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Impact of COVID-19: Clarifying and managing essential goods and services across agricultural value chains is critical for food security

Over the past few days, the complex nature of South Africa's food supply chains has come under the spotlight. These supply chains are a web of formal and informal interactions between agricultural inputs, logistics, farmers, *spazas*, bakkie traders, processing plants, shipping, retailing, biosecurity and more. Despite the reference to essential goods and services that need to continue to operate, the announcement by President Ramaphosa of a 21-day lockdown triggered a sharp rise in purchases of food that, according to various retailers, exceeded the volumes that are typically sold over Christmas. Furthermore, the lockdown has caused significant confusion at various nodes in the value chain with regards to what is classified as an essential service and what is not. Initially informal traders were excluded from the list of essential services, which caused a major bottleneck in access to food in many poor neighbourhoods, especially in rural areas. This was rectified in the second amendment to the Regulations on 2 April, when the relevant definition of essential services was changed to include "grocery stores and wholesale produce markets, including *spaza* shops and informal food traders, with written permission from a municipal authority to operate being required in respect of informal food traders". This is an important amendment, which allows informal traders such as street hawkers to operate again, but requires a coordinated implementation plan with regard to the issuing of permits and the enforcement of health and safety requirements within essential but informal food trading. On-going cooperation between government and private sector is required to efficiently and effectively remove bottlenecks and enable the continuous operation of all essential goods and service delivery within the food value chain to ensure food security during COVID-19 lockdown.

In its first two briefs on the impact of COVID-19, BFAP provided an overview of the South African food system and food expenditure patterns by consumers respectively. This brief sheds light on the complex nature of the food supply chain and the extent of the essential goods and services required for its effective operation.

In his initial speech, the President referred to some of the broader sectors that are exempt from restrictions, but did not provide a comprehensive list of all included sectors at the time. Essential goods or services can generally be defined as those that:

- May be bought or acquired primarily for personal, family or household purposes, including but not limited to medicines, food, water or fuel; and
- Are necessary for the health, safety, or welfare of consumers.

Essential goods and services as defined in Section 213 of the Labour Relations Act (Act No 66 of 1995), and designated in terms of section 71(8) of the Act, are specified as power, health, transport, water and sanitation. For the purpose of the COVID-19 lockdown, an amendment of regulations to the Disaster Management Act (2002) provided increased clarity of food related 'essential goods' and these were outlined as:

- Any food product, including non-alcoholic beverages;
- Animal food; and
- Chemicals, packaging and ancillary products used in the production of any food product.

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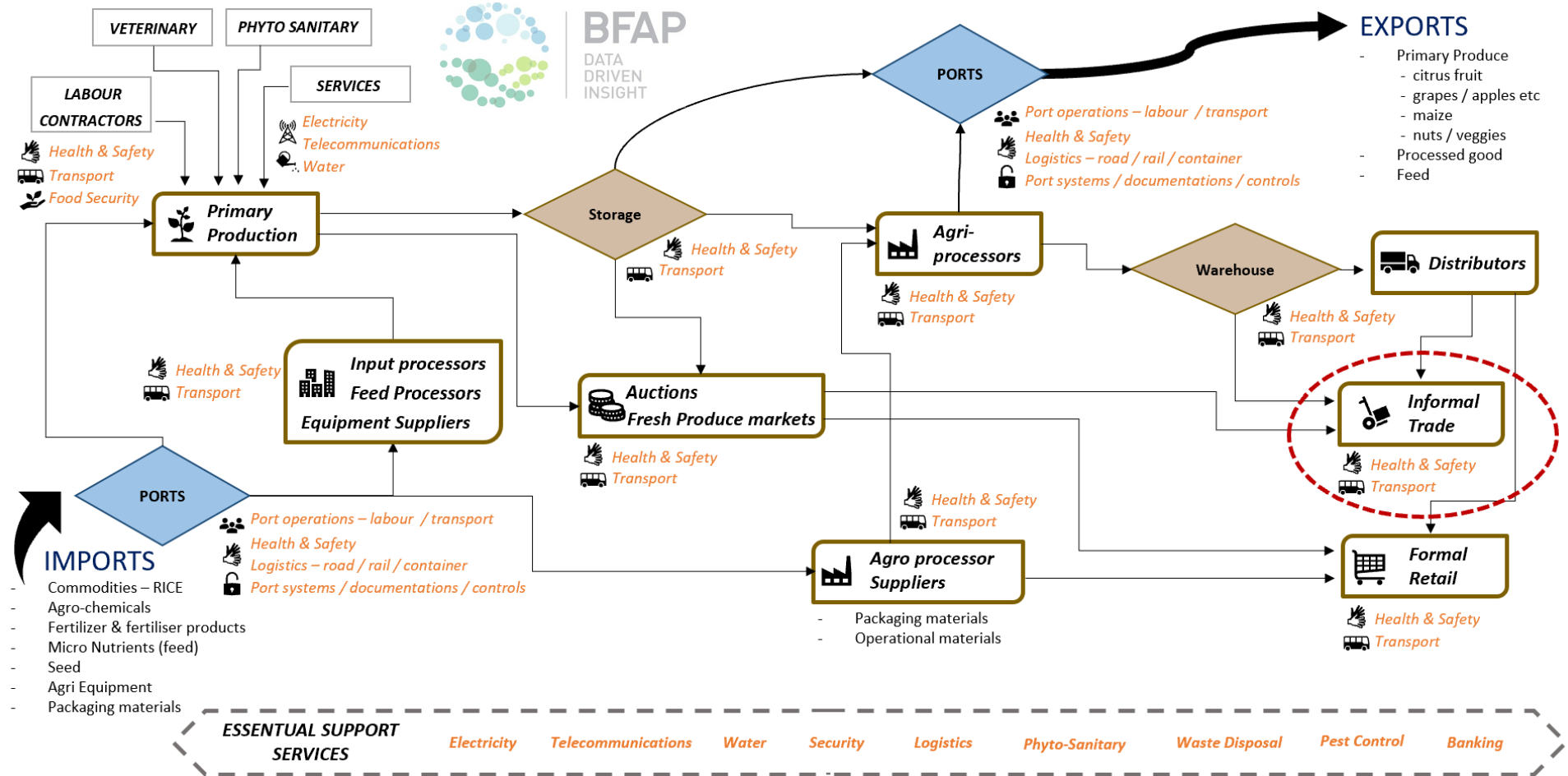
Although the food and related products stated above were included in the amended list of essential goods, the list of “essential services” related to food and food production was less comprehensive. The essential services classification needs to extend across agriculture and not just food, as agricultural value chains are intertwined and if not managed carefully, will have a direct and negative impact on food security. For instance, cotton and wool are not included as essential products, but they provide cashflow to farmers, and are critical in the sustainability of livelihoods and food security, as, without cash flow, field crops cannot be planted. Both sectors are also critical components of the animal feed industry. It is therefore important that cotton and wool (export) trade be opened in order to support farm incomes. The export of cotton and wool also requires port services in order to facilitate the country’s exports.

The foregoing underlines the fact that the “food industry” in South Africa is complex and includes a number of support services which, directly and indirectly, enable the efficient and effective operations of the holistic food value chain, and therefore fits the fundamental definition of essential services. By implication, such services must also be authorised to function normally for the food value chain to continue functioning in an effective manner. From a food supply chain perspective, essential goods and services entail all activities and processes which support the production, processing, distribution, consumption, and waste disposal of food in the system. The following essential food-related supply chains remain operational:

- Agricultural and food-related operations, and all agricultural input suppliers and support services;
- Fish operations;
- Manufacturing facilities for the processing of food, beverages and essential products;
- Warehousing, transport and logistics for food, essential products, and health-related goods;
- Ports, roads and rail networks, which will remain open to facilitate the import and export of essential products. It is critical that related inspection and regulatory/ documentation control systems and processes operate efficiently and effectively;
- Food outlets – including retail, wholesale, spaza shops, malls for food, and essential products.

Figure 1 outlines the broad framework of South Africa’s food supply chain and its various components, including the essential services that ensure the smooth functioning of the country’s food system. It includes multiple cross-cutting services such as electricity, banking, telecommunications, water, security, logistics, sanitary and phyto-sanitary (SPS) functions, and waste disposal, among others. Such services are required across the various components of the food supply chain. Transport, as well as health and safety, are pre-requisites that are essential at each node of the food supply chain; critical additional services at ports include administrative functions that ensure documentation and procedures are adhered to for exported and imported essential goods.

Figure 1: South Africa's agro-food supply chain and related services



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With the newest set of COVID-19 exemptions and regulations now covering both the formal and informal food system, it will be important to also track the operations and disruptions across both. Unfortunately, accurate information on the informal food supply chains is hard to come by and there is no formal body or organisation representing their interests. Based on the information that BFAP has been capturing and extracting from various sources, it is clear that the value generated by these informal value chains is grossly underestimated. Despite the challenges associated with the monitoring and regulation of the informal sector, it is important to acknowledge that they play an essential part of the “business as usual” food system, as they supply a variety of essential food and related services to the poor and vulnerable groups. A systemic disruption to their operations will impact livelihoods and rural economies significantly.

Early qualitative feedback from the informal sector is that the restrictions on the movement of hawkers and informal traders (even if unintended) by the security sector, as well as restrictions on open air food markets has a negative impact on food security because traders cannot buy as usual on the fresh produce markets and they cannot sell as usual to customers in townships and informal settlements in metropolises and rural areas.

In order to ensure that food remains available to South African consumers, continuous tracking of operations within the value chain will be necessary. A disruption of activities at any single point in the value chain will have knock-on implications for others. Furthermore, problems with cross cutting services, such as transportation of employees and goods, could impact at multiple nodes simultaneously. In this regard, the importance of logistical services within the chain, to ensure efficient movement of both products, services and labour, cannot be overemphasised. To ensure the continued, efficient functioning of the food value chain through the lockdown period, a web based monitoring tool has been developed by BFAP to enable key role players to report blockages and breakdowns within the chain, thus enabling rapid and appropriate responses. This End-to-End Agro Food Chain Tracker forms part of the initiatives that Government is driving in collaboration with the Agricultural Task Team. The platform will summarise the results and generate reports that will be shared with the National Joint Command Centre, which is responsible for managing the overall COVID-19 Regulation 398 of the National Disaster Management Act dealing with essential services and goods.