

# Lower cost of Internet comes with multiple benefits

**THE** transformative power of internet connectivity for Uganda's economy cannot be disputed, but we are squandering a proven engine for economic growth.

Despite having 15.2 million internet subscribers, 98% are confined to outdated 3G, with 4G coverage above 80%.

Data indicates that a 10% rise in mobile internet penetration lifts GDP per capita by 2.5% in Africa, while mobile money already contributed \$190b (4.5% of GDP) to sub-Saharan Africa in 2023.

For Uganda, which is ranked among the world's most entrepreneurial nations, this connectivity gap limits potential in e-commerce, digital jobs and Internet of Things (IoT)-driven sectors like smart agriculture.

The GSM's 2025 projection indicates that low-band 5G alone could inject \$3b (over sh11 trillion) into Africa's economy by 2030, with mid-band adding \$13b.

However, Uganda's internet costs, which are among East Africa's highest, lock out millions from these opportunities.

Numerous benefits come with internet connectivity growth, including faster communication, access to



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information, transfer of research papers, advertising, marketing, easy banking, access to a global audience, more efficient government services, cultural sharing and diversity.

Therefore, internet connectivity is as essential as water or electricity, but remains out of reach for 72% of Ugandans majorly because of structural barriers.

Operational costs consume 60-70% of telecom expenses

before reaching consumers. Limited competition, compounded by data tax and infrastructure duplication because of weak sharing rules, drives prices upwards.

This state of affairs is pricing youth out of global digital opportunities. This is equivalent to economic self-sabotage for a country where innovation could drive Vision 2040.

High Internet costs suffocate Uganda's entrepreneurial spirit, limiting access to online education, digital banking and export markets.

With only 28% internet penetration (versus regional leaders like South Africa at 77+ on the IDI), productivity delays across several sectors are ready for IoT transformation. The solution to this malaise requires shared responsibility through telecoms, accelerating infrastructure sharing to slash duplication costs, while the Government should scrap the data tax and fast-track Starlink integration to bypass terrestrial bottlenecks.

National Information Technology Authority-Uganda (NITA-U)'s expansion of the National Backbone Infrastructure should extend to rural last-mile networks.

Reducing smartphone taxes will also boost device access, naturally lowering data costs through economies of scale.