



# Impacts of COVID-19 on Small- and Medium-Sized Enterprises in the Rwandan Food System

RESULTS OF AN ONLINE SURVEY  
MARCH 2021

 **Scaling Up**  
**NUTRITION** **Business Network**  
ENGAGE • INSPIRE • INVEST

 **gain**  
Global Alliance for  
Improved Nutrition

 **WFP**  
World Food  
Programme

# EXECUTIVE SUMMARY



- 1** **GAIN** and partners, including the **Scaling Up Nutrition (SUN) Business Network** (co-convened by the **World Food Programme** (WFP)), undertook a survey of food system SMEs in Nigeria in October/November 2020, aiming to assess the impacts of the COVID-19 pandemic and associated control measures on their businesses and their support needs. This survey follows one in May 2020, results of which are available [here](#).
- 2** **47 responses** were received, with most being from micro- or small-sized firms; respondents were **primarily processors** and within the **vegetable value chain**.
- 3** **98% reported that the pandemic had an immediate impact on their business**. The main impacts cited by firms included decreased sales (78%), difficulty accessing financing (44%), and difficulty accessing inputs (42%).
- 4** **For most firms, impacts had lessened over time**; about 35% of firms reported that their business was essentially 'back to normal'.
- 5** **89% reported changing their production volume** as a result of the pandemic, and **91% reported changing their product price** as a result of the pandemic.

# EXECUTIVE SUMMARY



- 6** **83% expected impacts of the pandemic on their supply chains in the next 6 months.** The main anticipated impacts cited were shortages of supplies (67%), supplier business closures (31%), and production stoppages (28%).
- 7** **81% and 72% of firms reported taking actions** to mitigate the impact of the pandemic on their business or to protect their employees, respectively.
- 8** **Only about 11% of firms had received support, but 96% and 77% of firms reported urgently needing financial and technical support,** respectively, to cope with the effects of the pandemic.
- 9** **Food systems SMEs are crucial to ensuring food security but also vulnerable to the effects of the pandemic;** while their situation may have improved since the earlier days of the pandemic, some will require continued support to build back better and provide nutritious, safe foods in the future.
- 10** While overall impacts and support needs were similar **across women-owned and male-owned/co-owned firms, there were some differences in firm characteristics** and in specific needs for assistance. These differences should be taken into account when designing future interventions.

# METHODOLOGY



1

## ELIGIBLE RESPONDENTS

Owners and/or managers of micro, small- and medium-sized businesses (SMEs) in the food system in Rwanda, including firms that directly produce, process, or sell food as well as those providing supporting services (e.g., agricultural inputs, cold chain services).

2

## TOPIC & FRAMING

Respondents were asked about how the COVID-19 coronavirus pandemic and any measures to control it (e.g., movement restrictions, border closings) were impacting their business, referencing the period since the pandemic began affecting their country.

3

## DISSEMINATION

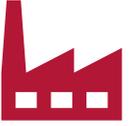
The online survey was shared via email with firms in a network of food system firms convened by GAIN from 16 October to 9 November 2020. 47 eligible firms responded. All respondents provided written informed consent to participate.

4

## ANALYSIS

Data were cleaned and analysed using Stata SE15 (StataCorp, 2017). This rapid assessment report presents descriptive statistics across Rwanda's 47 responding firms; all data are presented in an anonymised form.

# RESPONDING FIRM CHARACTERISTICS



47

## NUMBER OF FIRMS

47 responses were received from 5 provinces, with the majority coming from Kigali.

74%

## SMALL/MICRO SIZED

74% of participating firms were small or micro-sized, with less than USD 100,000 in annual turnover and fewer than 50 staff.

34%

## WOMEN OWNED

Of the businesses that were surveyed, 53% were owned by men, 34% owned by women, and 13% were co-owned by women and men.

3yrs

## YEARS IN OPERATION

62% of participating firms had been in operation for less than 3 yrs (median: 3 yrs, interquartile range: 2-5, range: 0-11).

45%

## PROCESSING

Most firms were involved in processing (45%).

32%

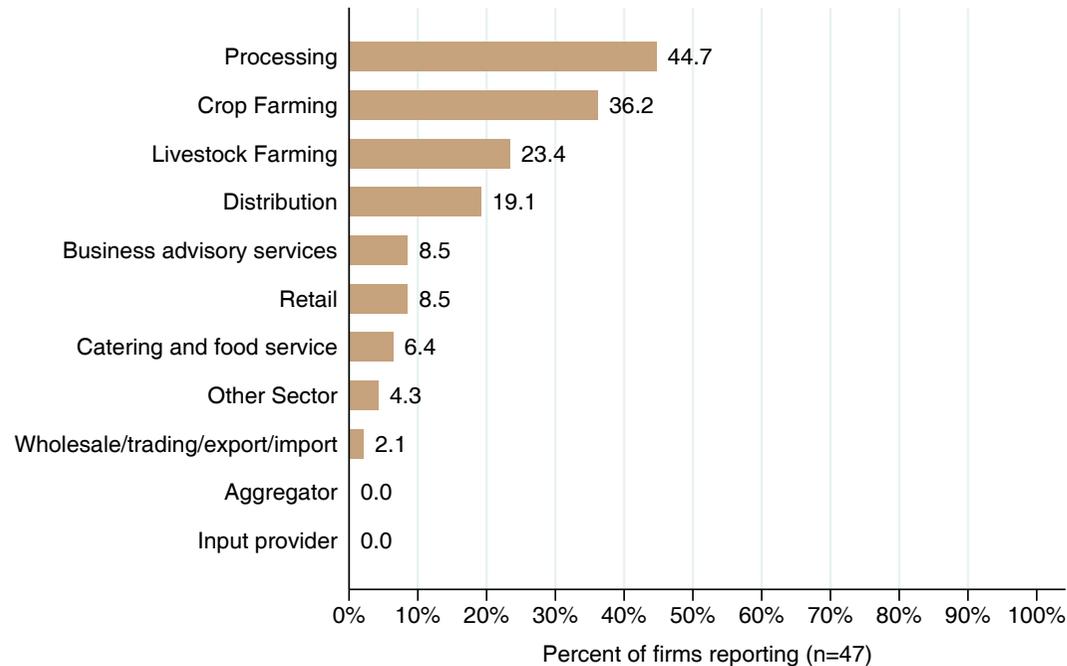
## VEGETABLES

The largest share of firms surveyed (32%) operated in the vegetable value chain.

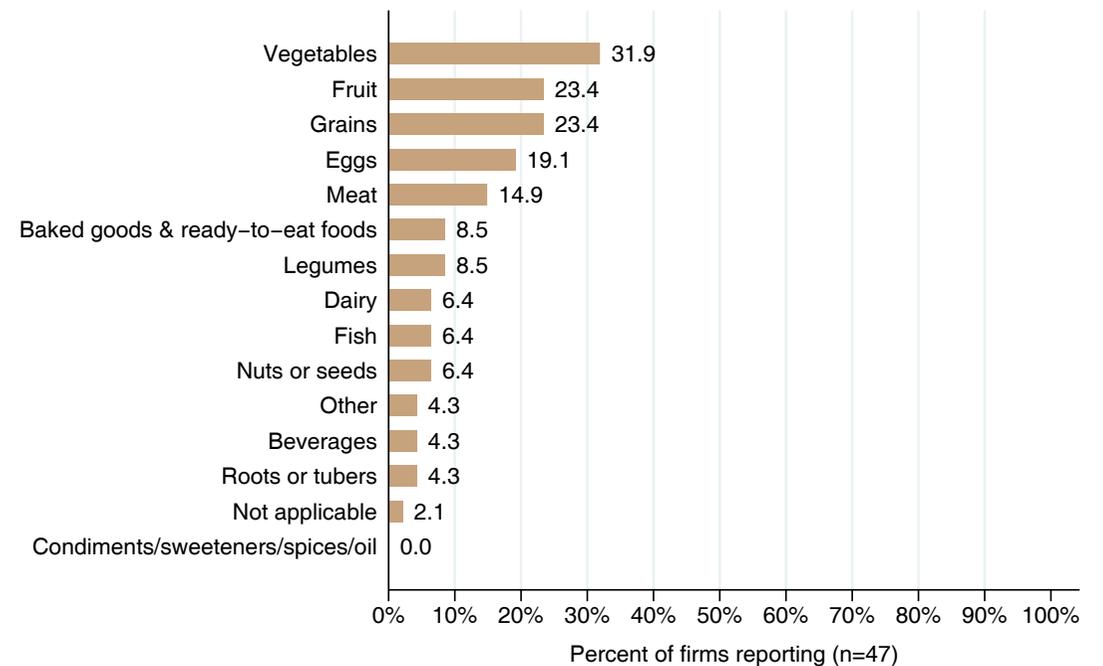
# RESPONDING FIRM CHARACTERISTICS



## Main sectors represented



## Main food categories represented



**The majority of firms were in the processing sector (45%),** followed by crop farming (36%), livestock farming (23%), and distribution (19%). The main food categories represented included vegetables (32%), fruit (23%), grains (23%), eggs (19%), meat (15%), with the representation of legumes, dairy, fish, nuts/seeds, beverages, roots and tubers, condiments/sweeteners/spices/oil, beverages, and baked goods and ready-to-eat foods from 4-9%. Firms could work in more than one sector or food category.

# RESPONDING FIRM CHARACTERISTICS: GENDER DIFFERENCES



As gender can influence access to resources and vulnerability to shocks, **all key indicators were examined for differences based on the gender of the firm's owner** (female-owned firms versus male-owned or male/female co-owned firms).

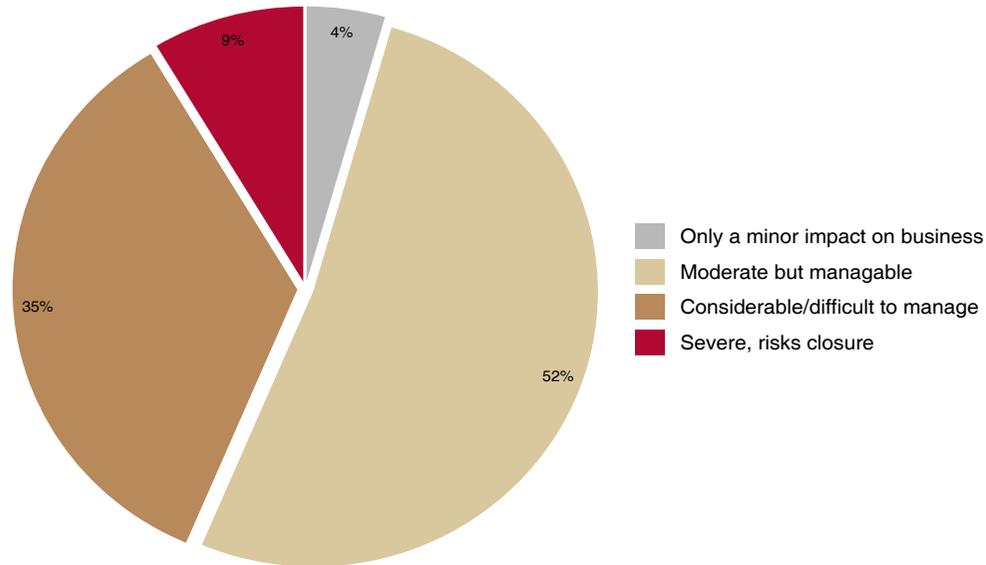
Female-owned firms worked across all food sectors and there were no significant associations between the gender of the business owner and survey responses on firm size, firm maturity, annual turnover, value chain position, or incorporation status.



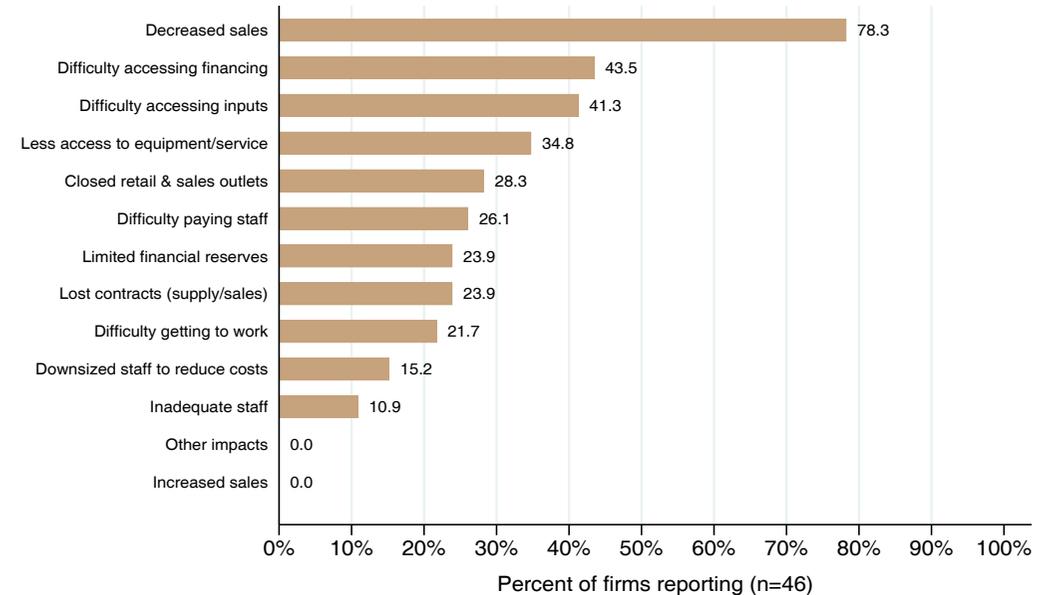
# IMPACTS OF COVID-19



## Severity of COVID-19 impacts (n=70)



## Main impacts reported by businesses

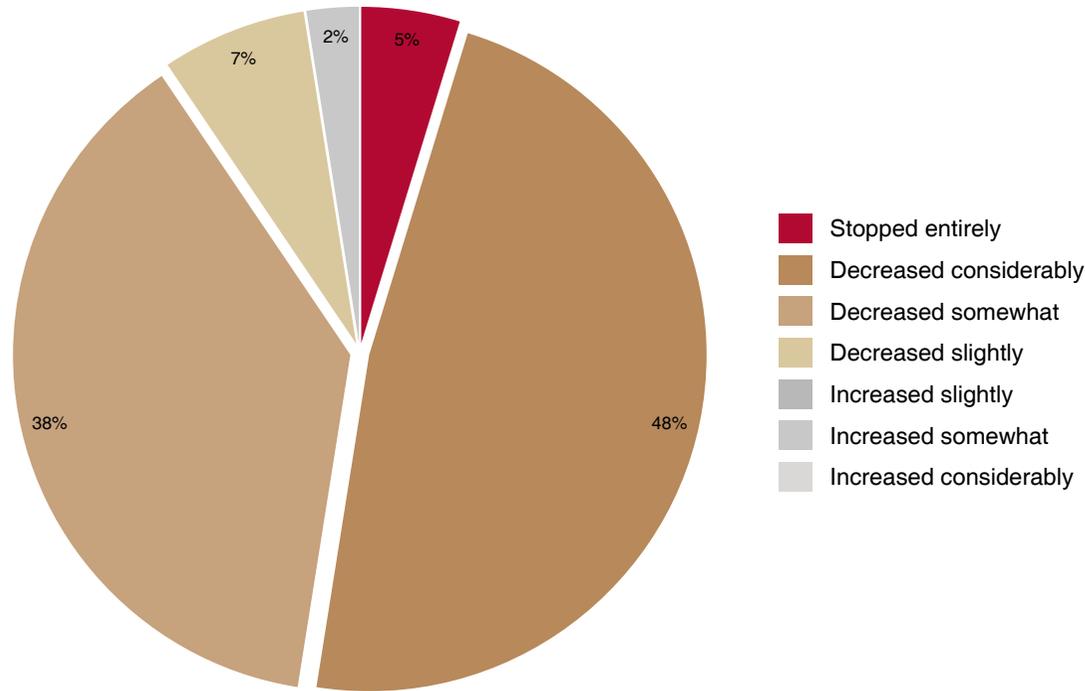


**46 firms (98%) reported that the pandemic had an immediate impact on their business.** Of the impacted firms, 52% reported the impact as moderate but manageable; whilst 35% reported the impact as being difficult to manage; **9% reported that the impact was severe and likely to cause business closure.** The main impacts cited by firms included decreased sales (78%), difficulty accessing financing (44%) or inputs (42%), reduced access to equipment/services (35%), closure of retail and sales outlets (28%), difficulty paying staff (26%), lost contracts (24%), and difficulty getting to work (22%). The majority of respondents (57%) reported that initially business impacts were more severely negative and had subsequently improved; however, their businesses were still worse off than before the pandemic. **35% of firms reported that their business was essentially 'back to normal'.**

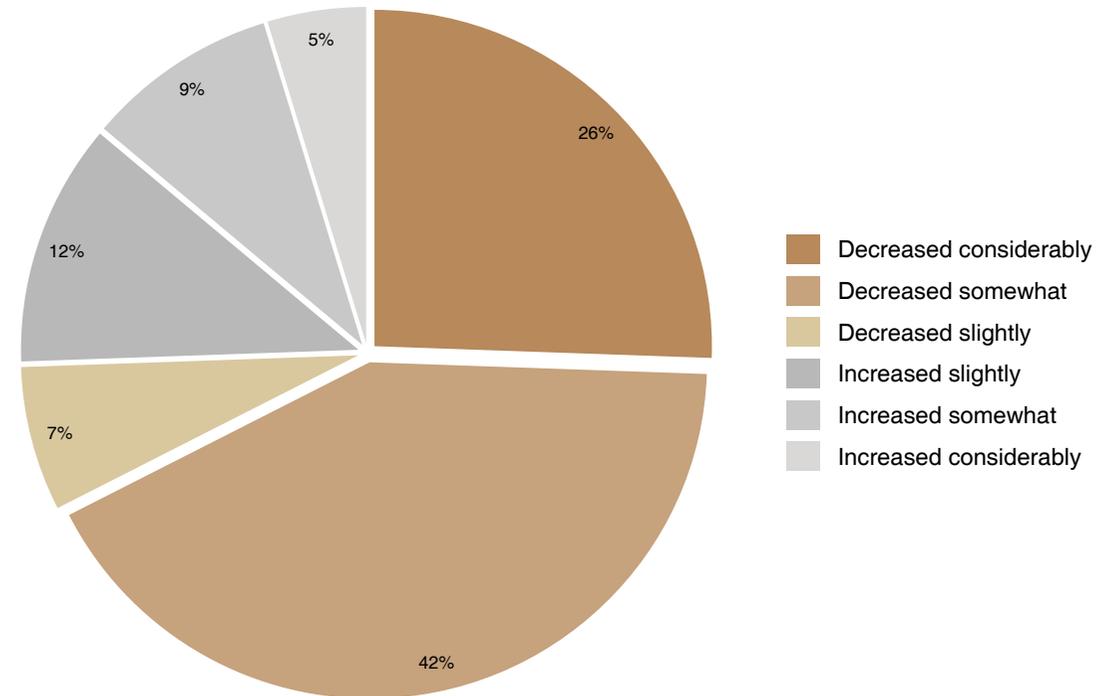
# IMPACTS OF COVID-19: PRICE & PRODUCTION VOLUME



## Changes in production volume (n=60)



## Changes in sales price (n=59)

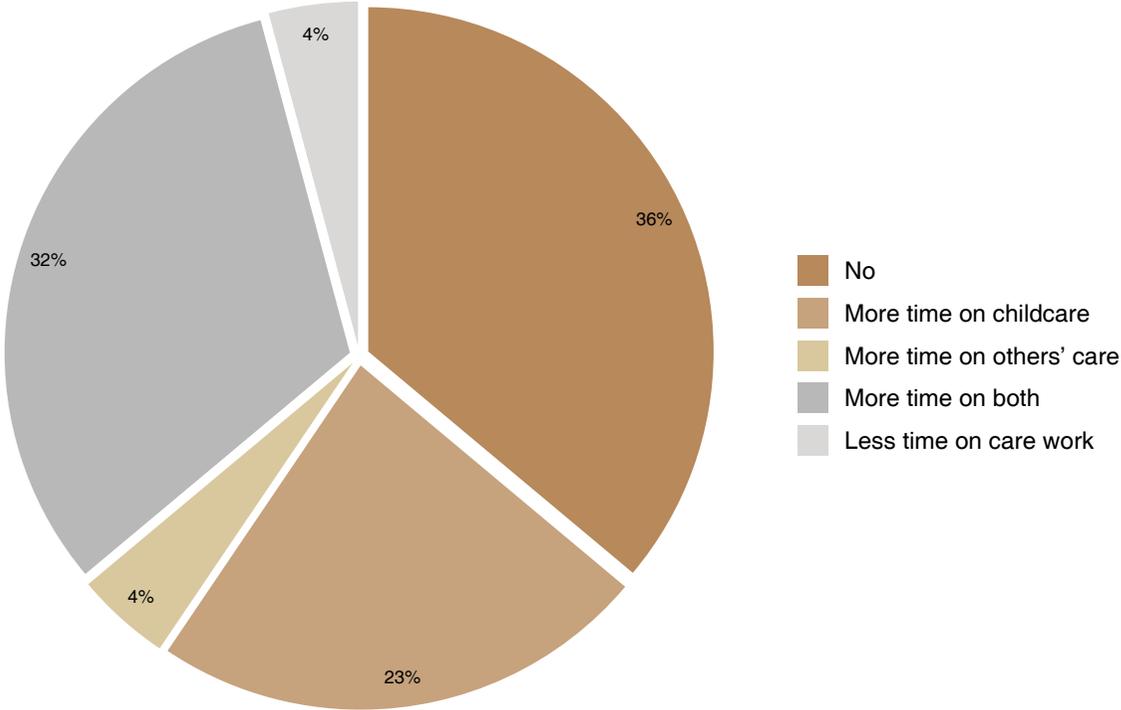


**42 firms (89%) reported changing their production volume** as a result of the pandemic; of these, 5% reported stopping production, 48% reported a considerable (>30%) decrease, 45% a smaller decrease (0-30%), and 2% an increase. Considering the firm's product sales price, **43 respondents (91%) had reported changing their product price** as a result of the pandemic; of these changes, 26% represented a considerable (>30%) price decrease, 42% a moderate (15-30%) price decrease, 7% a slight (<15%) price decrease, 12% a slight price increase (<15%), 9% a moderate price increase (15-30%), and 5% considerable increase (>30%).

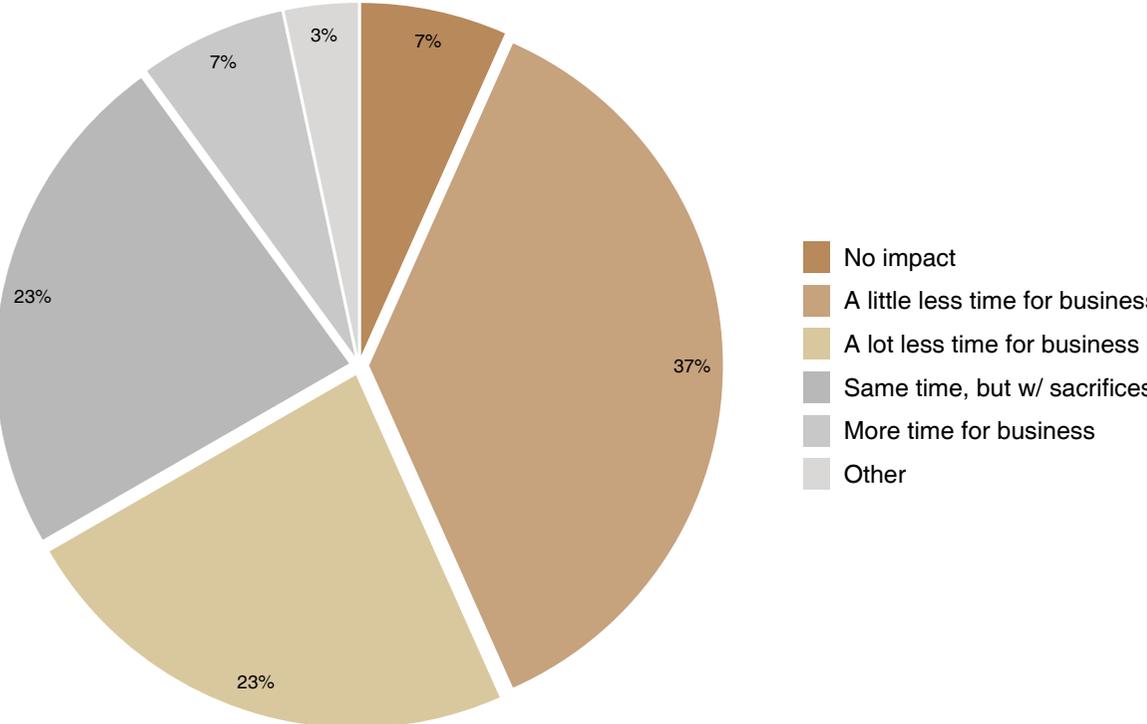
# IMPACTS OF COVID-19: HOME RESPONSIBILITIES VIS-À-VIS BUSINESS



Changes in household responsibilities (n=71)



Impact of changes in household responsibilities



**30 survey respondents (64%) reported experiencing changes in household responsibilities** (e.g., caring for children or relatives) due to the pandemic, primarily spending more time on caring for children and other relatives. Of those who had experienced such changes, most felt that they had less time to devote to their business. In general, and perhaps surprisingly, reporting such disruptions was not significantly more likely for female-owned firms' representatives than for male-owned or co-owned firms' representatives.



## IMPACTS OF COVID-19: GENDER DIFFERENCES



**Women owned firms were equally likely to report being impacted by the pandemic** and were generally impacted in the same ways as men-owned firms, with the same severity and changes over time. Looking ahead, women owned firms were equally likely to expect the pandemic to impact their company's supply chain in the next 6 months.

There were no significant differences in production or sales price changes.

## ADDITIONAL DETAILS ON IMPACT

Some respondents elaborated on the impacts of the pandemic on their business. Representative quotes include:

'Our project partners have stopped working and this caused us to close the business.'

**– egg and vegetable distributor in Southern Province**

'Corona has affected our business because we lost a lot of customers and had to reduce our production which resulted in difficulty in generating enough revenues to pay our staff.'

**– livestock farmer in Northern Province**

'COVID-19 pandemic affected so many SMEs. I know some who have closed operations. It affected our own revenue such that we may not be able to finance our lease.'

**– roots/tubers farmer processor in Osun State**

'The pandemic affected my cooperative with respect to decreases in production, price, and clients - things are slowly getting back to normal.'

**– vegetable processor in Kigali City**

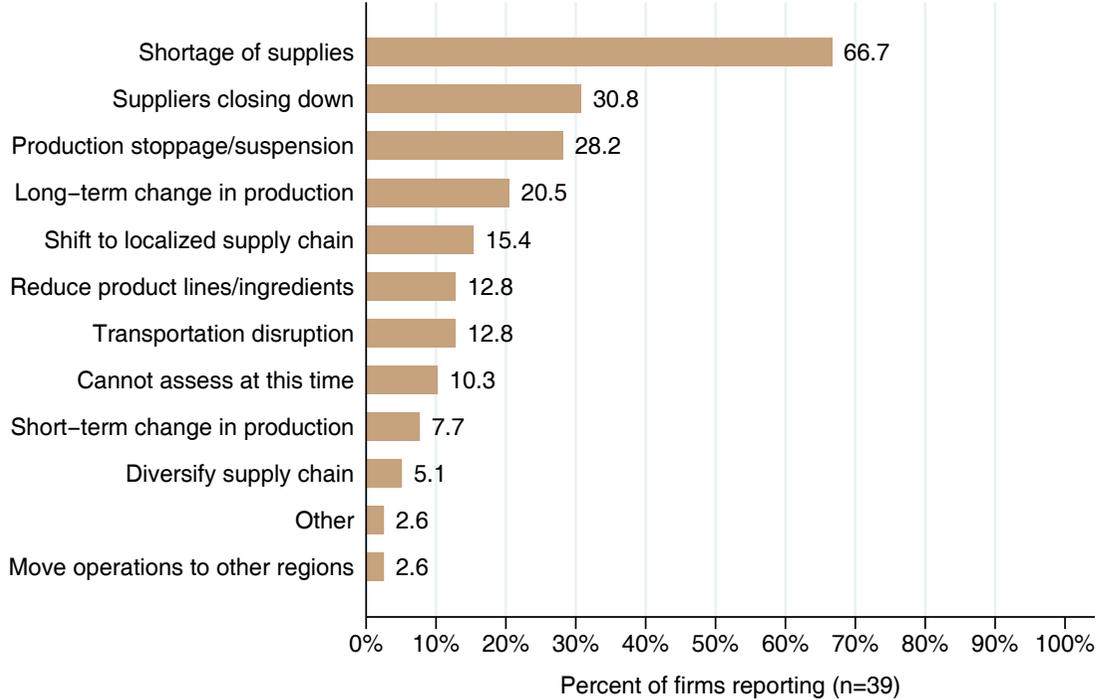




# ANTICIPATED FUTURE IMPACTS OF COVID-19



## Anticipated future impacts on supply chains

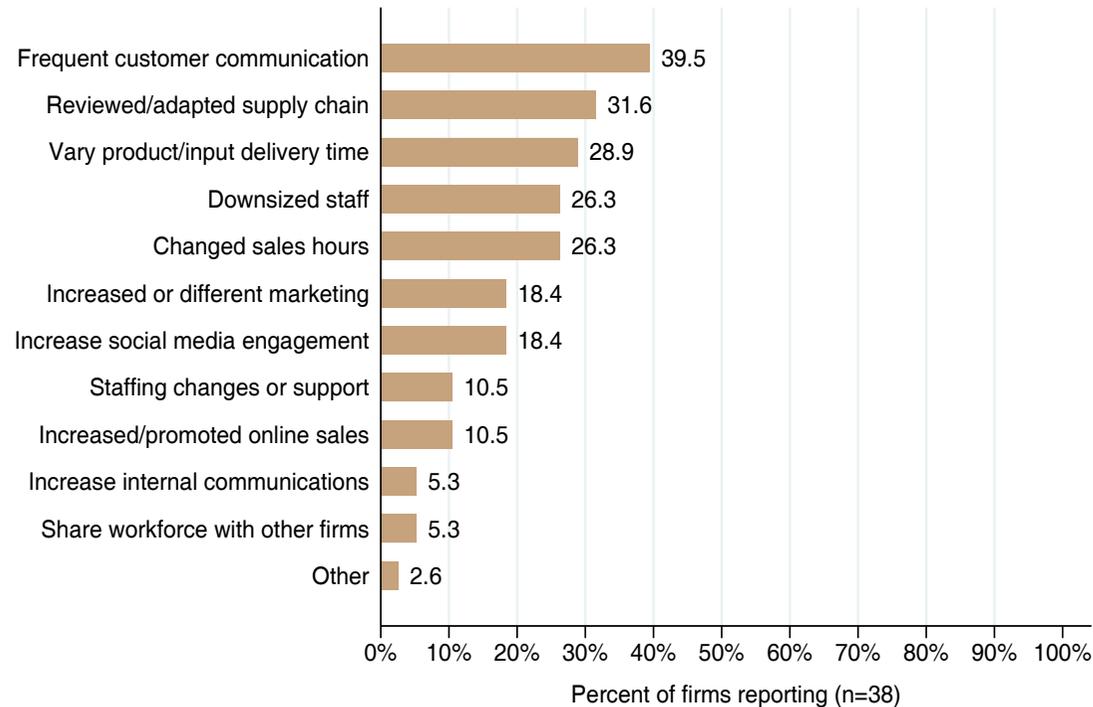


**39 firms (83%) expected impacts of the pandemic on their supply chains in the next 6 months.** The main anticipated impacts cited were shortages of supplies (67%); supplier business closures (31%); and production stoppages (28%). About 21% anticipated a long-term change of their production focus whilst 8% anticipated short-term changes.

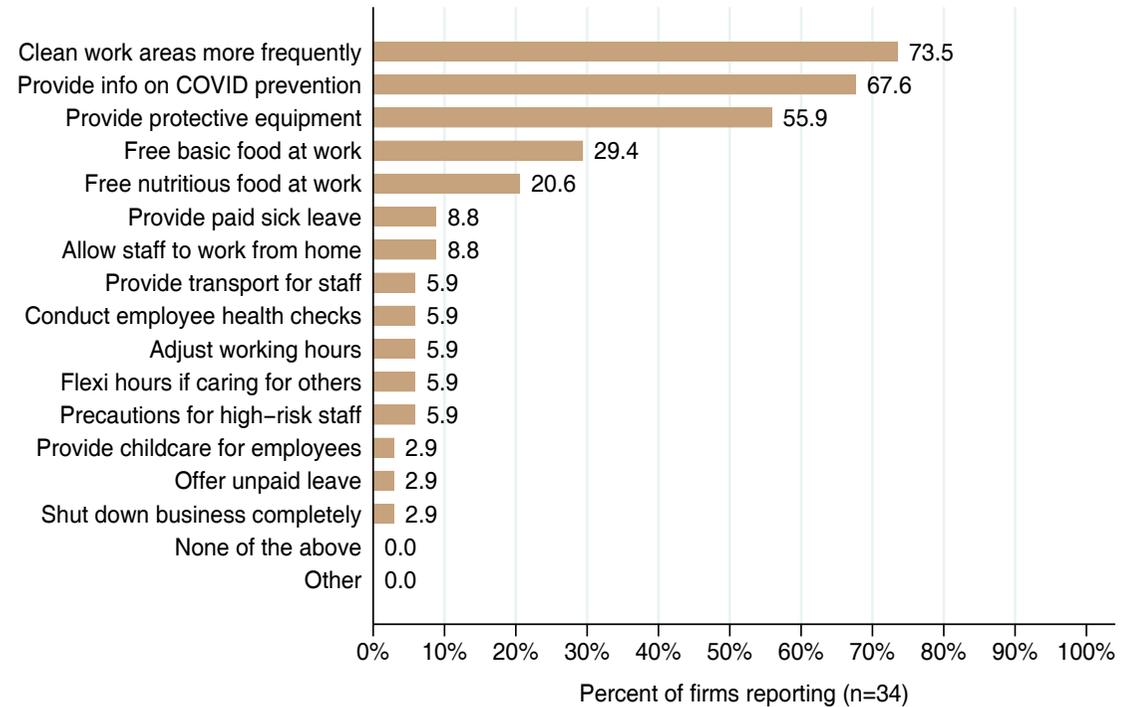
# FIRM ACTIONS TO MITIGATE COVID-19 IMPACTS



## Business impact mitigation actions



## Employee safety and support actions taken

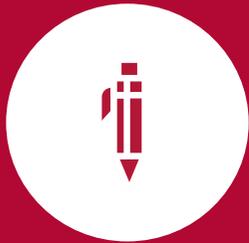


**38 firms (81%) reported taking actions to mitigate the impact of the pandemic on their business. The largest share of responding firms (40%) reported increasing communication with clients and customers.** Other actions included reviewing/adapting supply chains (32%), varying product/input delivery times (29%), downsizing staff (26%), and changing sales hours (26%). Considering employee support, **34 firms (72%) reported taking actions to support employee health and safety.** These actions included cleaning work areas more frequently (74%) and providing information on prevention of COVID-19 transmission (66%) or personal protective equipment (56%).

# OPPORTUNITIES

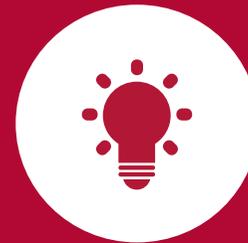


About 28% of respondents noted wanting to explore new business areas as a result of the pandemic. Those commonly named included:



## **NEW BUSINESS STRATEGIES**

Firms are looking to optimise their supply chain by exploring upstream, midstream and downstream investments. In particular, many respondents wanted to increase processing activities and create shelf-stable products (e.g., via fermenting or UHT processing).



## **NEW PRODUCT RANGE**

Firms are actively considering how to expand their product portfolios such as producing healthy, safe, or 'immunity-boosting' foods/ supplements and diversifying into the production of medical supplies, or protective equipment.



## **DIGITISING OPERATIONS**

Explore the introduction of online sales, marketing and home delivery services.



## **DIVERSIFYING INTO NEW MARKETS**

Some respondents expressed interest in expanding exports.



## FIRM ACTIONS: GENDER DIFFERENCES



Women-owned firms were **equally likely to take actions to support day-to-day business and operational continuity during the coronavirus pandemic**, with similar actions reported aside from women-owned firms being significantly more likely to adapt supply chain for business continuity (e.g., using alternative suppliers or new distribution methods; 58.3% vs 19.2%,  $p=0.03$ ).

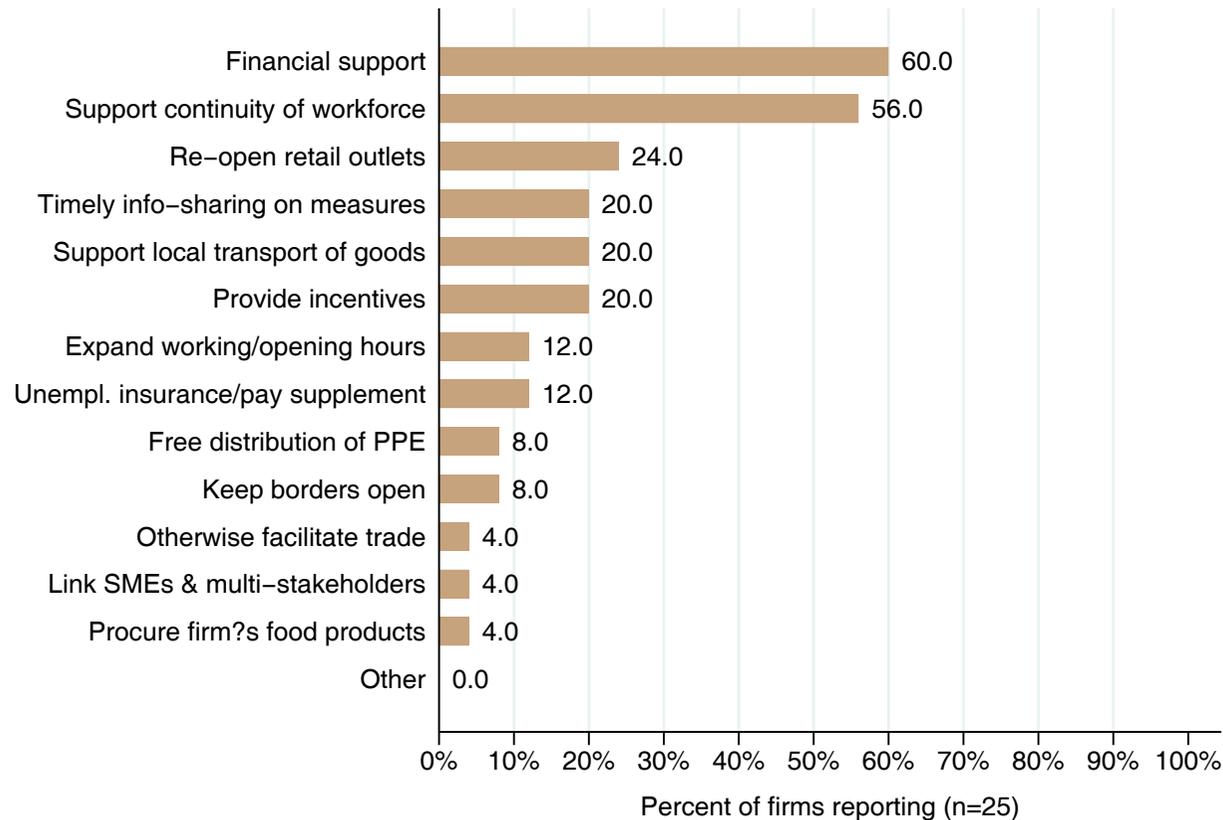
In addition, women-owned firms offered similar reports on taking extra precautions to support employee health and safety of staff during the coronavirus pandemic.

Women-owned firms were **equally likely to be interested in exploring new business areas as a result of the pandemic**.

# GOVERNMENT SUPPORT ENACTED



## Government actions enacted



**53% of respondents reported that the government had taken actions to support businesses.** The main actions cited were providing financial support, supporting workforce continuity, and reopening retail outlets.

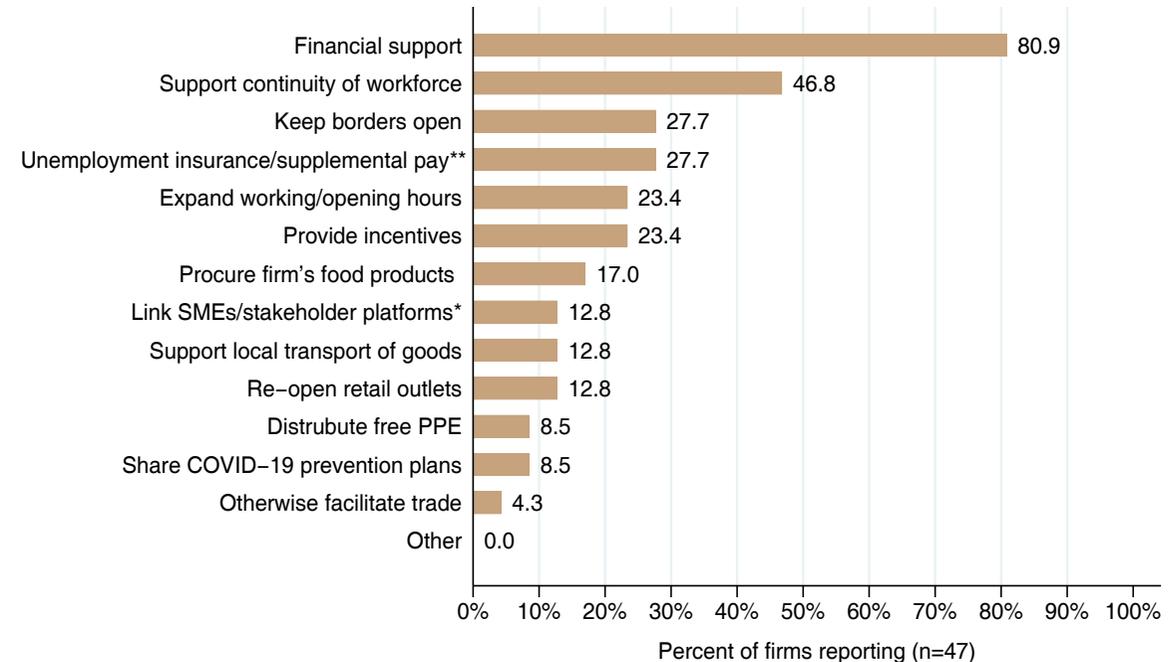
Of these, the most helpful was thought to be the provision of financial support (60%), supporting workforce continuity (56%), reopening retail outlets (24%), timely dissemination of information on COVID-19 prevention measures to be taken (20%), support for local transportation of goods (20%) and providing incentives (20%).



# GOVERNMENT SUPPORT RECOMMENDED



## Government actions recommended

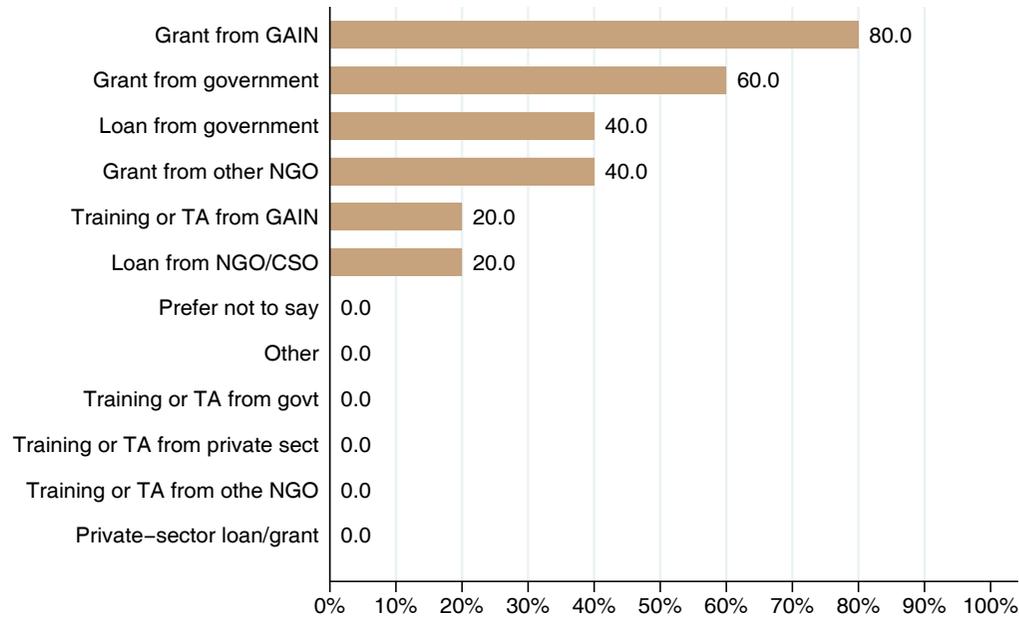


**All respondents felt that additional government actions were needed** to help firms weather the effects of the pandemic. Main recommended actions included financial support (81%), support continuity of workforce (47%), keeping borders open (28%), unemployment insurance (28%), providing incentives (23%), expanding working/opening hours (23%), and procuring the firm's food products (17%).

# SUPPORT RECEIVED



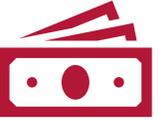
## Public/private sector support received



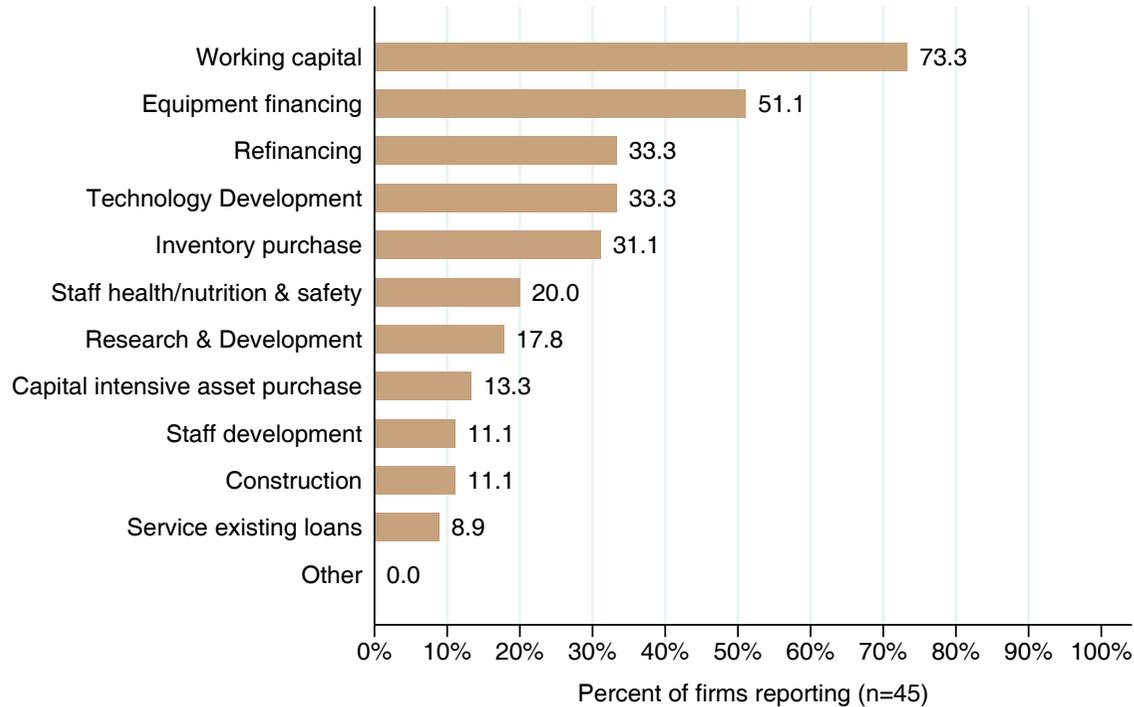
**Only 5 respondents (11%) reported having received some type of support (government, private-sector, or NGO-provided) to cope with the pandemic's effects.** The main types of support cited were grants from GAIN (80%; likely high due to the sample being drawn from a GAIN-led network), grants from other NGOs (40%) and government (60%). Firms also reported receiving training or technical assistance from GAIN (20%), in addition to loans from the government (20%). None of the respondents received technical support from other NGOs, government, or the private sector.



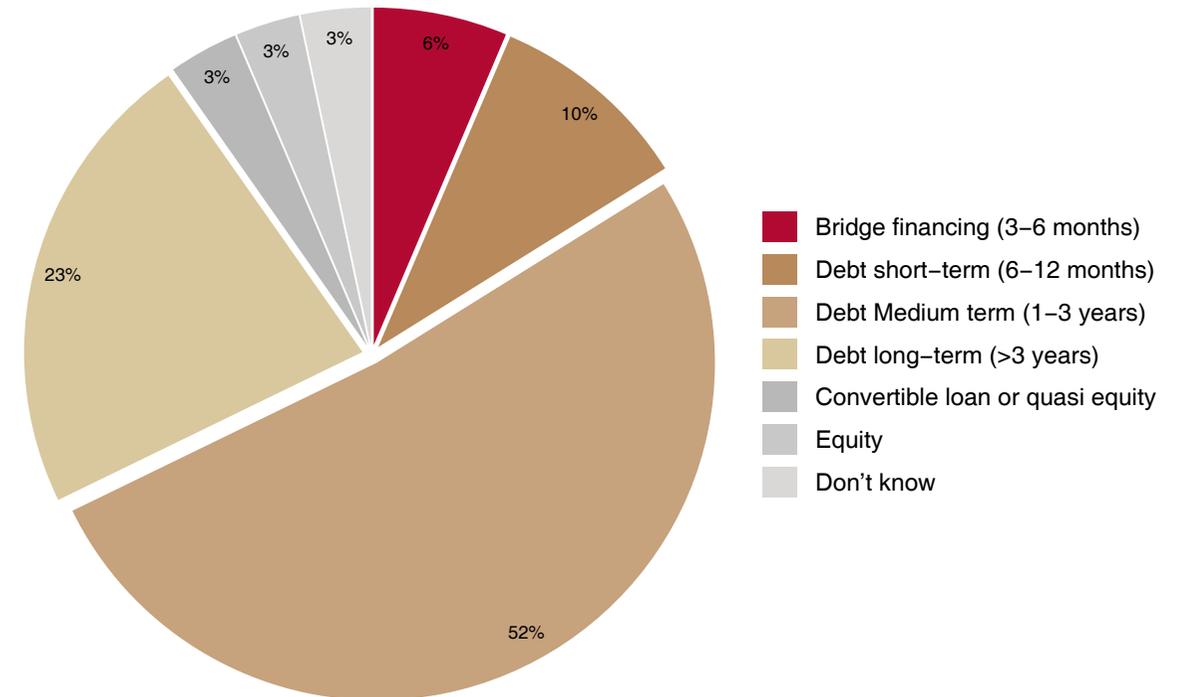
# FINANCIAL SUPPORT REQUESTED



## Uses of financing preferred



## Type of financing preferred (n=33)

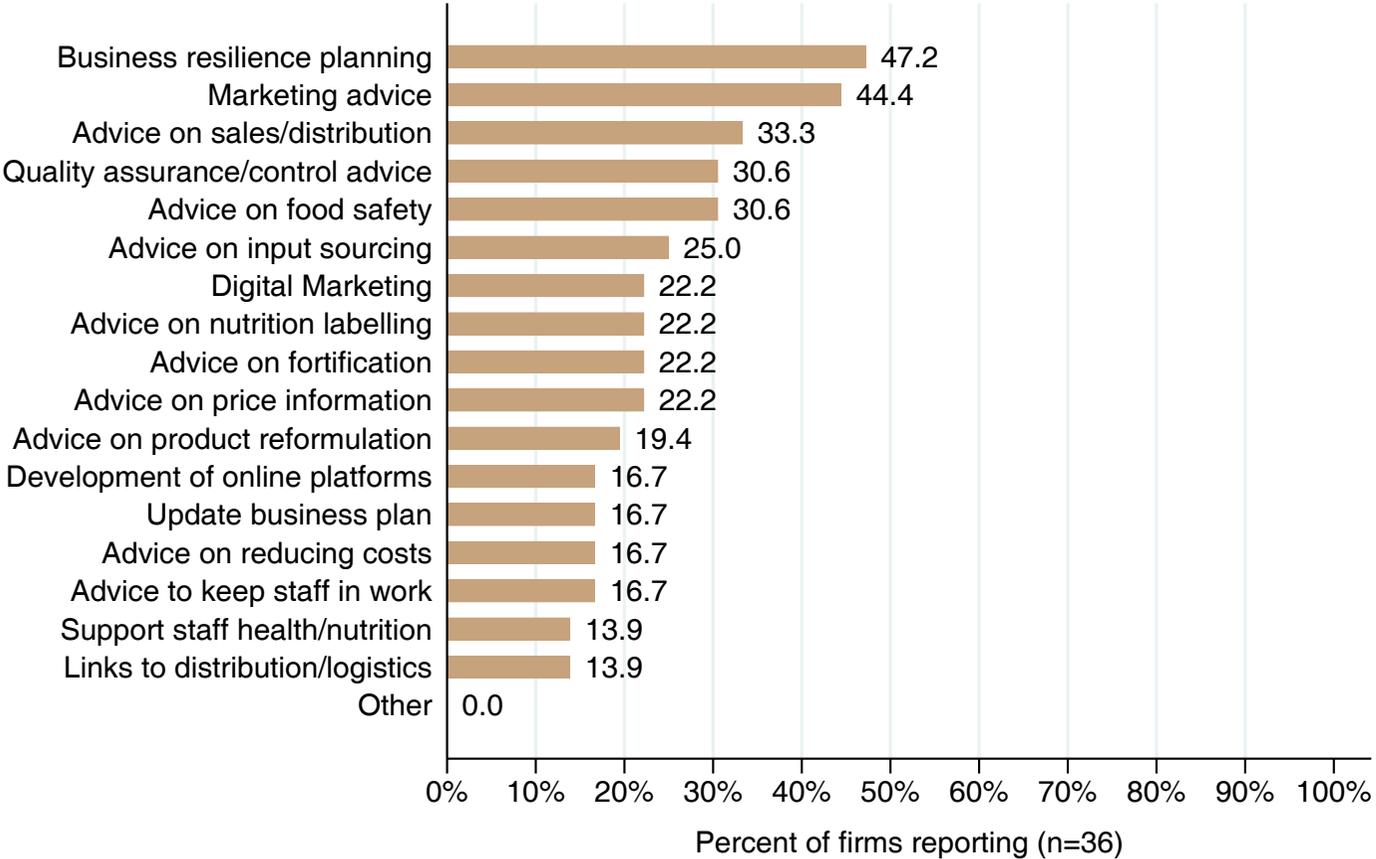


**45 respondents (96%) reported urgently needing financial assistance** to cope with the effects of the pandemic on their business; most required **less than USD 50,000 (47%)**. Main uses of such financing included working capital (73%), equipment financing (51%), refinancing (33%), technology development (33%), and inventory purchase (31%). Preferred financing types were medium- and long-term debt.

# TECHNICAL SUPPORT REQUESTED



## Technical assistance needs



**36 respondents (77%) reported urgently needing technical assistance** to cope with the effects of the pandemic on their business. Of these businesses, 47% sought advice on business resilience planning, 44% on marketing, and 33% on sales/distribution. On improving the nutritional value of products, 22% of firms needed advice on fortification and 19% on product reformulation.



## SUPPORT: GENDER DIFFERENCES



Women-owned firms offered similar reports to men-owned/co-owned firms on actions taken by government, which actions they found to be helpful and additional **support still needed**.

There were **no gender differences in the share of firms reporting receiving government, private-sector, or NGO-provided support to cope with the pandemic**.

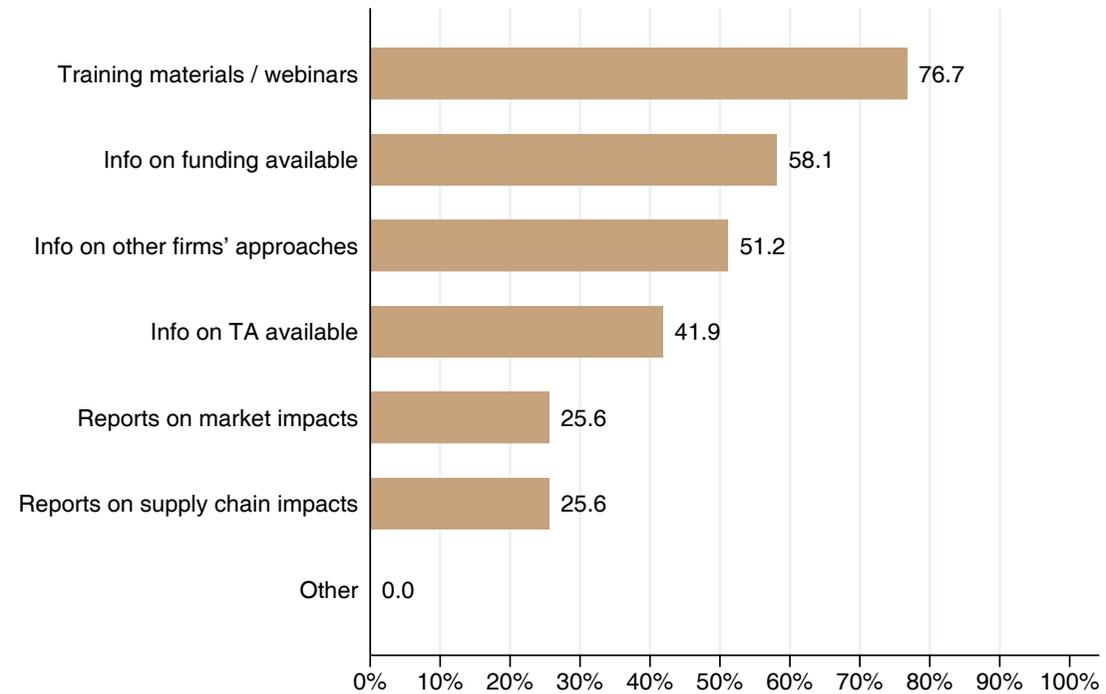
**In terms of future support, women-owned firms were equally likely as men-owned/co-owned firms to report needing financial and technical assistance** including the type and modality of this support.



# RESOURCE CENTRE



## Resource centre preferences



**About 91% of respondents felt that an online resource centre, specifically for food system SMEs, would be useful to them.** Considering such a resource centre, the most useful resources cited for it to house were training materials and webinars (77%), information on available funding (58%), information on other firms' approaches to adapting to COVID-19 (51%) and information on available technical assistance (42%).

# CONCLUSIONS



This rapid assessment has shown that:

- 1** Although firms are still facing significant challenges related to control measures, the impacts of the pandemic on firms have generally lessened since May 2020.
- 2** Firms have reported specific support to mitigate the effects of the pandemic from public and private sector actors as well as international organisations.
- 3** Firms also generally anticipated continued disruption to their supply chains going forward, particularly in terms of supply shortages.
- 4** To weather the effects, many firms have proactively put in place new approaches and models such as online trade and home delivery to reach their market. Online delivery firms such as Vuba Vuba , Rush Foods, Park&Pick, Murukali.com have been providing delivery services to businesses, especially for groceries and ready-to-eat food.
- 5** As the pandemic continues, and eventually looking to its end, it will be important to mitigate its impacts and facilitate these opportunities, in order to support the ongoing supply of safe and nutritious foods for consumers and stronger, more resilient businesses over time.
- 6** Many firms are constrained in their importation of raw materials (particularly inputs mostly) because they cannot travel freely. Restriction and cessation of movement in and out of Kigali City restricts farmers and firms from accessing inputs.

# RECOMMENDATIONS



Based on these conclusions, we make the following recommendations:

1

It is essential for the government and development partners to review their financial and technical support to SMEs to ensure the continuous availability, affordability and safety of nutritious foods today and post pandemic. For example, the Ministry of Commerce could advocate for tax reduction and facilitate SMEs access to financing by revising the requirements for its Business Development Fund.

2

Particularly important is communicating clearly on any future pandemic mitigation actions to be taken in a timely way, so that firms can be prepared and adapt.

3

It will also be important to partner with local financial services providers to ensure that firms can build back better by providing a comprehensive package of financial support for SMEs, including short-term, low-interest bridge loans to meet immediate needs and adapt businesses in the longer term.

4

An enabling environment for facilitating change in the market is also needed for the future, as the pandemic will leave many agri-food SMEs in a challenging situation and some will likely need to diversify their businesses and their revenue streams.



# CAVEATS



1

This survey, a rapid assessment, is subject to certain biases: opt-in response bias, imperfect representativity (especially of smaller, less internet-savvy firms) within the networks studied; imperfect representativity of the network itself (especially of firms producing less-nutritious foods); and potential misinterpretation of questions, given the online survey mechanism.

2

Certain provinces are also over-represented in the responses, due to the greater presence of the surveyed networks in those provinces.

3

The situation is also likely to change rapidly; the information presented here can only be considered a snapshot in time.

# Acknowledgements

We would like to express our deep sense of gratitude to all small and medium-sized enterprises for their role in shaping food systems in Rwanda during this challenging time and for their valuable contributions to the survey. We also thank GAIN staff in Rwanda for mobilizing SMEs to participate in the survey.

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