

Making food affordable in South Africa

A policy agenda for closing the food affordability gap

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EXECUTIVE SUMMARY

The paradox of high levels of food insecurity in South Africa alongside enough food being available is primarily due to a "food affordability gap" between low incomes and high prices of food and other essentials. This Policy Brief argues for a set of coordinated interventions to make nutritious food more affordable and contribute to ending the country's food insecurity crisis.

This Policy Brief therefore covers:

- The food price and food affordability crisis in South Africa and why it matters
- Why a narrow focus on food inflation misses the broader crisis of food affordability that is driving food insecurity and hunger
- Interactions between wages, social assistance and food, transport and electricity costs
- **Actions to lower food costs/prices by:**
  1. Making food markets more competitive and transparent
  2. Protecting and enabling informal food economies
  3. Investing in and planning for more public and local markets
  4. Setting price caps to keep key foods affordable
  5. Operating buffer stocks to smooth price volatility
  6. Prioritising food affordability in tariff and trade decisions
- **Actions to improve income support to enable the most vulnerable to afford food by:**
  7. Increasing social assistance and grants to cover the costs of a healthy diet and other basic needs
  8. Raising and aligning minimum wages with the cost of food and other basic needs
  9. Making essential services such as electricity, energy and transport affordable
- **Actions now to address the current crisis:**
  10. Taking immediate actions to address the current crisis and imminent threats from conflicts and El Niño. This needs to include operationalising an inclusive Food and Nutrition Security Council, establishing a food affordability index, increasing the Child Support Grant, and putting in place food crisis response measures.

The key message is that addressing food unaffordability requires paying policy attention to both incomes and prices.



INTRODUCTION

South Africa produces enough food and has a complex, multi-layered food system as well as extensive social assistance. Yet, while the right to food is embedded in the Constitution, millions of South Africans cannot afford a sufficient, nutritious, and healthy diet. Almost two-thirds (64%) of households experience some form of food insecurity. Particularly alarming is that 29% of children under 5 years have stunted growth, and this rises to 43% for those aged 12-23 months. This paradox – of enough food being available alongside high food insecurity – is primarily due to a "food affordability gap" between low incomes and high prices of food and other essentials.

After a decline in the number of households vulnerable to hunger in the late 1990s and early 2000s, progress stopped around 2008 before the number and proportion of these households started climbing again since 2018. Food price inflation fell during the first half of 2026, but this only meant that prices rose more slowly, not that food became more affordable. Moreover, food price inflation is expected to increase again in 2027. Climate change impacts do and will worsen food affordability through food price spikes and further inflation.

Increases in wages and social grants have often been lower than food price inflation and have not been sufficient for low-income households to acquire an adequate and healthy diet. Food affordability should be treated as a core food and nutrition security objective. The central policy challenge to eradicate food insecurity and hunger is to narrow the gap between household incomes and the cost of a healthy diet. Fortunately, experience and proposals from around the world show that policy mechanisms are available and effective in improving food affordability.

Ten imperative areas of action are identified in this Policy Brief. These cover: making food affordability a priority objective of national food and nutrition security planning and governance, overseen by an operational and inclusive National Food and Nutrition Security Council; protecting household purchasing power through adequate, index-linked social assistance, and a national minimum wage that is regularly aligned with the cost of food and other basic needs; improving dynamism and levels of competition in food markets, through regulatory and other interventions that create more options (agency) for consumers, greater transparency, and actions against excessive profit margins; strengthening informal food retailers, municipal markets and local supply chains, which are vital for food access and competition; and preparing for future food shocks through price monitoring, counter-cyclical buffer stocks, price caps, and targeted disaster risk management measures.

It is essential that a comprehensive bundle of interventions is in place that together can improve food affordability. Some of these policy imperatives need research and planning to be implemented effectively, but others can and need to be done now.

Not all possible interventions have been covered in this short document. It does not, for example, deal with food production interventions; while there is enough food now, it will become increasingly important to look at expanding sustainable and equitable production in the context of climate change. There are other possible interventions to close the food affordability gap that it would be valuable to explore, such as the use of food subsidies and government-run or supported affordable food shops and eating places.

This Policy Brief emerges from a series of discussions in government and civil society, including work on the National Food and Nutrition Security Plan (NFNSP) and the Food System Transformation Pathways initiative, both led by the National Department of Agriculture (DoA). In April 2026, a national Food Affordability Symposium brought together a range of state and non-state stakeholders, supported by national and international experts, to discuss the situation of food affordability in South Africa and seek ways in which to improve it. This Policy Brief draws from these interactions as a contribution to dialogue, decisions, and actions to improve food affordability and food security in South Africa.

1 WHY FOOD AFFORDABILITY MATTERS

Food affordability is the ability of people to purchase a sufficient, nutritious, and healthy diet, given their income, food prices, and the costs of essential non-food expenditure. Affordability places purchasing power – not food prices in isolation – at the centre of efforts to eradicate food insecurity and hunger.

Consider the evidence on costs and prices. Since 2020, the cost of 44 basic food items has increased cumulatively by 45%. This price inflation has been matched by increases amounting to 45.6% in the National Minimum Wage. At the same time, however, electricity and transport costs for an average household increased by 66.9%, with electricity alone nearly doubling. Overall, therefore, such households have lower purchasing power in 2026 than in 2020, meaning their food affordability gap has widened.

The **food affordability gap** can be measured as the difference between the income people have to spend and the cost of a nutritious and healthy diet (Figure 1). The depths of hunger, food insecurity and malnutrition are directly related to the size of this gap. Rising costs of unavoidable expenditures (transport, housing, fuel, electricity, education, health, etc.) must also be addressed in pursuit of the right to food, because they compete for household income, reducing the amount remaining to spend on food. When these costs rise, the affordability gap widens, even if food inflation is low or falling.

A narrow focus on food inflation misses the broader crisis of food affordability that is driving food insecurity and hunger.

The concept of the food affordability gap points to two intervention areas that need to be implemented simultaneously to narrow the gap. On the demand side, household incomes and purchasing power must be raised. On the supply side, food prices and costs of unavoidable expenditure items must be reduced. Both should be addressed at the same time, otherwise the gains on one side of the equation can be undermined by losses on the other side. An obvious example is food price inflation. Increases in wages or social grants can be negated by rapid price rises, leaving people even worse off in real terms if prices rise faster than incomes. Options for both income and price interventions to close the affordability gap are set out in this Policy Brief.

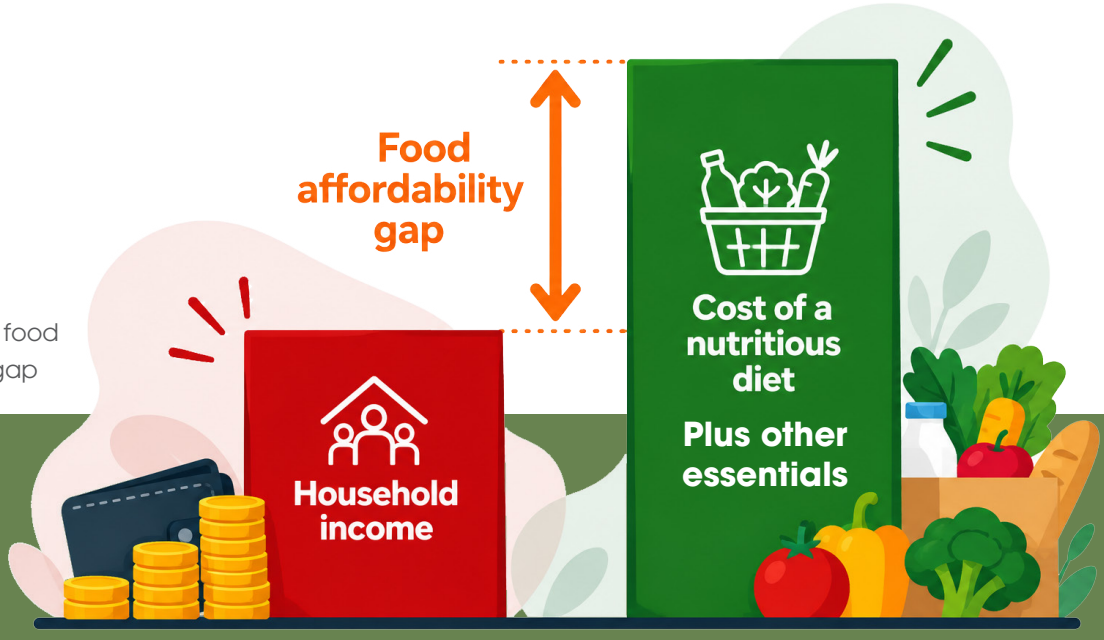


Figure 1. The food affordability gap

2 CLOSE THE AFFORDABILITY GAP BY LOWERING FOOD COSTS

Food prices are formed by costs, margins and markups across the food system ("food value chain"), rather than just production costs on one end and supermarket profits on the other. Production, processing, distribution and retail are the key components of food value chains, but other elements also incur costs and margins, notably storage, logistics, and procurement. Electricity, fuel, international food and input prices, and exchange rate fluctuations are also important cost-push drivers. Less tangible determinants of retail prices include the level of market concentration (oligopolies are associated with higher prices), and firms' decisions about how much of a cost increase (or fall) to absorb or pass on to consumers.

Price formation has important implications for policies to address food affordability. For instance, interventions aimed at reducing farm-gate costs may not translate into lower consumer prices, especially in contexts – like South Africa – of concentrated markets that tend to transmit price increases rapidly but pass on cost reductions slowly. For this reason, efforts should be made to promote greater competition and stronger visibility of price transmission across value chains.

Policy priority 1: Make markets more competitive and transparent

A structural approach is needed that combines cost reductions throughout the food system with transparency and market deconcentration. Enforcement by the Competition Commission, with an expanded mandate to make markets more dynamic with increased competition, should be enhanced. This can be done through sector-specific mechanisms, as well as annual sector margin audits with automatic referral for investigation where retail prices rise faster, or fall slower, than producer prices. Production, agro-processing, transport, storage and refrigeration all need support from the state through improved public infrastructure and greater regulatory and physical space. But such support should happen in conjunction with an industry requirement of cost and pricing disclosure to inform a publicly available price-margin dashboard (elaborated below), worker protection, local procurement, small-, medium- and micro-enterprise (SMME) participation and improved food affordability outcomes. A greater diversity of food supply options – including local and regional mills, wholesale hubs in townships, public markets, cold-chain assets, indigenous crop processing, food reserves, and informal traders – should be promoted to generate more dynamic, competitive, and deconcentrated value chains and markets.

The responsible government departments and institutions that need to act on this include the Department of Trade, Industry and Competition (DTIC), the Competition Commission of South Africa (CCSA), the National Agricultural Marketing Council (NAMC), and municipalities due to their role in making physical and regulatory space for local markets, street traders, and food processing.

Policy priority 2: Protect and enable informal food economies

Informal retailers are important actors in local food systems, because they operate close to consumers, sell in small quantities, and can provide flexible purchasing arrangements. Evidence suggests that informal traders, such as spaza shops and street vendors, in low-income communities often sell basic food items like maize-meal and fresh vegetables at lower prices, making this food more physically accessible and affordable. Municipal regulation should, therefore, enable rather than constrain informal food actors. Priorities include: simpler and more accessible licensing requirements; protection from harassment and corruption; greater security; more trading spaces; improved and well-located public infrastructure, such as sanitation and secure and insulated storage facilities; and greater support for informal food actors in local development and spatial planning.

The responsible institutions that need to act on this include municipalities supported and monitored by relevant provincial and national departments, such as Cooperative Governance and Traditional Affairs (COGTA) and Small Business Development (DSBD). The South African Local Government Association (SALGA) also has a role to play.



Policy priority 3: Invest in and plan for more public and local markets

National guidelines are needed on minimum public food market space per population, drawing on international experience. Local municipalities should invest in protecting and upgrading existing markets, (which are part of their constitutional responsibilities) and create more public markets, especially for fresh produce.

Specific recommendations include:

- Increase investment in existing municipal markets and ring fence market incomes for their operations.
- Develop accessible public food markets in underserved areas, and integrate them into spatial planning.
- Provide reliable roads, water, sanitation, electricity, waste services, cold-chain facilities, and trading infrastructure.
- Reduce unnecessary fees and restrictive by-laws that undermine SMMEs and raise the costs of informal food retailing.
- Improve food waste management in order to reduce waste and contribute to food accessibility.
- Support local food producers and SMMEs by using municipal procurement budgets and local economic-development programmes.

The responsible institutions are municipalities, DSBD, COGTA, DoA, and the Department of Public Works and Infrastructure (DPWI) in collaboration with stakeholders and agencies involved with markets.



Policy priority 4: Price caps

Price caps and margin regulation should be considered as part of ensuring lower prices for key foods, especially during periods of supply or price shocks. Price caps provide immediate relief to consumers, but the benefits may be mainly captured by the wealthy and can create adverse unintended effects. A risk of simple retail price caps is that the downward pressure on prices is pushed onto farmers and workers, potentially undermining the viability of production. This risk could be mitigated by adopting the price margin option, such as setting a maximum margin between farm gate and retail prices for key items. Another risk with price caps on single food items is that retailers may recoup profits lost by increasing prices on other essential items. A cap on a basket of essential food items for a balanced and healthy diet can, therefore, have a more positive effect on the real cost of the food people need. Requirements to report on the costs of such an essential food basket from different retailers would create pressure to reduce prices while also assisting in tracking the cost of food, as has been done effectively in other countries. Price caps should be implemented on key foods during crises. Caps on the cost of a food basket and margin caps should be used as part of ongoing food affordability management in combination with income support for vulnerable households and wider systemic interventions like buffer stocks.

The responsible institutions are DTIC, NAMC, National Consumer Commission, and Statistics South Africa for data gathering and monitoring.

Policy priority 5: Buffer stocks to smooth price volatility

Publicly operated buffer-stocks should be put in place for key foods, such as white maize and wheat, and potentially extended to affordable durable protein sources such as beans. Options for this were extensively discussed during South Africa's Presidency of the G20 in 2025. Public stockholding for food security purposes has also been extensively discussed in the World Trade Organisation (WTO) and is allowed under WTO rules. International experiences show that well-run buffer stocks can contribute to lower and more stable prices. Stocks are used to intervene counter-cyclically in food markets by buying when prices are low and then releasing stocks onto the market when prices are high. This is of particular value in times of crisis and large food price fluctuations. Buffer stocks need to be run with transparent stocking rules, professional management, accountability of public officials, and farmers and civil society participation. They can complement the operation of food markets and benefit both consumers through reducing peak high food prices, and producers through creating price floors for their produce.

Responsible government departments include DoA and DTIC. This will likely need a new agency for implementation.



Policy priority 6: Prioritise food affordability in tariff and trade decisions

Tariffs on food imports and exports are widely used internationally to improve food accessibility. In South Africa, however, there are no trade or tariff measures explicitly aiming to improve food affordability or wider accessibility. Decisions on import tariffs in the International Trade Administration Commission (ITAC) follow its mandate of economic growth and development, with a focus on investment and employment and most applications come from companies seeking protection. Impacts on food affordability need to become a priority in ITAC and other tariff and trade decision-making. Serious consideration should be given to using export tariffs to reduce prices in South Africa for key foods, such as maize, that are sold on international markets.

Responsible government departments include DTIC and DoA.

3 CLOSE THE AFFORDABILITY GAP THROUGH INCOME SUPPORT

Households can face severe food insecurity even without food price increases, if their income is diverted to paying for transport, electricity (or other forms of energy for heating and cooking, such as firewood and paraffin), debts, and other essential items. Food affordability monitoring should therefore measure what households can actually purchase and afford to cook with the resources at their disposal for buying food. Increases in social grants and wages must take into account not only the cost of calories – as the Food Poverty Line does – but rather the higher cost of a nutritious and healthy diet and the costs of essential non-food expenses.

Policy priority 7: Strengthen social assistance

Social grants are a major policy instrument for improving economic access to food. Close to half (45%, 27 million people) of South Africa's population receives regular social assistance from the state. But the value of social grants has fallen in real terms relative to the Food Poverty Line, and is inadequate for a nutritionally sufficient and healthy diet. In August 2026, the Child Support Grant (CSG) was R580, compared with the Pietermaritzburg Economic Justice and Dignity (PMBEJD)'s estimated cost of R962 to provide a child with nutritious food and the R868 Food Poverty Line – shortfalls of 40% and 33%, respectively.

The following actions are urgently needed:

- Low-value grants like the Social Relief of Distress and Child Support Grant should be raised immediately to the Food Poverty Line, then raised progressively to the cost of a nutritionally adequate healthy diet, and thereafter adjusted regularly to maintain purchasing power.
- Statistics South Africa should develop a Nutrition Poverty Line, reflecting the cost of a nutritionally adequate healthy diet, to replace the inadequate Food Poverty Line that is based only on minimum calorie requirements.
- A Maternal Support Grant should be introduced from the second trimester of pregnancy to break the intergenerational transmission of malnutrition from malnourished mothers to low birthweight babies.
- The Social Relief of Distress grant should be made a permanent component of the social grant system and budgeted for accordingly, and the administrative barriers to access removed so that all who are eligible can access the grant.

The responsible government departments are the Department of Social Development (DSD) and Treasury.



Policy priority 8: Align minimum wages with the cost of basic needs

The National Minimum Wage rose by 45% between 2020 and 2026, but much of this gain was absorbed by rising electricity, energy, and transport costs. The National Minimum Wage should be aligned with a cost-of-living benchmark that monitors the combined costs of basic household necessities: a nutritious food basket, transport, electricity, fuel, housing, health care and education. This expanded understanding of a living wage provides a pathway for the annual minimum wage-setting process to make a significant contribution towards low-paid workers meeting their basic needs and achieving food affordability for themselves and their families. In addition, we recommend closer monitoring and enforcement of the National Minimum Wage, considering substantial non-compliance in certain sectors.

The responsible government department is the Department of Employment and Labour (DEL) in coordination with Stats SA and DSD.



Policy priority 9: Make essential services affordable

Electricity, energy (such as gas and paraffin), and transport costs compete with food in household budgets. Allowing these costs to increase above inflation rates reduces food purchasing power. Lowering these expenses would increase the disposable income available for food. Electricity tariff increases should be limited and not exceed core inflation. The provision of free basic electricity to low-income households needs to be expanded. Capping of paraffin prices in times of crisis should also be considered. There needs to be greater investment in expanded and affordable public transport, with subsidies used where needed.

Responsible departments and institutions include the Department of Electricity and Energy (DEE), municipalities, the National Energy Regulator of South Africa (NERSA), and the Department of Transport (DoT).

4 IMMEDIATE ACTIONS

Immediate actions are needed given food unaffordability for the majority of South Africans, the high levels of food insecurity and malnutrition, rising fuel prices, and the threat of an increased food crisis triggered by conflicts around the world, El Niño and climate change impacts. Provisions and budgets for urgent actions are needed now in the absence of an approved National Food and Nutrition Security Plan (NFNSP), and need to be included in the NFNSP and its implementation mechanisms once it is approved.

Policy priority 10: Implement immediate actions:

1. Mobilise the National Food and Nutrition Security Council, comprising strong state and non-state membership, with an explicit food affordability mandate, to review policy options, coordinate interventions, and monitor implementation.
2. Create a national Food Affordability Index that monitors trends in food prices, wages, social grants, electricity, fuel and transport costs, and use this index to measure targeted improvements in food affordability as well as to identify any deterioration in food affordability early enough to trigger appropriate and timely policy responses.
3. Develop a Nutrition Poverty Line, based on the cost of a nutritionally adequate healthy diet, to replace the inadequate Food Poverty Line, and use the Nutrition Poverty Line to benchmark the Child Support Grant, the Social Relief of Distress Grant, and the National Minimum Wage.
4. Review food tariffs and trade measures through a food and nutrition security lens, while including a stronger consumer voice in these decision-making processes.
5. Commission a feasibility study for strategic buffer stocks of key food items.
6. Invest in municipal markets, local farmers' markets, processing capacity, and other local food infrastructure.
7. Protect informal traders and enable their operations with increased regulatory and physical space that fits how and where they trade.
8. Develop a food crisis response protocol that combines price monitoring, targeted income support, disaster risk management, and market regulation such as price and margin caps.
9. Increase and annually adjust the Child Support Grant to at least the cost of providing a child with a basic nutritious and healthy diet, using an independently measured nutritional adequacy benchmark or the new Nutrition Poverty Line.

CONCLUSION

The policy measures proposed in this Brief have different time horizons, fiscal costs, and institutional requirements, but they are all important. They should be treated as a coordinated portfolio rather than isolated interventions. This Brief does not cover every possible intervention. There are further options that can be usefully explored, but these are some that should be acted on now. South Africa's food insecurity, malnutrition and hunger crises cannot be solved without improving food affordability. A sustainable response must reduce costs throughout the food system, strengthen market competition, support local supply channels, protect vulnerable households during shocks, and raise purchasing power available for nutritious food. The overall policy task is to close the food affordability gap by boosting both the demand side with higher incomes and the supply side with lower prices.

ENDNOTES

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