

A youth using the Internet. Current internet prices remain unaffordable for many Ugandans

WHY INTERNET COST HAS REMAINED EXPENSIVE

By Aloysious Kasoma

Uganda has about 15.2 million internet subscribers, yet nearly 98% of them remain on 3G, while 4G coverage stands at about 82% of the country.

Despite this limited transition to advanced networks, experts say users are paying near-5G prices, driven by high operational and infrastructure costs faced by telecom operators.

The 2025 GSM Digital Nations and Society Index (DNSI) projects that 5G adoption could significantly boost economic productivity across sectors. Low-band 5G alone could contribute nearly

\$3b to Sub-Saharan Africa's economy, while mid-band 5G could generate up to \$13b and add about 0.4% to gross domestic product (GDP) by 2030.

The technology's wide-area coverage is expected to accelerate digital transformation in agriculture and manufacturing through Internet of Things applications such as smart farming, smart factories, smart cities and smart grids.

However, experts stress that these gains depend on an enabling policy and regulatory environment. GSM research indicates that a 10% increase in mobile internet penetration can raise GDP per capita by up to 2.5% in Africa, while mobile

money contributed \$190b or 4.5% of GDP, to Sub-Saharan Africa in 2023.

High internet costs in Uganda persist despite rising demand, reflecting structural infrastructure expenses, limited competition and policy constraints that continue to restrict affordable access. The International Telecommunication Union ranks Uganda 13th in internet penetration in Africa, with analysts warning that high data costs are slowing economic growth.

President Yoweri Museveni recently revealed discussions with Elon Musk on introducing affordable Starlink satellite internet, noting that

government is reviewing taxation and last-mile connectivity bottlenecks that keep prices high.

PRICING UGANDA OUT OF INNOVATION

Experts in Uganda's digital economy have warned that the high cost of internet access is steadily undermining innovation, job creation and the country's broader economic transformation agenda. They argue that unless connectivity becomes more affordable, Uganda risks being locked out of emerging digital opportunities that are reshaping global economies.

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'INTERNET AS ESSENTIAL AS ELECTRICITY, WATER'

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Dr Lawrence Muganga, a Ugandan-Canadian scholar and vice-chancellor of Victoria University, said limited competition, expensive infrastructure and slow adoption of alternative technologies continue to keep internet prices beyond the reach of many citizens.

Using a simple market analogy, Muganga noted that prices often rise when supply is controlled by a few players. He said Uganda's internet market operates more like an oligopoly, where a handful of firms dominate a service that has become a basic necessity rather than a luxury.

"Internet today is as essential as electricity and water. It is no longer optional," Muganga said, adding that modern homes, schools, factories and businesses cannot function effectively without reliable connectivity.

He attributed high data costs to the enormous investments required to deploy fibre-optic infrastructure. Providers must lay cables from coastal landing points into Uganda, erect transmission masts, compensate landowners, pay labour and maintain power supplies for the network. Extending connectivity to remote areas such as Karamoja further inflates costs and can take years before investors recover their capital, expenses that are eventually passed on to consumers.

Muganga warned that current prices remain unaffordable for many Ugandans, excluding millions from digital jobs, online learning and innovation.

He pointed to low-earth-orbit satellite internet, including Starlink, as a potential alternative that could expand access quickly, without heavy ground infrastructure. Greater competition, he argued, would lower prices, improve quality and unlock opportunities for digital entrepreneurship, innovation and inclusive economic growth.

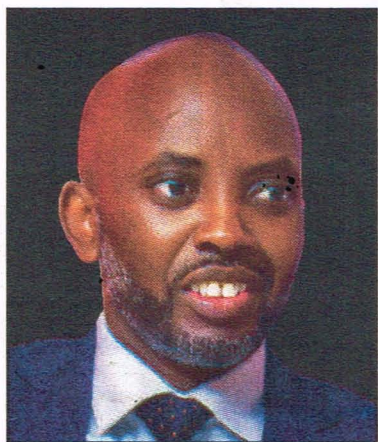
UNFAIR PRICING

According to digital infrastructure expert Gideon Nkurunungi, the high cost of internet in Uganda is driven less by operator pricing decisions and more by the structural realities of building, powering, taxing and protecting digital infrastructure.

Nkurunungi, who is also the chief executive officer (CEO) of the Internet Communication Technology Association of Uganda (ICTAU), said internet prices largely reflect the cost of operating in a complex and expensive environment.

"Internet pricing in Uganda is not simply a commercial decision by service providers. It reflects the real cost of deploying and sustaining infrastructure in a very complex operating environment," he explained.

At the centre of the challenge is the high cost of last-mile infrastructure. Rolling out fibre and access networks requires extensive civil works, including digging roads, erecting poles, relocating utilities, managing traffic and restoring pavements. In many urban areas, the cost of



Lawrence Muganga

reinstating roads alone can exceed the actual cost of laying fibre cables.

The situation is worsened by the absence of clearly defined public infrastructure corridors. Fibre routes and telecom towers often pass through private land, informal settlements or road reserves without standardised access rights. Local authorities frequently lack harmonised licensing frameworks, leading to delays, inconsistent charges and occasional refusals.

"Without clear access frameworks, every kilometre of fibre becomes a negotiation, and every delay adds cost," Nkurunungi noted.

Infrastructure duplication also drives up costs. Weak enforcement of infrastructure sharing means operators often build parallel poles, ducts and masts instead of sharing assets, inflating capital expenditure across the sector. Power reliability is another major burden. Frequent outages and high tariffs force telecom companies to invest heavily in generators, batteries and solar backup systems to maintain network uptime.

Uganda's internet ecosystem is also exposed to foreign exchange risks since most equipment is imported and paid for in foreign currency. Vandalism, theft and heavy taxes further increase operational costs, which Nkurunungi said can account for up to 60-70% of the sector's cost base before services reach consumers.

EXORBITANT CHARGES

Recent research showed that Uganda has the most expensive mobile data in East Africa, and the eighteenth most expensive in Sub-Saharan Africa, a development blamed for slow internet penetration and limited use even for those who are connected.

But despite the not-so-rosy ranking, the Government introduced a 12% tax on internet data, effective July this year, further hiking the cost of online access.

The Government imposed an excise duty of 12% on the net price of internet data. This tax came into effect on July 1, 2021, replacing the former daily Over-The-Top (OTT) or social media tax.

Uganda is a primary example of an African country that has charged and continues to charge various forms of excise duty and levies related to internet use and digital services. Other



Amina Zawedde

ICT STATUS AND IMPLICATIONS FOR UGANDA'S DIGITAL AGENDA

ICT development across Africa remains uneven, with Uganda trailing behind regional and continental leaders. While South Africa, Tunisia and Egypt post ICT Development Index (IDI) scores above 77, Uganda's score of 42.4 reflects limited access, affordability and meaningful use of digital services.

Despite widespread mobile phone ownership, only about 28% of Ugandans have internet access, leaving a large majority offline - particularly in rural and hard-to-reach areas.

This gap poses a direct challenge to Vision 2040, which identifies ICT as a key driver of socio-economic transformation, industrialisation, innovation and efficient service delivery. Low connectivity constrains productivity, digital skills development and private sector growth across education, health, agriculture and trade.

countries like Kenya and Zimbabwe have also implemented various digital taxes.

Recently, Dr Amina Zawedde, the permanent secretary of the Ministry of ICT and National Guidance, said they want Uganda to be an active participant in the global market for ICTs.

She said it's a shame that young people continue to leave the country to do odd jobs in faraway lands yet they have the competencies to develop softwares that are highly sought after internationally.

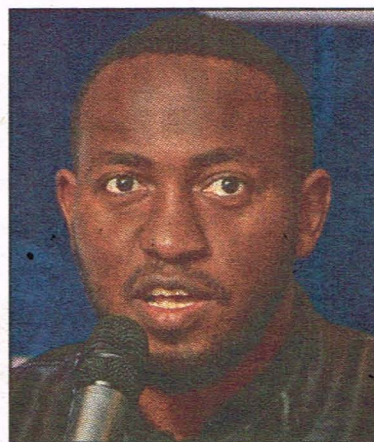
Of the 36 African countries analysed, only seven countries had monthly broadband packages cheaper than \$50. Countries such as Malawi, Nigeria, Ghana, Somalia and the DRC consistently rank among African countries with the cheapest mobile data, often featuring in the top 10 globally for affordability.

The cheapest mobile data is attributed to strong operator competition, infrastructure investment (4G/fiber), regulatory support and large markets, though costs remain high in landlocked or less developed nations due to infrastructure gaps and taxes.

TELECOMS SPEAK OUT

According to David Barungi, the public relations Officer of Airtel Uganda, the average cost of mobile data in Uganda has been steadily declining, a trend he describes as positive for consumers and the wider digital economy.

"The average cost of data has progressively gone down over time, and that is a good thing," Barungi said.



Gideon Nkurunungi

He noted that Airtel has continued to invest heavily in network expansion to support affordability and improved service quality.

"Last year alone, we rolled out more than 200 new 4G sites and over 200 5G sites across major towns," he said, adding that the investments are aimed at increasing capacity, coverage and user experience.

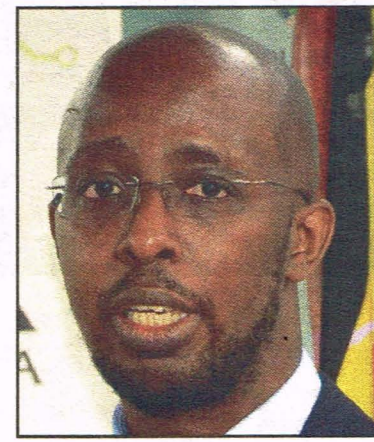
However, Barungi argued that further reductions in data costs will require deliberate policy interventions. He pointed to taxation on terminal devices such as smartphones, laptops and gaming consoles as a key barrier to wider internet adoption.

"Once smartphone penetration increases, the average cost of data will naturally decline," he explained.

Barungi also called for the full digitisation of at least two government services end-to-end.

Speaking on efforts to lower internet costs, Franklin Ocharo, MTN Uganda's general manager for Growth and New Business, emphasised the company's commitment to making broadband more affordable and accessible to Ugandans.

"At MTN Uganda, we believe that everyone deserves access to reliable and high-speed internet, whether they are relaxing or working from home. Our new WakaNet pricing and service enhancements reflect our dedication to providing affordable, top-quality broadband solutions that meet the needs of our customers across the country. This is all part of our broader mission under Ambition 2025, to connect every Ugandan to the benefits of a modern, connected life," Ocharo said.



Hatwib Mugasa

He noted that the revised WakaNet pricing is part of MTN Uganda's broader strategy to drive down internet costs, while expanding connectivity, especially for households and small businesses that rely on stable and affordable internet for work, education and entertainment.

MTN Uganda says it is strengthening its position in the home broadband market by ensuring customers have access to cost-effective, reliable and high-speed internet services, supported by improved customer care and innovative digital solutions aimed at deepening digital inclusion across the country.

Dr Hatwib Mugasa, the executive director of the National Information Technology Authority-Uganda (NITA-U), has highlighted how Phase Five of the National Backbone Infrastructure (NBI) is expanding nationwide connectivity, reducing internet costs and enabling faster, more secure and transparent public service delivery.

He noted that the backbone fibre network is already present in 68 districts, with Phase Five expected to see close to 60,000km of fibre optic cable laid across the country at an accelerated pace.

"Our plan is that within five years, all districts should be 100% connected. This is a superhighway cable traversing the entire country, and government will extend middle-mile and last-mile connections. This will enable users to become more efficient," Mugasa said yesterday at the UBC interview.

Recently, NITA-U announced a further reduction in the price of internet bandwidth for government Ministries, Departments and Agencies to \$35 per Mbps through the National Backbone Infrastructure.

Speaking at the Uganda Media Centre recently, the Minister for ICT and National Guidance, Chris Baryomunsi, said effective August 1, 2023, the price of internet for government had been reduced from \$70 to \$35 per Mbps per month.

"I would like to note that this price reduction means government offices connected to the NBI will consume internet at the lowest price on the market," the minister said.