Intergovernmental Group of Experts on E-commerce and the Digital Economy

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Contribution by

Uganda

STATEMENT OF THE REPUBLIC OF UGANDA

Delivered by Chris Matsiko, 07 May 2024

Thank you, facilitator, for giving me the floor, and I join others in thanking you for steering the discussions. We also thank other delegations for sharing their experiences and thoughts.

Uganda aligns herself with the statements of the Africa group, G77 & China and the LDC Group.

E-commerce is a growing component of Uganda's economy and has been factored in government's efforts response to the pandemic's economic fallout, including through working with mobile phone operators to reduce fees for digital services and offering complementary internet data packages to consumers to help facilitate cashless transactions.

This growth of E-Commerce is largely due to the widespread use of telephone-based financial transfers or 'mobile money' and the rapid growth of mobile phone usage. Uganda's demographic structure is also stimulating demand for digital development, with approximately 44 per cent of Uganda's 48 million Ugandans falling within the 0-14-year-old age group.

UNCTAD at the request of Uganda, conducted an *e-trade readiness assessment*. e-trade readiness in Uganda was assessed based on the eTrade for all initiative. This was conducted in 2018 and addressed seven relevant policy areas:

- E-commerce readiness assessment and strategy formulation

- ICT infrastructure and services

- Trade logistics and trade facilitation

- Payment solutions

- Legal and regulatory frameworks

- E-commerce skills development

- Access to financing

Status of implementation of the recommendations of the assessment;

➢ **Strategy formulation;** Government has partnered with UNDP on matters of e-Commerce Policy and Strategy formulation. For instance, the development of the National e-Commerce strategy for Uganda is ongoing with financial support from UNDP. We are mid-way of the process.

➢ **ICT infrastructure and services;**

We have extensive fiber network, spanning aerial, underground, and self-supporting installations, covering over 1,775.2 kilometers across Uganda.

A Tier III National Data center and a Disaster Recovery Site (cloud based) established. Currently, the data center hosts over 230 Government applications including some for Private sector innovators.

A Data and Application Integration Platform named UG-Hub established to facilitate data sharing between Government Ministries, Departments and Agencies (MDAs) and the private sector. As at 28th February 2023, 106 entities i.e. 58 private and 48 public entities had been fully on boarded onto the UG-Hub. This is

expected to unlock the potential of data to facilitate e-Commerce in Uganda.

Establishment of 526 free Wi-Fi hotspots across the country to simplify access to online services including e-Commerce by the general public. Uncoordinated deployment of ICT infrastructure remains a challenge, including lack of an interoperability framework for system integration.

➢ **Trade logistics and trade facilitation;** Efforts have been made to strengthen last-mile delivery in the national postal service network. Uganda Post Limited (UPL) with over 300 branches countrywide, has increased its delivery fleet and services for home delivery service, and the Government is in the process of providing each household with a formal postal code. Despite these improvements to the national postal service, a large portion of goods-based e-commerce is being delivered by express couriers or by third parties. Taxis services such as Uber Uganda, Friendship Taxi, SafeBoda and Quick Taxi already provide some transport logistics for e-commerce, and private couriers such as DHL Express, Yellow Pages Express and CourieMate Uganda also form an important part of the delivery logistics market. Bottlenecks remain in implementing the Trade Facilitation Agreement Articles on expedited shipments and electronic payments. The absence of insurance companies providing services in this area increases the risk of e-commerce transactions.

Trademark Africa (TMEA) has been financing the e-Single Window project aimed at increasing efficiency in Uganda's export and import clearances through automation and

integration of systems of MDAs involved in export and import regulation. This was partly informed by the eT Ready report. There is need to make it easier for the cross-border communities.

- ➤ **Payment solutions;** the main e-commerce payment solutions are cash on delivery and mobile payments. There were nearly 34 million mobile money accounts in 2023. The Uganda mobile money market size reached US$ 104.7 Billion in 2023. Looking forward, expects the market to reach US$ 960.1 Billion by 2032, exhibiting a growth rate of 27.1% during 2024-2032. The agent banking network provides important services, including cash withdrawals and cash deposits, to rural populations that are largely excluded from the formal banking sector.

- ➤ **Legal and regulatory frameworks;** Uganda set up the legal and regulatory framework of e-commerce by enacting the following laws: Access to Information Act, 2005; Establishment of the National IT Authority Act, 2009; Interception of Communications Act, 2010; The Central Bank Financial Consumer Protection Guidelines, 2011; Electronic Transactions Act, 2011; Electronic Signatures Act, 2011; Uganda Communications Act, 2013; National Payment Systems Act, 2020; Computer Misuse Act, 2021. A review of the existing legal framework is needed as trends in digital trade have changed. Again since Uganda is a member of the EAC, there's need to harmonise with the legal framework at the EAC to accelerate cross-border e-commerce.

The main entities within government are involved to some extent in e-commerce, but the general population is not aware and informed

about existing legal and regulatory frameworks that protect consumers. Although some regulations are in place, lack of trust and fear of online transactions remain key challenges. There are several obstacles to establishing an IT or e-commerce business, including lack of information and lack of assistance for entrepreneurs. Popularizing the available legal framework is key, this will boost consumer confidence.

- **e-commerce skills development;** the labor force in Uganda is not adequately equipped with e-commerce knowledge and skills, which are distinct from ICT skills. For example, training on how to manage online content, conduct digital marketing, packaging goods for domestic and international shipment, and achieve compliance with e-commerce platforms and payment providers is limited. The Government has been providing training in e-government service to its employees, however targeted e-commerce training is lacking. Innovation hubs and on-the-job training fill some of the training needs for young entrepreneurs, but the development of specific e-commerce skills such as the operation of a digital business remains a challenge. Efforts to introduce ICT education in Ugandan primary and secondary school curriculum and mainstreaming ICT into teacher education curriculum remain very low. **There is not much that has been done in this area as far as Development Partners are concerned. We highly need their intervention.**

- **Access to financing;** access to financing is critical to establishing and maintaining an e-commerce firm, or to adding an online presence to an existing brick-and-mortar business. Commercial banks are beginning to consider lending to e-commerce firms, but generally do so for large established firms and do not target start-

ups or MSMEs. Although payment aggregation through Mobile Network Operators (MNOs) is very common in Uganda, innovative ways of financing such as crowdfunding or venture capital are not yet developed.

Despite these challenges, potential gains from e-commerce development are well embraced, understood and the Government recognizes the need for urgent reforms to accelerate its growth in the Country. Also, COVID 19 has shown the importance and increased the imperative for e-commerce, necessitating all stakeholders to double efforts to develop the sector.

I thank you!