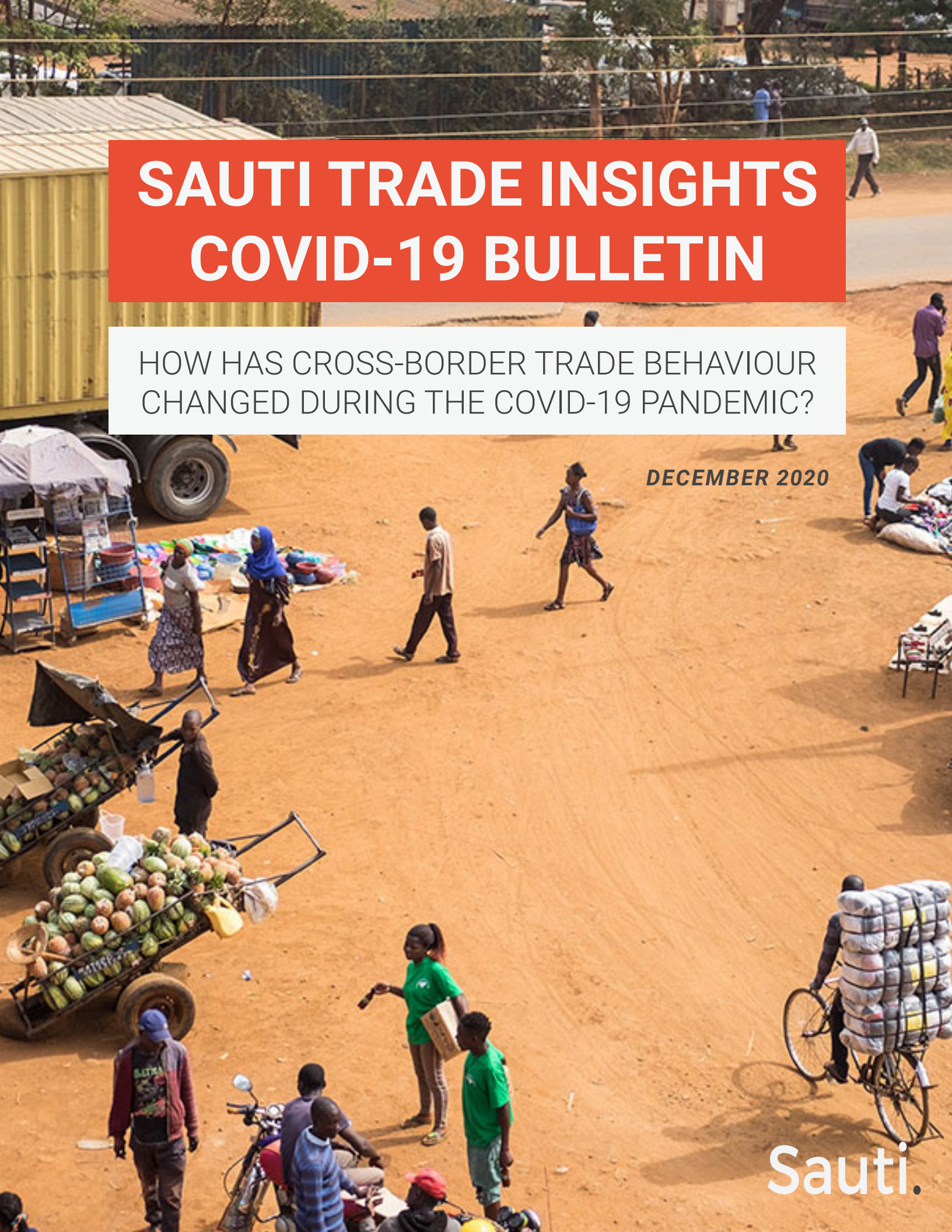

SAUTI TRADE INSIGHTS COVID-19 BULLETIN

HOW HAS CROSS-BORDER TRADE BEHAVIOUR CHANGED DURING THE COVID-19 PANDEMIC?

DECEMBER 2020

Sauti.

SAUTI TRADE INSIGHTS

DECEMBER 2020

COVID-19 has imposed extreme challenges for East Africa's micro and small enterprise traders, many of which rely on ease of cross-border movement for their profits. Others depend on gathering at local marketplaces where maintaining social distance is challenging. While immediate national health policies have focused on limiting the health and human costs of COVID-19, East Africa's traders have been forced to make dramatic changes and adapt their business and market behaviour to the new realities of the global pandemic.

In all this, understanding the economic shifts in East Africa's small-scale trade sector – one of the most important factors for poverty alleviation and women's economic empowerment – will be paramount to designing policy and interventions that sufficiently addresses the economic toll of COVID-19.

This report leverages the unique analytical perspective from Sauti East Africa to document traders' changes in business behaviour in response to the COVID-19 pandemic. For this report, we present behavioural insights from our mobile-based market information platforms in two East African countries: Kenya and Rwanda. The market and trade information requested by users, joined with supplementary demographic user data, gives us unprecedented opportunities to present near real-time findings on business behaviour, such as top traded commodities and market destinations. Further, the longitudinal nature of the data allows us to identify significant shifts in business behaviour, including before and after the onset of COVID-19 in Q1 and Q2 2020.

This report presents key findings on the economic impacts of COVID-19 on traders. Most significantly, we identify a regional decline in cross-border market destinations and an increase in local market destinations, likely a reflection of national restrictions on cross-border movements.

In Kenya, we show that female traders have been hit harder by the shocks of the pandemic as compared to male traders. Additionally, while the prevalence of traders' trading in maize cereals is down across the board, the increase in women trading in fruits suggests the presence of an economic lifeline with significant gendered considerations.

Ultimately, our objective is to shed light on this often hard-to-sample population. Moreover, we intend to highlight the differentiated impacts of COVID-19 between harder-to-sample demographics. It is these traders, most impacted by the shock of COVID-19, which will require the greatest support to recover from the effects of this global pandemic.

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Chief Executive Officer

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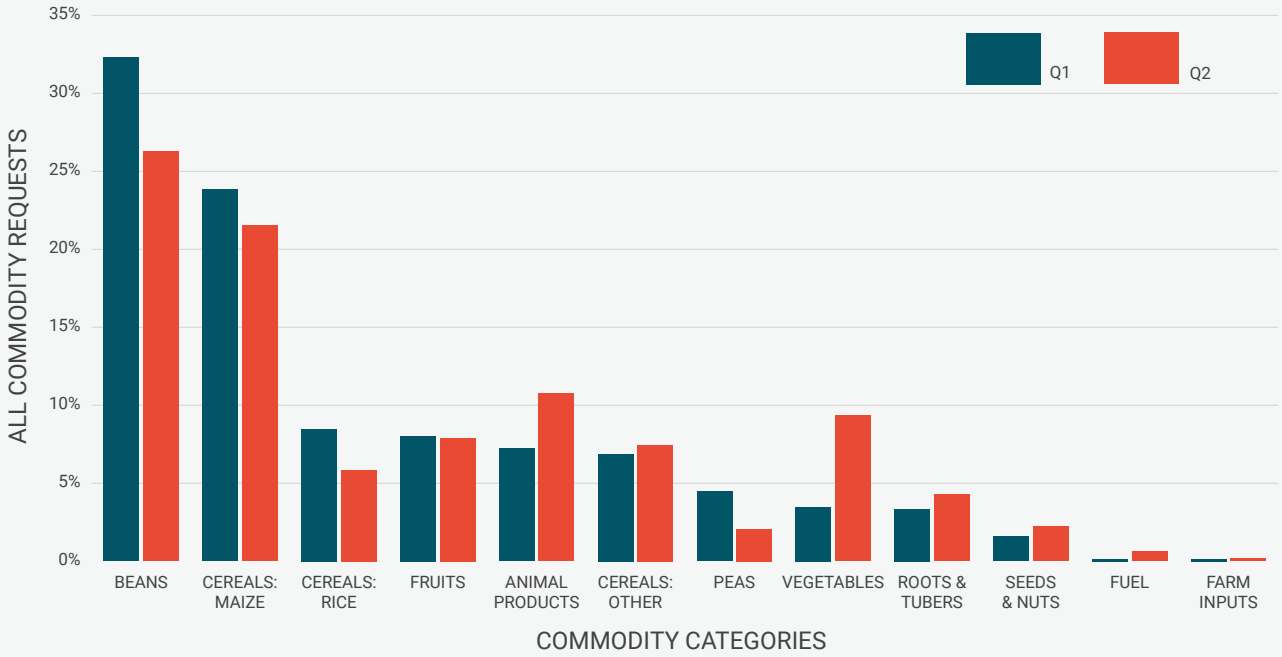
SUMMARY OF FINDINGS

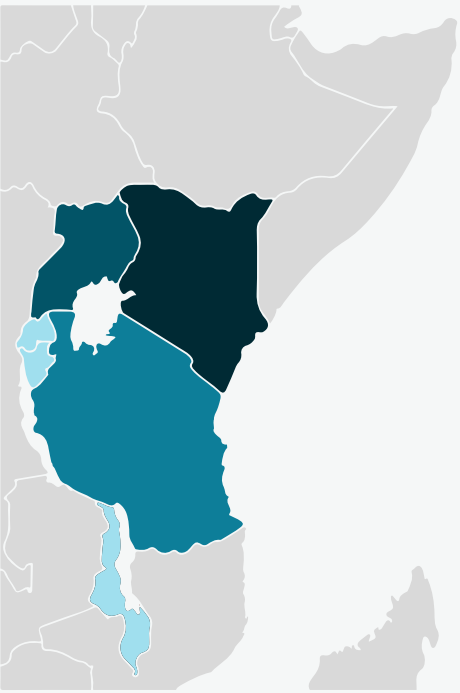
Q1/Q2 2020 AT A GLANCE

MOST POPULAR COMMODITIES IN EAST AFRICA, BY CATEGORIES Q1/Q2 2020



The most popular commodity categories of both Q1 and Q2 of 2020 are beans (avg. 29%), followed by maize cereals (avg. 23%). Beans were traded 6 percentage points (pp) less in Q1 than in Q2, experiencing the most notable drop in trade between the quarters. Additionally, rice cereals, peas, and maize cereals were potentially also affected by trade changes in Q2, with more than a 2pp reduction in trade between the quarters.

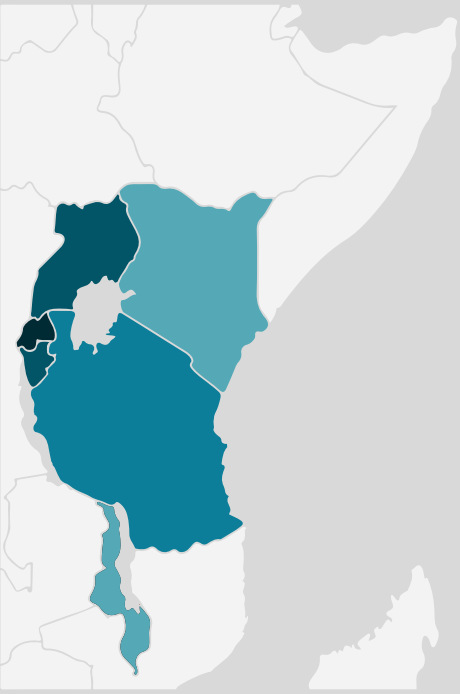
The commodity categories with the greatest positive change in trade levels from Q1 to Q2 were vegetables and animal products. These were traded 6pp and 4pp more in Q2, respectively.



MOST POPULAR TRADE DESTINATIONS FOR KENYAN TRADERS

The majority of Kenyan traders have kept their business within the borders of Kenya during Q1/Q2 2020, with the next most popular trade destination being in Uganda. However, there are 24pp less Kenyan traders buying and selling in Uganda compared to the same time period in 2019. Furthermore, in contrast to the data from this year, in Q1/Q2 2019 Kenyan traders were also trading in the DR Congo and in South Sudan.

KENYA	UGANDA	TANZANIA	BURUNDI	RWANDA	MALAWI
58.7%	19.3%	11.5%	2.9%	4.3%	3.5%
CHANGE IN TRADE DESTINATIONS FROM Q1/Q2 OF 2019 AND 2020					
↗ +12pp	↘ -24pp	↗ +9pp	↗ +1pp	↗ +3pp	↗ +3pp



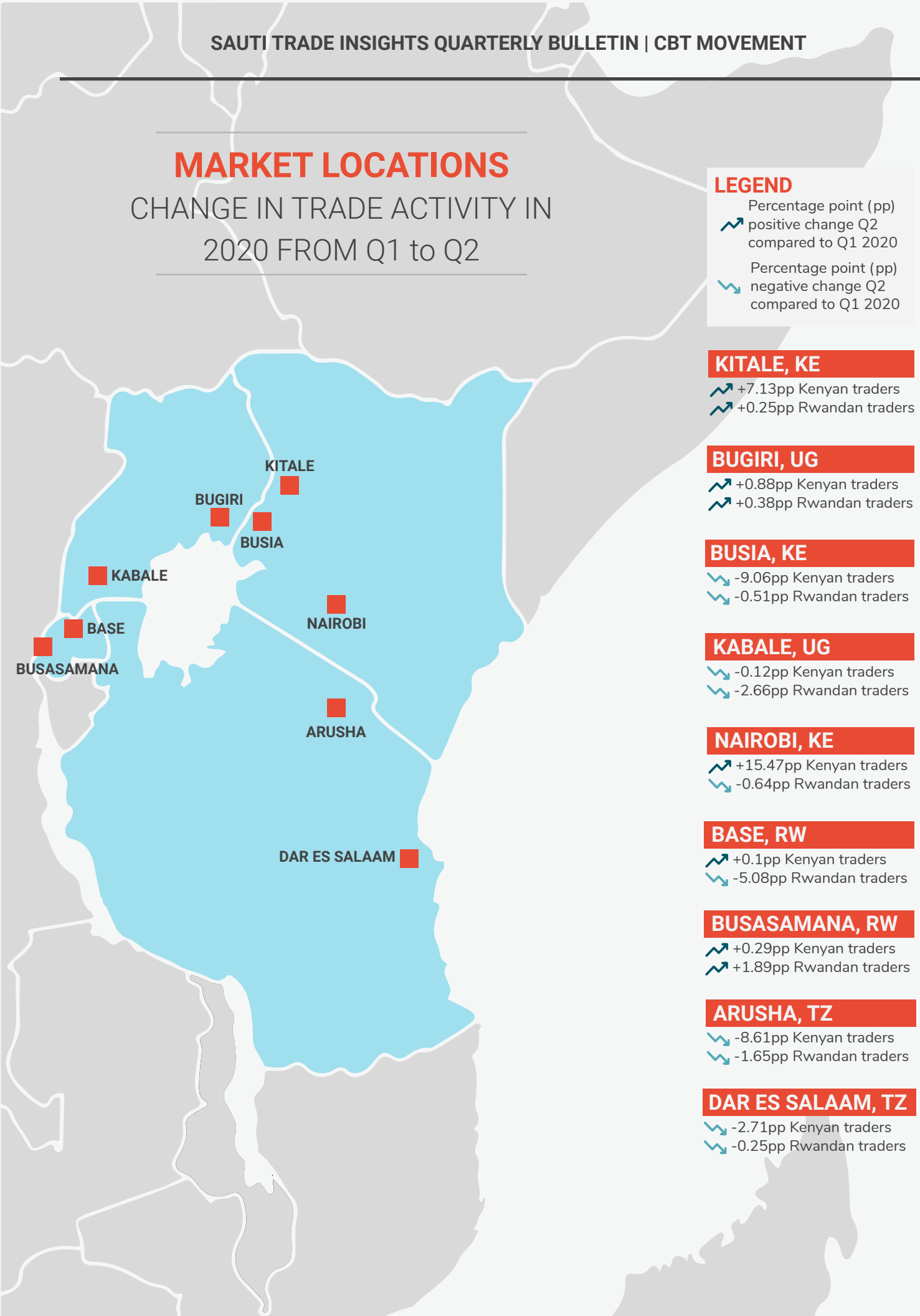
MOST POPULAR TRADE DESTINATIONS FOR RWANDAN TRADERS

A large majority of Rwandan traders have kept their business within the borders of Rwanda during Q1/Q2 2020. Burundi and Uganda are the next most popular trade destinations with 4.6% of Rwandan traders buying and selling goods in in each of these cross-border countries.

KENYA	UGANDA	TANZANIA	BURUNDI	RWANDA	MALAWI
3.4%	4.6%	3.1%	4.6%	81.1%	3.3%

MARKET LOCATIONS

CHANGE IN TRADE ACTIVITY IN 2020 FROM Q1 to Q2



LEGEND

- Percentage point (pp) positive change Q2 compared to Q1 2020
- Percentage point (pp) negative change Q2 compared to Q1 2020

KITALE, KE
- +7.13pp Kenyan traders
- +0.25pp Rwandan traders

BUGIRI, UG
- +0.88pp Kenyan traders
- +0.38pp Rwandan traders

BUSIA, KE
- -9.06pp Kenyan traders
- -0.51pp Rwandan traders

KABALE, UG
- -0.12pp Kenyan traders
- -2.66pp Rwandan traders

NAIROBI, KE
- +15.47pp Kenyan traders
- -0.64pp Rwandan traders

BASE, RW
- +0.1pp Kenyan traders
- -5.08pp Rwandan traders

BUSASAMANA, RW
- +0.29pp Kenyan traders
- +1.89pp Rwandan traders

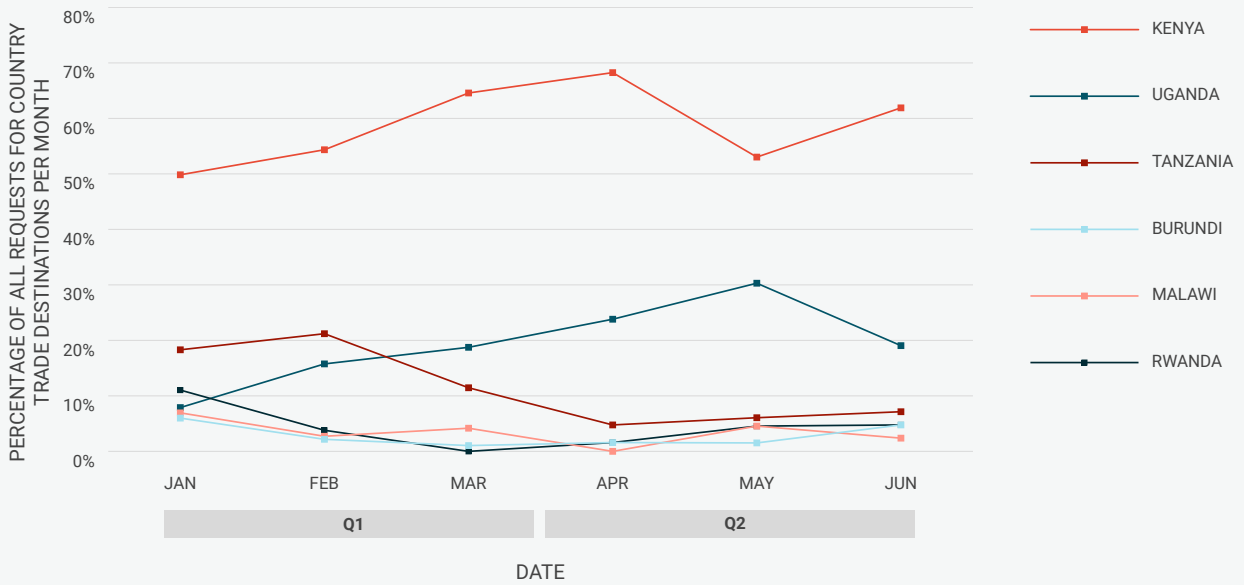
ARUSHA, TZ
- -8.61pp Kenyan traders
- -1.65pp Rwandan traders

DAR ES SALAAM, TZ
- -2.71pp Kenyan traders
- -0.25pp Rwandan traders

IMPACT OF COVID-19 PANDEMIC

CROSS-BORDER TRADE MOVEMENT

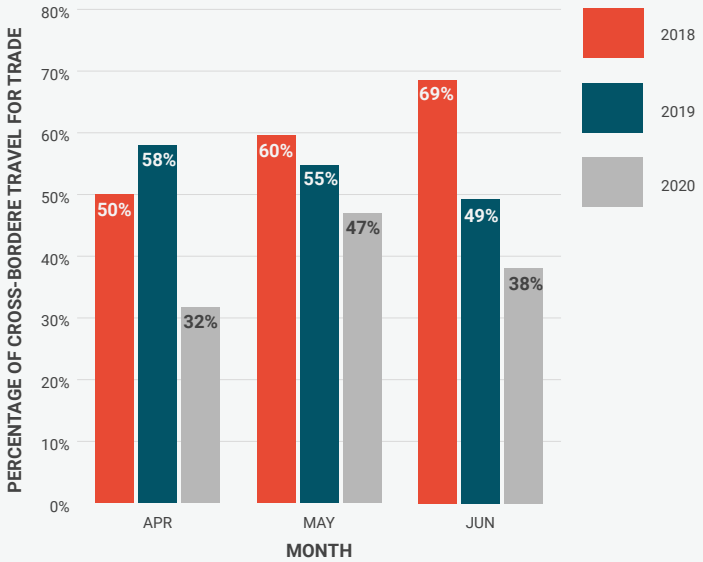
TRADE DESTINATIONS FOR KENYAN TRADERS IN Q1/Q2 2020



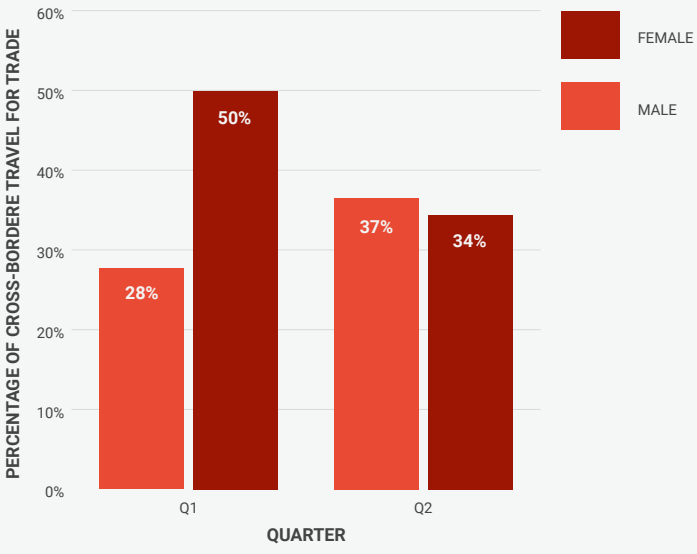
KENYA

The most popular market destination for Kenyan traders remained within the Kenyan borders in Q1/Q2 2020. However, in May of Q2, these trade levels dropped briefly by 15pp. Additionally, Tanzania, Rwanda, Malawi, and Burundi experienced less trade from Kenyan traders from Q1 to Q2. This is reiterated in the second bar chart suggesting a significant decrease in cross-border trading from Kenya in 2020 Q2 in comparison to previous years. Women traders, specifically, reduced their cross-border trading by 16pp from Q1 to Q2.

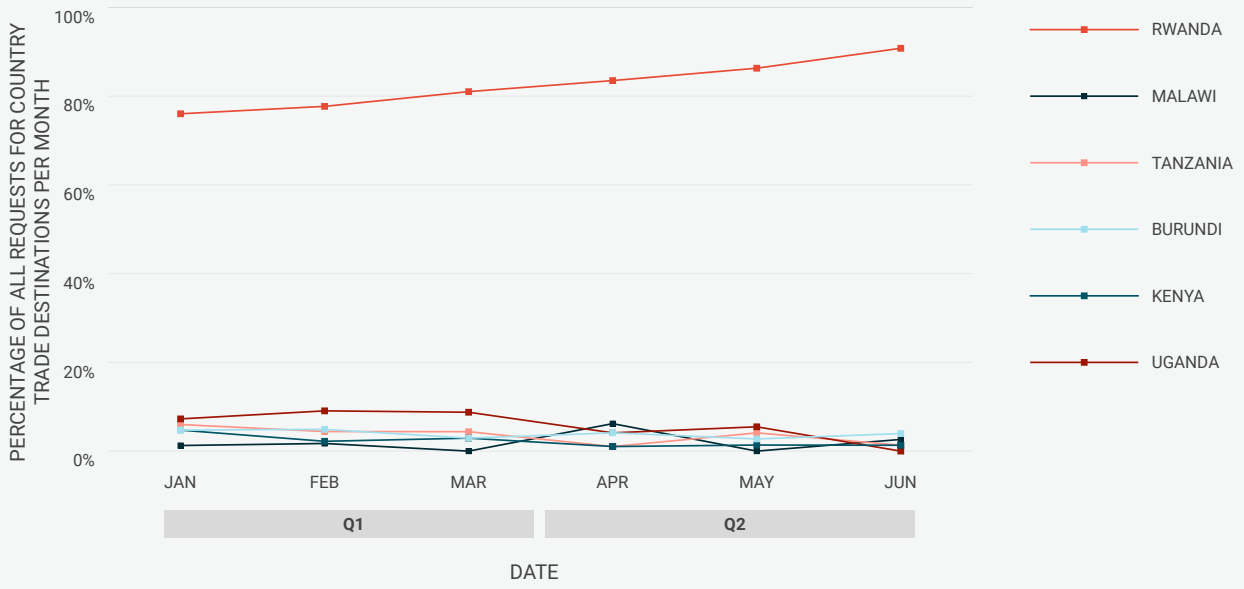
CROSS-BORDER TRADING FROM KENYA IN Q2 OF 2018, 2019 & 2020



CROSS-BORDER TRADING FROM KENYA IN Q1/Q2 OF 2020

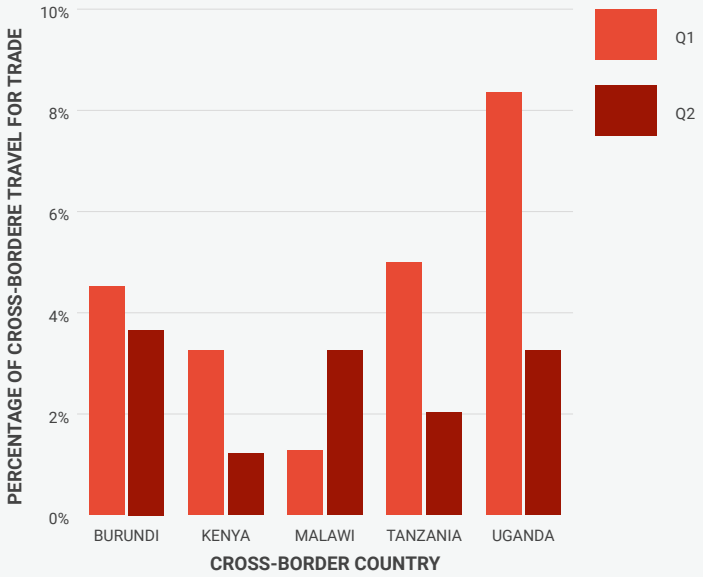


TRADE DESTINATIONS FOR RWANDAN TRADERS IN Q1/Q2 2020



The most popular market destination for Rwandan traders from January to June 2020 were located in Rwanda. Trade destinations in Rwanda increased from 76% to 91% for traders from January to June. Cross-border trading was low throughout Q1 and Q2, with the January having the highest percentage of cross-border trade at 24% of total activities.

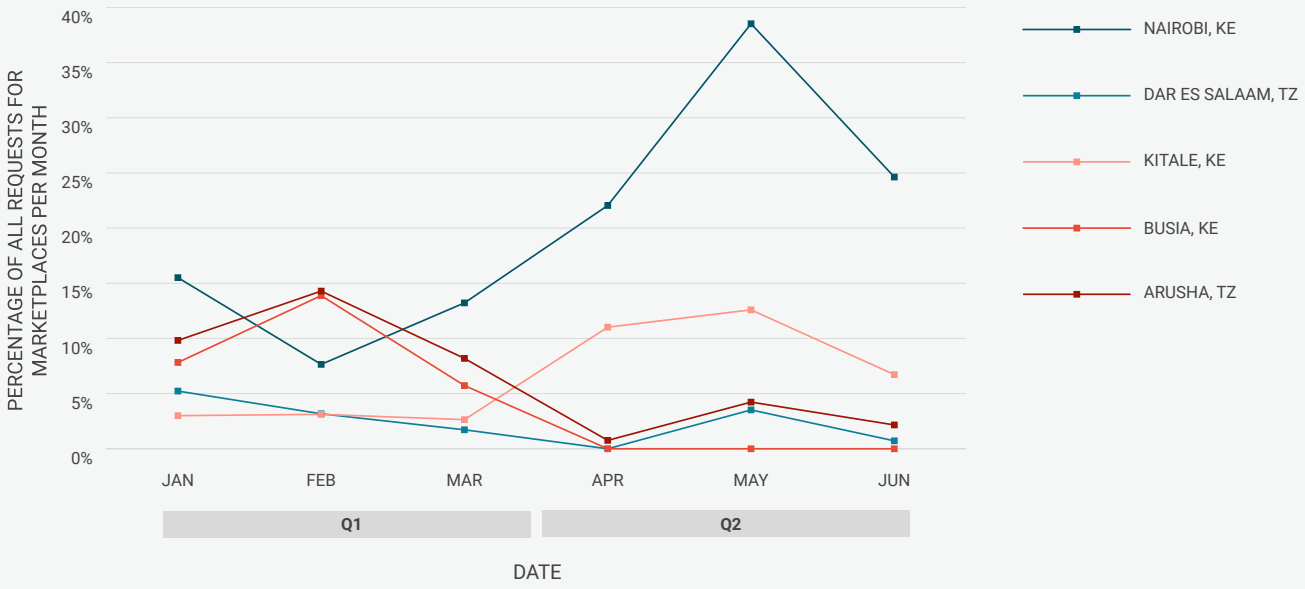
CROSS-BORDER TRADING FROM RWANDA IN Q1/Q2 OF 2020



In Q1 2020, the most popular cross-border trade destination was Uganda (8%). In Q2, however, Rwandan trade in Uganda fell by 5pp. Similarly, Burundi (-1pp), Kenya (-2pp), and Tanzania (-3pp) also experienced a decrease in Rwandan traders from Q1 to Q2.

The only cross-border country with an increase in Rwandan traders from Q1 to Q2 was Malawi (+2pp).

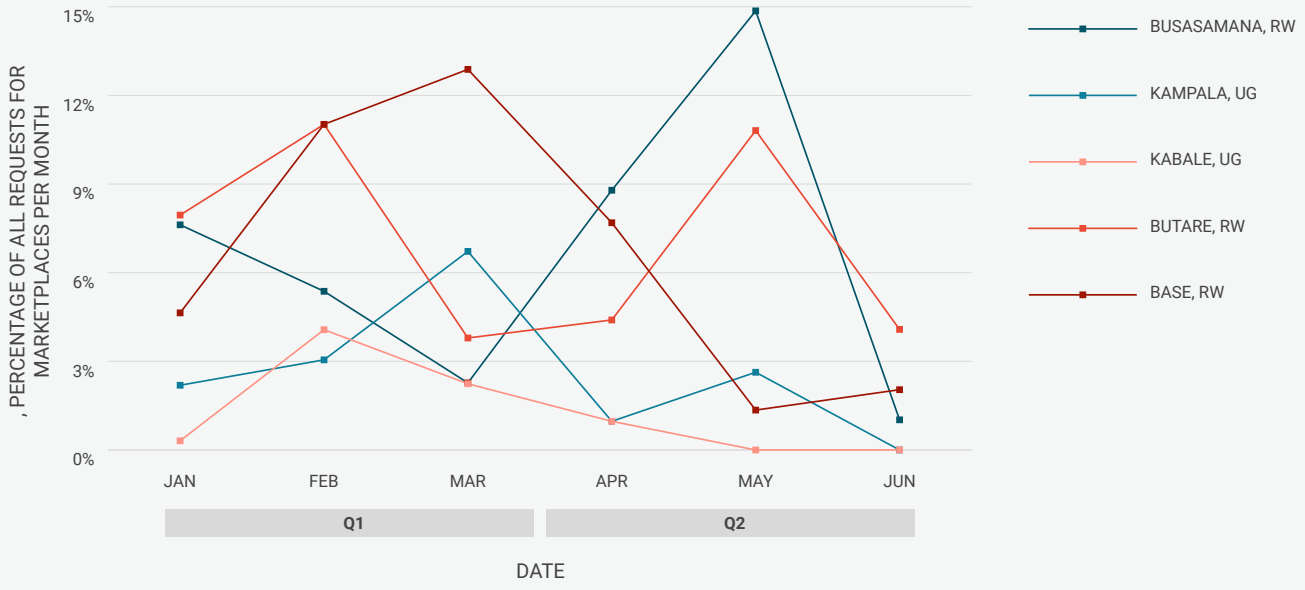
MARKET ACTIVITIES OF KENYAN TRADERS IN Q1/Q2 2020



Nairobi had the highest Kenyan trader activity from January to June 2020, comprising 50% of all trade activity over this period. While Kenyan trade activity in Nairobi had the highest growth from Q1 to Q2 (+15pp), trade in the Dar es Salaam (-3pp), Busia (-9pp), and Arusha (-9pp) decreased from Q1 to Q2.

For Rwandan traders, market activity was more volatile in Q1/Q2 2020. Activity in Busasamana increased by 2pp from Q1 to Q2. Butare comprised 29% of all trade activity over this time. Additionally, trade activities at Base (-5pp), Kampala (-3pp), and Kabale (-3pp) decreased from Q1 to Q2.

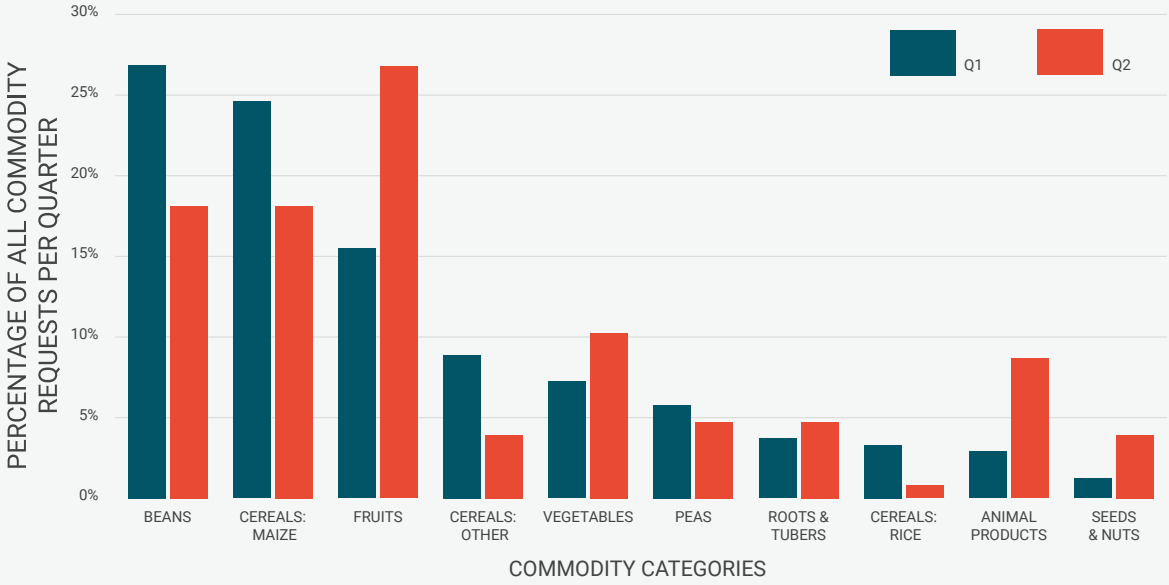
MARKET ACTIVITIES OF RWANDAN TRADERS IN Q1/Q2 2020



IMPACT OF COVID-19 PANDEMIC

TRADED COMMODITIES

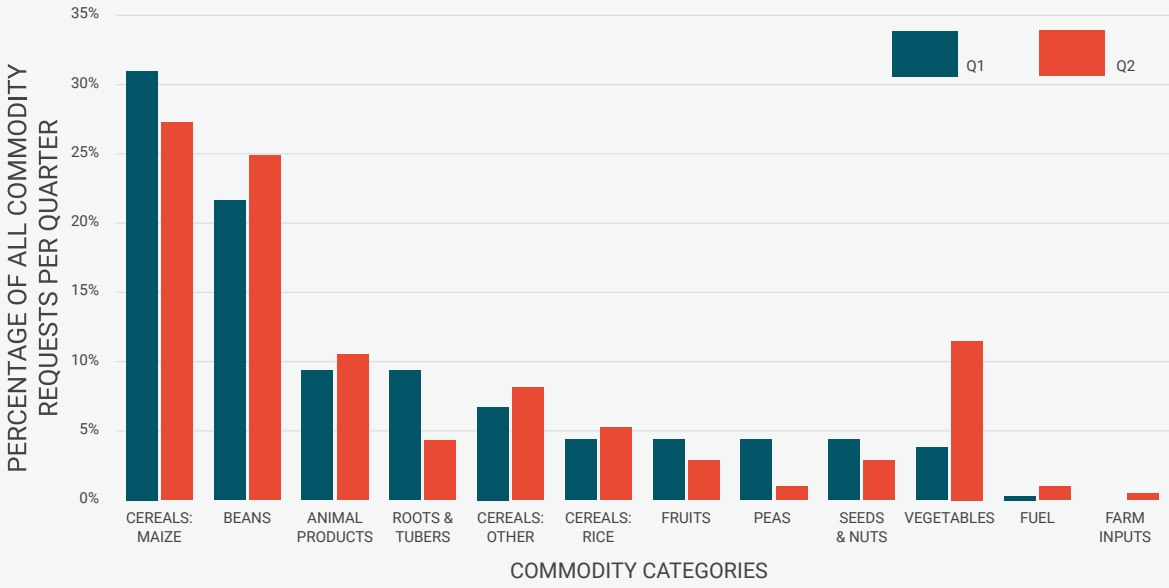
COMMODITY CATEGORIES REQUESTED BY WOMEN TRADERS IN 2020



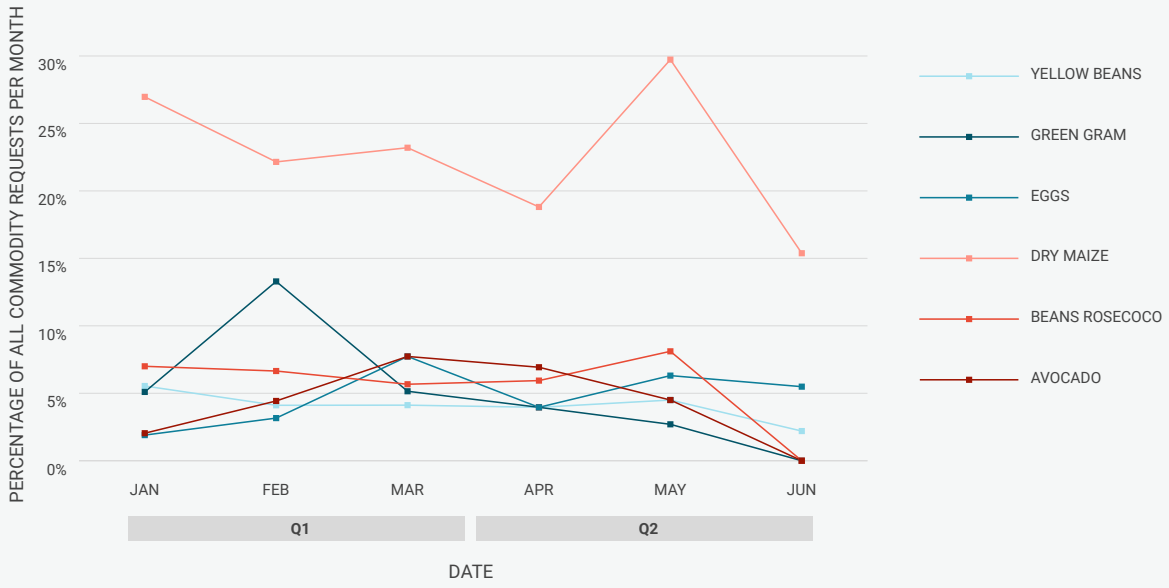
For women traders in East Africa, the most popular commodity categories were beans (27%) and maize cereals (25%) in Q1. From Q1 to Q2, trade in beans (-9pp) and maize cereals (-6pp) dropped substantially, while trade in fruits increased from 16% to 27%.

Maize cereals (31%) and beans (22%) were also the top traded commodities for male traders in Q1. Unlike the data for the women traders, trade in beans increased by 4pp from Q1 to Q2. Additionally, trade in vegetables increased by 7pp from Q1 (4%) to Q2 (11%).

COMMODITY CATEGORIES REQUESTED BY MALE TRADERS IN 2020

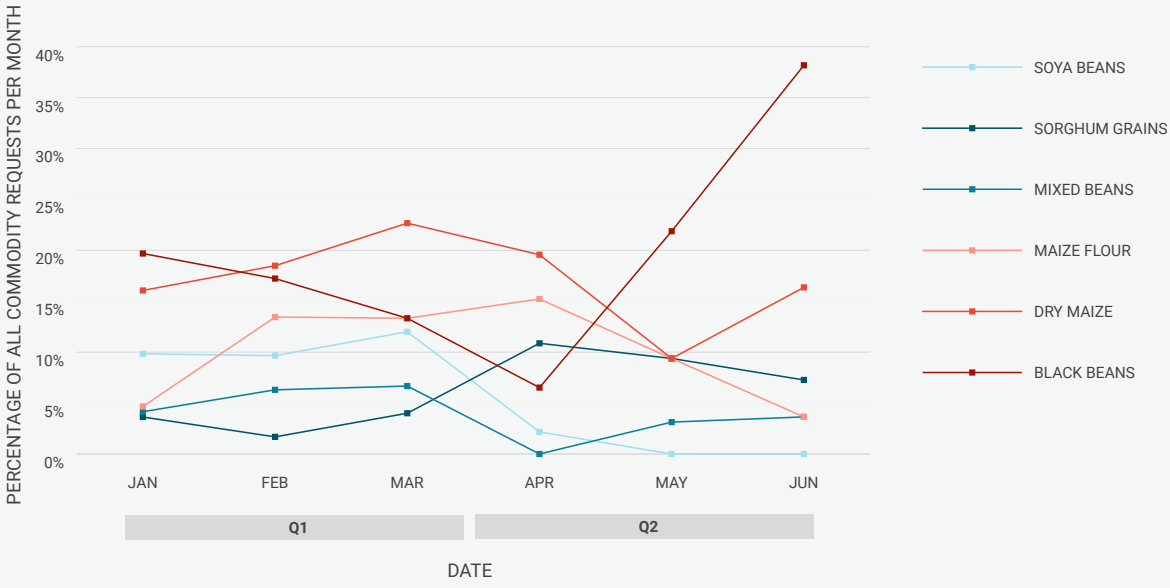


CHANGE OF COMMODITIES REQUESTED IN KENYA IN 2020



The most popular commodity for Kenyan traders over Q1/Q2 2020 was Dry Maize (avg. 23%), peaking in May at 30%. Excluding eggs (+3pp), all other top commodities were traded less in Q2 than in Q1. Trade in Green Beans had the greatest negative change (-17pp). The most popular commodity for Rwandan traders was Black Beans (avg. 19%), peaking in Jun at 38%. Soya Beans (-19pp) and Mixed Beans (-6pp) were the only commodities with a negative change in trade from Q1 to Q2.

CHANGE OF COMMODITIES REQUESTED IN RWANDA IN 2020



TECHNICAL DETAILS

DATA SAMPLES

Data is sourced from user session behaviour on Sauti East Africa's mobile-based trade and market information. Session data is enriched with demographic survey data provided by users. All data is given as a percentage of all comparative sessions or users.

SUMMARY OF FINDINGS

Most Popular Commodities in East Africa, by Categories Q1/Q2 2020 | Sample: 2,697 sessions

Most Popular Trade Destinations for Kenyan Traders | Sample: 3,557 sessions

Most Popular Trade Destinations for Rwandan Traders | Sample: 1,440 sessions

Market Locations Change in Trade Activity in 2020 from Q1 to Q2 | Kenyan Sample: 1,743 sessions, Rwandan Sample: 1,051 sessions

CROSS-BORDER TRADE MOVEMENT

Trade Destinations for Kenyan Traders in Q1/Q2 2020 | Sample: 2,274 sessions

Cross-Border Trading from Kenya in Q2 of 2018, 2019 & 2020 | Sample: 1,855 sessions

Cross-Border Trading from Kenya in Q1/Q2 of 2020 | Women Sample: 650 sessions, Male Sample: 361 sessions

Trade Destinations for Rwandan Traders in Q1/Q2 2020 | Sample: 1,419 sessions

Cross-Border Trading from Rwanda in Q1/Q2 of 2020 | Sample: 1,106 sessions

Market Activities of Kenyan Traders in Q1/Q2 2020 | Sample: 2,377 sessions

Market Activities of Rwandan Traders in Q1/Q2 2020 | Sample: 1,357 sessions

TRADED COMMODITIES

Commodity Categories Requested by Women Traders in 2020 | Sample: 611

Commodity Categories Requested by Male Traders in 2020 | Sample: 551

Change of Commodities Requested in Kenya in 2020 | Sample: 1,976 sessions

Change of Commodities Requested in Rwanda in 2020 | Sample: 817 sessions

KENYA
Dial *384*35#

RWANDA
Dial *801*35#

TANZANIA
Dial *149*46*1#

UGANDA
Dial *284*111#

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ABOUT SAUTI
Sauti East Africa provides trade and market information services that empower cross-border traders in East Africa to trade legally, profitably, and safely.

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