UGANDA EMERGES AS KEY PLAYER IN EXPANDING DIGITAL TRADE ECONOMY

EAC DIGITAL TRADE GROWS TO $11B

By Aloysious Kasoma

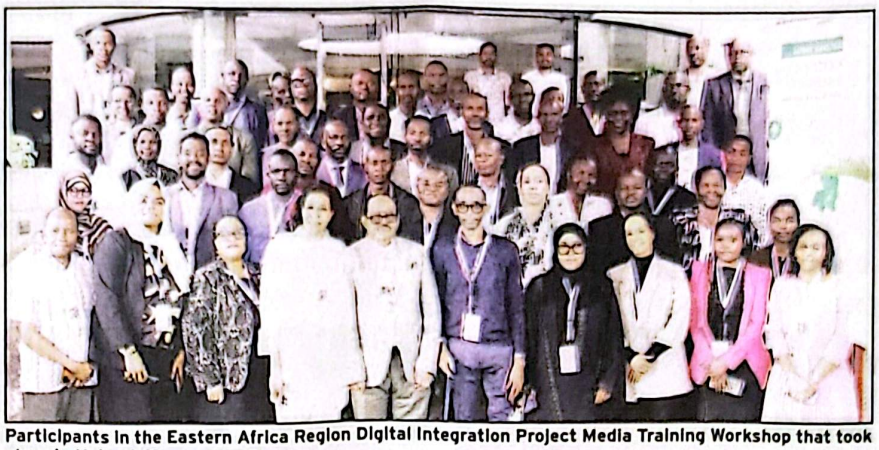
The presentation on the Eastern Africa Regional Digital Integration Project (EARDIP) by the East African Community (EAC) and the Intergovernmental Authority on Development last week in a regional discourse in Nairobi paints a detailed picture of how Uganda and the wider East African region are positioning themselves within the fast-growing global digital economy.

For Uganda, the report by Sammy Mulanga, an e-commerce expert at the EAC, highlighted both major progress and significant challenges as the country seeks to become a stronger player in regional e-commerce and digital trade.

According to the EARDIP presentation, Uganda recorded digitally delivered service exports worth $285m in 2024, while imports stood at $1.108b, giving the country a total digital trade value of $1.393b.

These figures place Uganda among the leading digital economies in the East African region, behind Kenya, but ahead of several neighbouring countries.

However, the large gap between exports and imports also reveals Uganda's growing dependence on imported digital services, showing that the country remains more of a consumer than a producer of digital products and services.



Participants in the Eastern Africa Region Digital Integration Project Media Training Workshop that took place in Nairobi, Kenya recently

UGANDA'S DIGITAL GROWTH

Uganda's growing digital economy is being driven by increased internet penetration, rapid fintech growth, mobile money adoption and investments in Information and Communications Technology (ICT) infrastructure. The Government says it has also intensified efforts to align digital transformation with the country's broader socio-economic development agenda.

One of the major policy frameworks supporting this transition is Uganda's Digital Transformation Roadmap, launched on August 17, 2023, by the Ministry of ICT and National Guidance with support from the United Nations Development Programme. The roadmap targets an ambitious 90% digital literacy rate and nationwide broadband coverage by 2040.

According to Dr Aminah Zawedde, the Permanent Secretary at the Ministry of ICT and National Guidance, the framework is aligned with the Public Finance Management Act 2015, the Fourth National Development Plan (NDP IV), the Ten-Fold Growth Strategy, the 2026/27 Budget Strategy, and the Digital Uganda Vision 2040. This demonstrates government's intention to integrate digital transformation into Uganda's long-term economic development strategy. The report also shows that Uganda's digital infrastructure has expanded rapidly in recent years.

According to the Uganda Communications Commission (UCC) data shared during the discussions, national fibre capacity increased from 28,353km in 2021 to more than 62,900km in 2025. Mobile subscriptions rose to 57.3 million, while mobile internet users reached 18.5 million. Fixed internet connections have also continued to grow, especially among businesses.

Uganda's digital payments ecosystem is equally expanding. The country now has more than 35 million active mobile money users, with transaction values approaching sh70 trillion annually.

This growth has created a strong foundation for e-commerce and digital trade, particularly through social commerce platforms, such as WhatsApp, TikTok, Facebook, Instagram and YouTube.

According to Ibrahim Bbosa, the Head of Public and International Relations at UCC, Uganda's digital economy has shifted from basic connectivity toward enabling real digital transactions and participation in regional digital trade. He noted that interoperability between regional systems will be critical in supporting seamless transactions with markets, such as Kenya and Rwanda.

KEY BARRIERS IN UGANDA

Despite this progress, Uganda's private sector continues to raise concerns about barriers slowing digital adoption.

Thaddeus Musoke, the president of the National Entrepreneurs and Traders Association, warned that high smartphone taxes and expensive internet costs are limiting participation in the country's emerging e-commerce economy.

"What Uganda needs to do first is to reduce taxes on smartphones. The taxes are unbearable, especially for entry-level devices used by the youth," Musoke said.

Digital policy experts have also warned that taxation and regulatory fragmentation may undermine Uganda's digital ambitions.

"Reverse taxation has quietly undermined the growth of digital marketplaces in Uganda because it shifts the burden of compliance and cost onto platforms and consumers," said Nkurunungi Gideon, the Executive Secretary of the CIO-CxO Digital Leadership Forum.

He believes Uganda should instead focus on tax incentives, reduced transaction levies and infrastructure support to allow digital platforms to scale organically before introducing heavy taxation.

SMES AND E-COMMERCE

According to Johnson Tumusiime, the Manager of Governance and Risk at the National Information Technology Authority — Uganda (NITA-U), the cyber security framework is intended to ensure that Small and Medium Enterprises (SMEs) are fully integrated into the national cyber security ecosystem.

The EARDIP report reveals that Eastern Africa's digital economy is expanding rapidly, largely driven by mobile money adoption. By 2023, the region had more than 294 million registered mobile money users and nearly 100% SIM penetration, positioning Eastern Africa among the world leaders in digital financial inclusion.

To address these challenges, EARDIP is focusing on harmonising regional digital trade frameworks under the African Continental Free Trade Area Protocol on Digital Trade.

REGIONAL PERFORMANCE

The Eastern Africa Regional Digital Integration Project report provided detailed country-by-country figures showing performance in digitally delivered services:

- **Kenya remains the region's digital leader, recording digital exports worth $1.804b and imports worth $2.173b, giving it total digital trade of $3.977b. Kenya's dominance is supported by its advanced fintech ecosystem, innovation hubs, strong digital infrastructure and the global success of mobile money platforms, such as M-Pesa.**
- **Tanzania recorded digital exports worth $472m and imports worth $629m, resulting in total digital trade worth $1.101b. Tanzania's growth is being driven by investments in digital infrastructure, e-government services and expanding internet connectivity.**
- **Rwanda registered exports worth $77m and imports worth $86m, bringing its total digital trade to $163m. Although smaller in size, Rwanda continues to position itself as one of Africa's most reform-oriented digital economies through strong ICT policies and innovation-driven governance.**
- **South Sudan recorded digital exports worth $100m and imports worth $91m, producing total digital trade worth $191m. Interestingly, South Sudan recorded a positive trade balance in digitally delivered services, despite facing serious infrastructure and connectivity challenges.**
- **Burundi posted digital exports worth $47m and imports worth $55m, resulting in total digital trade worth $102m. Burundi remains one of the smaller digital economies in the region due to infrastructure and connectivity limitations.**
- **Somalia recorded no exports in digitally delivered services but imported services worth $1.037b. The figures highlight Somalia's heavy reliance on imported digital services despite recent improvements in telecommunications.**
- **The Democratic Republic of the Congo recorded digital exports worth just $4m but imports worth $3.124b, giving it total digital trade worth $3.128b. This represents one of the region's largest digital trade imbalances, reflecting weak local digital production capacity.**

OVERALL

EAST AFRICA'S DIGITALLY-DELIVERED SERVICES:

EXPORTS	$2.789B
IMPORTS	$8.303B
TOTAL TRADE	$11.092B

FOREX RATES

CURRENCY	BUY	SELL
US DOLLAR	3,735	3,769
EURO	4,350	4,500
POUND	5,030	5,200
KENYA SH	28.5	30.0
TZ SH	1.4	1.57
DHIRAM	980	1,100
S.A.RAND	225	290
JAPANESE YEN	18	35
RWANDESE FRANCS	2.0	4.0
DOLLAR OLDER & SMALLER	3,500	3,768

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