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CENTRE FOR LAW, POLICY, AND INNOVATION INITIATIVE

OUTLOOK ON DIGITAL TRADE IN UGANDA – A BRIEF

Introduction

Digital trade in Uganda is steadily expanding, driven by increasing internet penetration and the widespread adoption of mobile money, which provides an accessible and trusted payment infrastructure. These enablers have supported the growth of diverse digital business models, including B2C marketplaces such as Jumia, social commerce through platforms like TikTok, Instagram and WhatsApp, and digital services such as ride-hailing and food delivery offered by Safeboda, Glovo, Faras and Uber.

Uganda has made progress in regulating key aspects of digital trade, including data protection, digital payments, online consumer protection, and intellectual property. Regionally, opportunities arise from the AfCFTA Digital Trade Protocol, which seeks to create a continental digital single market, and the AU Data Protection Framework, aimed at harmonising data governance across Africa. However, digital trade faces threats such as digital services taxes and the growth in digital fraud and hacking. These are accompanied by persistent challenges that include infrastructure limitations, lack of postcodes, high operating costs, limited digital literacy, and low smartphone and internet penetration.

Key Players and Business Models

Core Government Entities:

- Ministry of ICT and National Guidance
- Ministry of Finance, Planning and Economic Development
- Ministry of Works and Transport
- Uganda Communications Commission (UCC)
- National Information Technology Authority

Business Models and Players

- **E-commerce and Delivery Services:** Jumia, Glovo, Jiji, Kikuubo are leading online B2C marketplaces for goods, shopping, food and delivery services.
- **Health and Telemedicine**: Rocket Health is a digital health provider for consultations, medicine delivery and health services.
- **Ride-Hailing and Transport:** Safeboda, Faras, Bolt and Uber offer ride-hailing (boda-bodas and taxis) and expanding into e-commerce/delivery with rider networks.

Policy and Regulation

Sphere	Status
E-commerce platforms	Not directly regulated. Content is moderated, and couriers are regulated by the Uganda Communications Commission (UCC)
Data Protection	Regulated by the Data Protection and Privacy Act & Regulations. Enforced by the Personal Data Protection Office (PDPO)
Digital Payments	Regulated through the National Payments Systems Act and Regulations. Enforced by the Bank of Uganda.
Consumer Protection	Online transactions are subject to the Electronic Transactions Act, which provides consumers with rights such as the right to cancel transactions and mandates that suppliers provide clear terms and conditions.
Intellectual Property	Protected and registrable, including copyright and trademarks.

Opportunities

- The Africa Free Trade Continental Area (AfFTCA) Digital Trade Protocol outlines the legal and institutional architecture needed to create a secure, harmonious, and inclusive African digital single market.
- The African Union (AU) Data Policy Framework presents the opportunity to harmonise Africa's data protection frameworks, laying the groundwork for seamless cross-border data flows.
- Rising internet penetration is leading to an expansion of the consumer base.
- The growth of digital payments and Fintech.
- The rise in Fintech market Innovations, for example, credit scoring, micro-lending, and cross-border remittances, are increasing electronic transaction reliability.

Threats

- The introduction of a unilateral Digital Services Tax on foreign digital service providers has increased product costs for consumers and compliance costs for businesses.
- Weak cybersecurity mechanisms have increased the risk of fraud and hacking, especially for digital financial services.
- Lack of clear legal frameworks to guide the private sector on how to integrate their systems with public digital registries, complicating processes such as KYC.

Challenges

- Lack of postal codes to determine the precise location of customers.
- Inadequate digital infrastructure in rural areas, with connectivity concentrated in urban areas.
- The unaffordability of internet services and devices.
- Low levels of digital literacy, inhibiting SMEs and individuals from leveraging e-commerce platforms
- Low smartphone penetration
- Regulatory gaps in harmonising digital trade laws, data protection, and consumer protection laws.
- Slow market penetration, as many consumers prefer cash on delivery.

Further Reading:

Policy Paper On Uganda's Digital Economy: An Overview of Uganda's Digital Trade, Technology, Telecommunications and Media Sectors, KTA Advocates. (Available here).

For feedback, partnerships, or further information, please feel free to contact us at partners@ktaadvocates.com.

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