders (*langana*) to whom they sell, were unable to sustain their operations. Large companies with substantial refrigeration and packing facilities were able to buy up fish at low prices and store the catch until the market improved and they could command relatively high prices from consumers. Meanwhile, the small-scale fishers were left with little choice but to sell when they could for whatever price was on offer.

## Food prices have risen sharply

Food price inflation has vastly outpaced consumer price inflation ever since the government's imposition of lockdown measures in March 2020. These price hikes should not be attributed only to constrained food supply, but also to concentration in the food system which has allowed corporations to protect their profit margins under the government-imposed state of disaster at the expense of primary producers as well as consumers. Reliance on foreign-denominated inputs has aggravated the situation as a result of the exchange-rate effect in food price rises.

**Figure 2:** Food price inflation versus consumer price inflation in South Africa before and during Covid-19



Sources: Statistics SA monthly CPI reports 2019, 2020, 2021  
[www.tradingeconomics.com/countries](http://www.tradingeconomics.com/countries) (author's calculations)

## Increased profits for supermarkets and food manufacturers

The Competition Commission's chief economist observed that the corporate food sector was "immunised" against Covid-19. Financial results confirm that corporate food processors and supermarkets not only weathered the storm but were able to increase their profits significantly, passing rising costs onto consumers while squeezing farmers. Price rises were unchecked, despite price controls announced in March 2020.

## Consumers suffered

The rising cost of a household 'food basket' of 44 items exceeded the R350 social relief provided by the so-called 'Covid grant'. In other words, depending on household size, much or all of the 'relief' went to cover food price increases and thus failed to benefit households struggling with income losses, as jobs and livelihoods fell away under the pandemic.<sup>1</sup>

## The small-scale informal sector is actually vast

As much as a quarter of all food and an even greater proportion of fresh produce is bought from informal traders. The sector also provides livelihoods or part-livelihoods for 2.5 million small-scale and part-time farmers; 80,000 small-scale fishers and fish processors; and 750,000 street traders. The small-business sector is large and crucial in providing livelihoods to millions of South Africans and needs to be recognised as such.

## The informal sector has distributive benefits – especially for women

The informal food sector is estimated to contribute over R100 billion annually<sup>1</sup> across the economy. It must therefore be seen as effective not only in terms of its gross scale but also in its distributive effects. Price tracking over the past year has suggested that existing street and bakkie traders could form the core of local markets, which would create significant benefits for small-scale black farmers and in making food more accessible for poorer people. Regulation to open spaces for informal traders in urban areas would also have significant impacts for women, who are predominant in both the production and sale of fresh produce in the informal sector.

## Women were the hardest hit

Rural women who tend to have weaker land rights and less capital were hit particularly hard during Covid-19. In response, greater efforts should be made to support women's short-term recovery from the effects of the pandemic, as well as their longer-term prospects, which may be achieved by asserting their rights to land and addressing issues of inequitable access to markets and agricultural support. Women suffer the most economically when the informal sector is restricted.

## Harassment and marginalisation of the informal sector

The authorities, in particular local metro police, appear to have stepped up their harassment of street traders, even in the midst of the Covid-19 crisis. The crackdown, which was implemented in the name of 'clean' cities and maintaining order, disregarded the needs and realities of the majority of urban residents in South Africa. In addition, the regulatory regime imposed on small-scale traders by municipalities is inherently discriminatory: At the same time that the local authorities insist on traders having permits and only trading in designated areas, most of them fail to allocate sufficient public space for informal trading and refuse to issue new permits for such trading. Meanwhile, confiscation of food from street traders continues in a number of metros.

## Informal sector offers cheap, accessible food

The research findings show that street traders, sourcing from municipal markets and directly from farmers, sell fresh produce at **prices far below** those set by supermarkets. For example, in April 2021 local supermarkets in the Pretoria area were selling onions for R14.35 a kilo compared with a street trader's price of R7.66 a kilo in the Ivory Park township in the same city on the same day. The informal food sector also supports more livelihoods for low-income people, including in the areas of employment-intensive production and processing, as well as in the transport and retail sectors.

## Real benefits, but relief was too prescriptive

In April 2020, Agriculture, Land Reform and Rural Development Minister Thoko Didiza announced an allocation of R1 billion for a small-scale farmer relief programme. An application process was established and disbursements were made via provincial departments of agriculture, using reallocated land reform funds and, later, 'new' money from the provinces. The relief funds, which were disbursed in amounts that ranged from R10,000 to R50,000 per person or household were appreciated, needed and used.

The application forms which had to be completed to qualify for these funds were cumbersome and exclusionary – though this was fixed in later phases. In addition, requirements that businesses be formally registered and bank statements be provided excluded many marginal farmers, especially women.

Delays in implementing mitigation measures such as the relief for small-scale farmers and social grants left many small-scale producers and informal traders with little option but to consume their capital in order to keep their businesses going. The delays also led to mitigation funds being used to restart and recapitalise businesses which had collapsed in the meantime, rather than contributing to household welfare or compensating for lost incomes.

The only form of relief on offer to small-scale farmers were vouchers which could be redeemed at specific approved input suppliers – typically large agribusiness companies. A number of these firms benefited significantly, boosting their profits and expanding their markets due to the direct injection of state funds.

Meanwhile, at the receiving end, small-scale farmers were not offered a choice of inputs which they could buy. The vouchers specified which inputs and equipment could be bought, regardless of whether such purchases met the farmers' actual needs. In addition, many of the intended beneficiaries noted that what they really needed was not more inputs but rather improved access to markets to sell the produce and stock that they already had in hand.

**“The government wants to help big business and forgot about us, the little guys on the street. They are trying to stop the virus, but they don't consider how the people they are trying to help live.”**  
– Street trader, Soweto

## Patchy and discriminatory relief measures

Two contradictions in the reach of the relief measures need to be addressed in order to forge a more effective response to future crises and shocks to the food system:

- **Farmers but not fishers:** The national government established a relief programme for small-scale farmers, but not for small-scale fishers, despite the obvious similarities in the general challenges that they faced under lockdown.
- **Formal but not informal retail:** Provincial governments have taken the lead in providing emergency relief assistance to business owners affected by the unrest, looting and destruction which took place in city centres in July 2021. But this support has been restricted to formally registered businesses and has not been made available to informal traders, although these retailers also have to register for permits to trade.

In future, relief needs to be made available immediately and with fewer prescriptive conditions to farmers *and* fishers, and to informal bakkie and street traders. Under present requirements for licensing and applications for relief and fishing quotas a comprehensive database has been established, which could be leveraged to issue immediate cash transfers to all producers and traders as needed.

## Presidential Employment Stimulus Initiative

The Presidential Employment Stimulus Initiative which provided rapid, widespread, modest funds to support small-scale producers was a much-needed intervention. However, in addressing the challenges that may be posed by coming crises and shocks, such initiatives should operate at a much greater scale in future and be embedded in a wider, coordinated state programme, as well as deeper engagement with society as a whole. In addition, such initiatives should extend beyond shoring up production to restructuring the food system itself by deconcentrating ownership and operations; by reducing the power of a small number of dominant corporate stakeholders and their capacity to pass costs to consumers while squeezing producers; and by shifting spending patterns through support for public food markets which source and sell locally.

### A strategic priority: local public food markets

Efforts should be made to establish more local and public markets. Decentralisation and deconcentration in the food system, which is essential, may be promoted by providing more space and support for localised public food markets. International experience<sup>1</sup> in other countries in the global south shows that vibrant local or “territorial” markets improve farmers’ returns and make food more accessible at the same time.

## Recommendations

### Local government

Local government is the sphere of the state with the mandate and authority to shape urban food systems. It can and should use its powers to create spaces within the city where those who grow food can sell it and those who want to buy it can do so. Alternatives to corporate-owned food retail must be actively supported. These are the seven things local government can and should do:

1. **Stop and consult:** Do *not* automatically grant planning permission for the rebuilding of supermarkets and shopping malls destroyed during the unrest which erupted in Gauteng and KwaZulu-Natal in July 2021. Rather, work with small farmers, bakkie traders and street traders to identify spaces for food hubs in cities where food markets, especially for fresh produce, can expand. Use regulatory powers to halt the rebuilding of malls and supermarkets affected by the unrest of July 2021 and consult widely on alternatives that prioritise the interests of low-income producers, traders and buyers.
2. **Safety and security:** Stop harassing street traders, confiscating their goods and creating legal and bureaucratic impediments to their businesses. Metro police and the South African Police Service (SAPS) should provide improved security for street traders, most of whom are women, in acknowledgement of their key economic role. In a new spirit of collaboration, street traders may provide eyes on the street and help to enhance community security.
3. **Public space:** Create food hubs and markets to attract buyers and their purchasing power away from corporate-owned food retailers. Promote these small-farmer and street-trader spaces in the cities instead of rebuilding the supermarkets destroyed during the unrest in July 2021.
4. **Spatial planning:** Create a regulatory and planning space to support street trading. Prioritise the identification of well-located sites – including where shops were destroyed during the July 2021 unrest – for the creation of safe, public spaces for food markets for street traders.
5. **Infrastructure:** Provide infrastructure at these sites for the expansion of food markets, including by providing reticulation and storage and refrigeration facilities which are crucial for greengrocers and fishmongers. Invest in shelter, reticulation and storage (including cold storage) facilities for street traders at key sites to enable them to do business safely at accessible spots.
6. **Regulations:** Introduce and leverage municipal regulations to shift the flow of food and money in cities towards markets where people who grow food can sell it – particularly in those provinces with a concentration of black farmers, such as Limpopo, the Eastern Cape and KwaZulu-Natal.
7. **Permits:** Regularise the requirements for trading permits and licences, and use these as a basis for providing emergency relief. It is discriminatory to impose licensing requirements and then *not* use these as a basis for providing relief.



## Recommendations

### National government

**The Minister of Police and the National Police Commissioner** should instruct Metro police and other law enforcement authorities to stop interfering with the operations of street traders and halt the confiscation of their produce.

**The Department of Basic Education** should decentralise procurement for the National School Nutrition Programme in places where this is presently centralised. This programme has been a crucial market for smallholder farmers. Where tenders have been awarded to suppliers from outside rural communities, the interests of local smallholders must be protected and the suppliers must seek to procure the food for the relevant programme from them first before approaching anyone else. During the bidding process, suppliers must outline how they will ensure inclusion of local smallholder farmers.

**The Department of Trade, Industry and Competition** could:

- extend price controls on key food items, building on the list it published in March 2020; monitor compliance of food retailers with these price controls; and enter into partnerships with universities or other research institutions to conduct random surveys and spot-checks on food pricing at formal and informal food outlets.
- use its leverage to implement trade policy reforms to protect national food markets from international trade, through selective restrictions on imports and the possible imposition of export tariffs on key foods. A more inclusive, sustainable and equitable farming sector in the country cannot be established if farmers are subjected to the current unfair and asymmetric terms of international competition. This is also important from a food security point of view.

**The Department of Agriculture, Land Reform and Rural Development** should:

- Promote and support **agroecology**, primarily through supporting farmer-to-farmer exchange and learning which builds on good practices and local knowledge;
- Expand **farmer support** beyond farm inputs, and pay more attention to issues of market access, transport and road infrastructure, especially for farmers who live and work far from markets; and
- Prioritise **access to land** for the many black farmers who are producing – many of whom are renting land or have precarious rights – including by making available municipal commonage land and targeting well-located land close to towns and cities for land acquisition and redistribution, including through expropriation.

### Other state initiatives

**Economic cluster ministries** should strategise on the creation of food reserves with the purpose of stabilising prices. To this end, grain and other public food stores should be re-established. It is astonishing that in recent times – and even during the Covid crisis – the national government chose *not* to use such mechanisms to benefit citizens and defend their right to food.

**Provincial government** should fix its public procurement systems with leadership from the offices of the premiers, liaising where needed with national and local government. The state as a buyer of food can shape food systems for the better. Procurement of food for state institutions such as schools, prisons, hospitals, and other residential facilities can be leveraged more effectively to support small-scale farmers, fishers and traders, creating more jobs and transforming the present highly unequal food system. Public procurement should be driven by measurable commitments to engage with small-scale producers and traders and help them to form cooperatives and other forms of aggregation which may facilitate cumulative scale in transactions.

## A better model of crisis governance

South Africa's food system presents a chronic crisis for producers, traders and consumers and is beset by ongoing shocks arising from speculative effects in pricing, exchange rate fluctuations and the mounting global climate crisis – all of which expose and shift risks and threaten to aggravate existing inequalities. Only by learning from experiences of crisis, such as under Covid-19, can equity and resilience be systematically built. We identify four components for improved crisis governance of the food system:

**Redefine what is essential:** Recognise spaza shops, bakkie traders and street traders as constituting 'essential services'. Abandon the anti-informality bias currently prevalent among municipal authorities, as well as the securitisation and militarisation of oversight of legitimate businesses.

**Build crisis-ready resilience:** Pave the way for food system resilience by providing safe, secure, sheltered spaces for food trading in high foot-traffic areas which are well serviced by public transport. Limit the supermarket and shopping mall imprint in these areas in favour of local traders.

**Immediate cash:** During future crises, prioritise cash transfers to women in the food sector rather than relying only on subsidised interest rates or business stimulus provisions which feature cumbersome application processes and inappropriate criteria. Most women in the food system cannot access such aid and delays in disbursements result in small-scale producers and traders 'eating' their capital before help arrives, too little and too late.

**Buyer of last resort:** The state needs to act as a 'buyer of last resort' in its responses to crises and shocks, even if this comes at a cost to itself, instead of reinforcing inequalities between small-scale and corporate actors through its relief efforts. The state can and must establish mechanisms to procure and aggregate produce and pay for it.

## Endnotes

<sup>1</sup> Fieldwork was also undertaken in Limpopo to track some of the small-scale farmers who supply goods to the main fresh produce market in Johannesburg.

<sup>2</sup> The research underpinning this brief was undertaken from October 2020 to October 2021 as part of a three-country study conducted in Ghana, Tanzania and South Africa. Three primary case studies were undertaken in each country by non-governmental organisations (NGOs) in partnership with university-based researchers, including from the University of the Western Cape and the University of Pretoria. Further project details are available [here](#).

<sup>3</sup> Each food diary comprised one detailed baseline interview followed by a series of fortnightly interviews to update information on the sourcing and sale of food, and the volumes and prices involved under the various lockdown levels imposed by the national government. Most of the food diaries were completed over a 9-10 month period from late 2020 to September 2021.

<sup>4</sup> The Pietermaritzburg Economic Justice and Dignity Group tracks a household basket of 44 food items which increased in price by 13% or R420 in the year June 2019 to June 2020, and by R265 in just the first three months of the pandemic from March to June 2020.

<sup>5</sup> PicknPay estimates that the informal sector accounts for 30% of the R360 billion annual food spend in South Africa – though this likely also includes small groceries.

<sup>6</sup> Jan Douwe van der Ploeg, Ye Jingzhong and Sergio Schneider. 2012. [Rural development through the construction of new, nested, markets: Comparative experiences from China, Brazil and the European Union](#). *Journal of Peasant Studies* 39(1): 133-173.

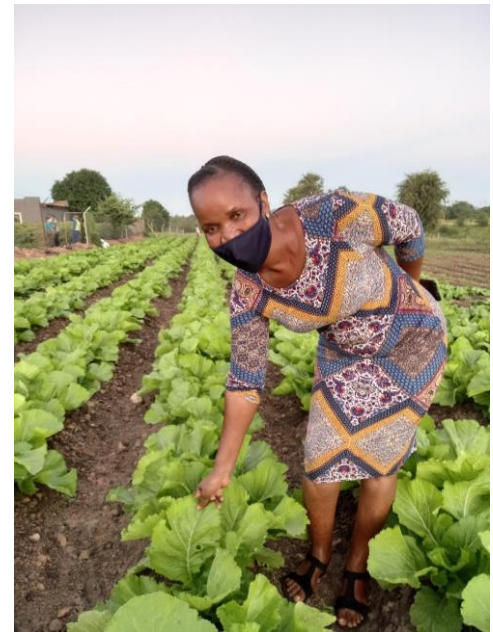


Photo: Ruth Hall, 2021

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## About this research

This policy brief is an output of a three-country study in Ghana, Tanzania and South Africa on 'The impacts of Covid-19 responses on the political economy of African food systems'. To learn more about this project, visit its page here: <https://www.plaas.org.za/african-food-systems-and-covid-19/>

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