Promoting SME competitiveness in Rwanda: 
Integrating ICT into logistics services

Logistics service providers and users in Rwanda rely considerably on internet access, and information and communications technology (ICT). SMEs perceive the quality of logistics services to be relatively high, according to an ITC survey of 29 firms. They also look favourably upon disruptors such as motorbike delivery and crowd logistics, and many report planning to invest in collaborative logistics such as crowd sourcing.

Recognizing these trends, Rwanda is not only encouraging innovation in logistics services, but is also becoming one of the first countries to regulate these new technologies.

In 2018, ITC carried out an SME Competitiveness Survey to assess the quality of ‘last mile delivery’ in Rwanda, with a focus on three areas – infrastructure, logistics services, and e-commerce. Last mile logistics is essential for Rwanda, a landlocked country that relies primarily on roads for transporting goods and services within and across its borders. Two-thirds of responding firms found local transport infrastructure to be good or excellent. While the majority rated the quality of internet connection to be high, opening the door to more innovative solutions, its costs remain burdensome for firms.

Logistics service providers reach out to clients primarily through ICT

The majority of the logistics firms reached their clients through ICT channels rather than brick-and-mortar sites. Telephone calls had the highest share in overall channel use, followed by websites (e-commerce, social media) and mobile internet.

The popularity of telephone calls might be related to the growing mobile network in Rwanda. By the end of 2017, the share of active mobile telephone subscriptions in Rwanda was 75.5% while internet users were only around 30% of the population, according to Rwanda Utilities Regulatory Authority. Nonetheless, affordable internet is important. More than 90% of surveyed firms considered their internet connection to be very costly. This may hinder further spread of internet. For SMEs, costly internet services raise the price of the goods and services they provide. Affordable internet connection, therefore, would allow SMEs to stay connected, conduct business more efficiently and reach foreign markets better.

Channels through which logistics service providers reach SMEs

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<thead>
<tr>
<th></th>
<th>Telephone calls</th>
<th>Website</th>
<th>Mobile internet</th>
<th>Other</th>
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<tbody>
<tr>
<td></td>
<td>42%</td>
<td>28%</td>
<td>18%</td>
<td>4%</td>
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ITC SME Competitiveness Benchmarking

ITC has developed an SME Competitiveness Benchmarking survey allowing countries to assess the health of their enterprises by identifying their strengths and weaknesses. To meet this objective, the survey captures a wide range of factors which determine firm competitiveness:

www.intracen.org/SMEBenchmarking.