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# Inclusive Digital Economy Scorecard

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Zanzibar

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304 E 45th Street,  
New York, United States

Email: [info@uncdf.org](mailto:info@uncdf.org)

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## Acknowledgements

The Zanzibar Inclusive Digital Economy Scorecard (IDES) aims to provide an overall score of Zanzibar's digital economy to inform its digital transformation policy endeavors. The Zanzibar IDES assesses the performance of Zanzibar's digital economy in four key areas: policy and regulation, infrastructure, innovation and skills. The IDES serves as a tool for policymakers, innovators, development partners, and other relevant stakeholders invested in the growth of Zanzibar's digital economy.

Appreciation is extended to the Zanzibar Research Centre for Socio-Economic and Policy Analysis (ZRCPE), Zanzibar's Ministry of Infrastructure, Communication and Transport (MoICT), Zanzibar's Planning Commission (ZPC), and the Office of the Chief Government Statistician (OCGS) for their substantial contributions.

The drafting of the report was led by the UNCDF team, which included:

- Kandyl Kotta, Policy and Research Specialist
- Ivana Damjanov, Digital Country Lead, Tanzania
- Edgar Masatu, Innovation Analyst

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# Introduction to the Inclusive Digital Economy Scorecard (IDES) in Zanzibar

Zanzibar has embraced innovation and is looking to build an active start-up ecosystem where local and international start-ups can thrive.

Zanzibar is a semi-autonomous archipelago that is part of the United Republic of Tanzania and is home to approximately 1.8 million people.<sup>1</sup> Zanzibar is looking to stimulate sustainable economic growth, and the digital economy will play a key role in ushering it in. In its Development Vision 2050, Zanzibar states its goal to attain Upper Middle-Income status by the year 2050 through sustainable and inclusive human development<sup>2</sup>. It highlights the creative and digital economy as one of seven priority areas that will facilitate its economic transformation.<sup>2</sup> Similarly, Zanzibar’s Digital Government Strategy (ZDGS) aims to leverage cutting edge digitalization technologies to enhance the delivery of Zanzibar’s government services.<sup>3</sup> Digitalization also maintains a key role in Zanzibar’s Five Year Development Plan 2021 – 2025 (ZADEP), which highlights the creative and digital economy as a key economic segment that the government aims to boost by:

1. Increasing synergies between creative industries and tourism.
2. Supporting and training for human capital development in ICT and entrepreneurship.
3. Commercializing technology focused on innovation for use in government, business and trade.
4. Introducing a school curriculum incorporating ICT and other essential science, technology, and innovation topics at all levels.

Additionally, Zanzibar’s Digital Transformation Policy 2025 seeks to create an enabling policy environment for start-ups to operate on the island.

The Government of Zanzibar, in collaboration with the Zanzibar Research Centre for Socio-Economic and Policy Analysis (ZRCP), requested UNCDF to adapt UNCDF’s Inclusive Digital Economy Scorecard for Zanzibar to identify priority areas for the Digital Transformation Policy 2050 and serve as a baseline for its implementation. The inclusive digital economy scorecard (IDES) is a policy tool developed by UNCDF to help governments set priorities for their country’s digital transformation. It identifies critical market constraints limiting the development of an inclusive digital economy and helps set the right priorities to foster a digital economy that leaves no one behind. Though the IDES

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1 Tanzania National Bureau of Statistics, [Tanzania Zanzibar Census Results](#), 2022

2 Zanzibar Planning Commission, [Zanzibar Development Vision 2050](#), 2020

3 The Revolutionary Government of Zanzibar, Zanzibar Digital Government Strategy 2023 – 2027, 2023

scorecard is typically assessed at the national level, UNCDF leveraged data unique to Zanzibar, where available, to calculate an IDES scorecard for Zanzibar.

The IDES provides an overall score for the development of a digital economy based on the following four vital building blocks of a digital economy (Policy & Regulation, Infrastructure, Innovation and Skills). It also provides a score for the inclusiveness of the digital economy for marginalised population segments (rural population, women, youth, Micro, Small and Medium Enterprises (MSMEs), elderly, people with disabilities). The inclusiveness of the digital economy is primarily measured through a qualitative assessment of the efforts made by the public and the private sector to include specific segments in the expansion of the digital economy.

UNCDF prepared the Zanzibar IDES through extensive collaboration with ZRCP and key ministries in Zanzibar's government. The efforts were kick-started by the Minister of Infrastructure, Communication, and Transport in December 2023. The ministries engaged included Zanzibar's Ministry of Infrastructure, Communication and Transport (MoICT), Zanzibar's Planning Commission (ZPC), the Office of the Chief Government Statistician (OCGS), and other relevant government partners. The ministries and government partners provided vital statistics about Zanzibar's current digital economy and relevant data proxies from Tanzania's national statistics. The Zanzibar IDES was presented to the government in May 2024 during the Digital Transformation Policy validation workshop led by ZRCP.

This brief provides an overview of the development and inclusivity of Zanzibar's digital economy in 2023, and Figure 1 shares an overview of the IDES scorecard.

Figure 1: Overview of the Inclusive Digital Economy (IDES) scorecard

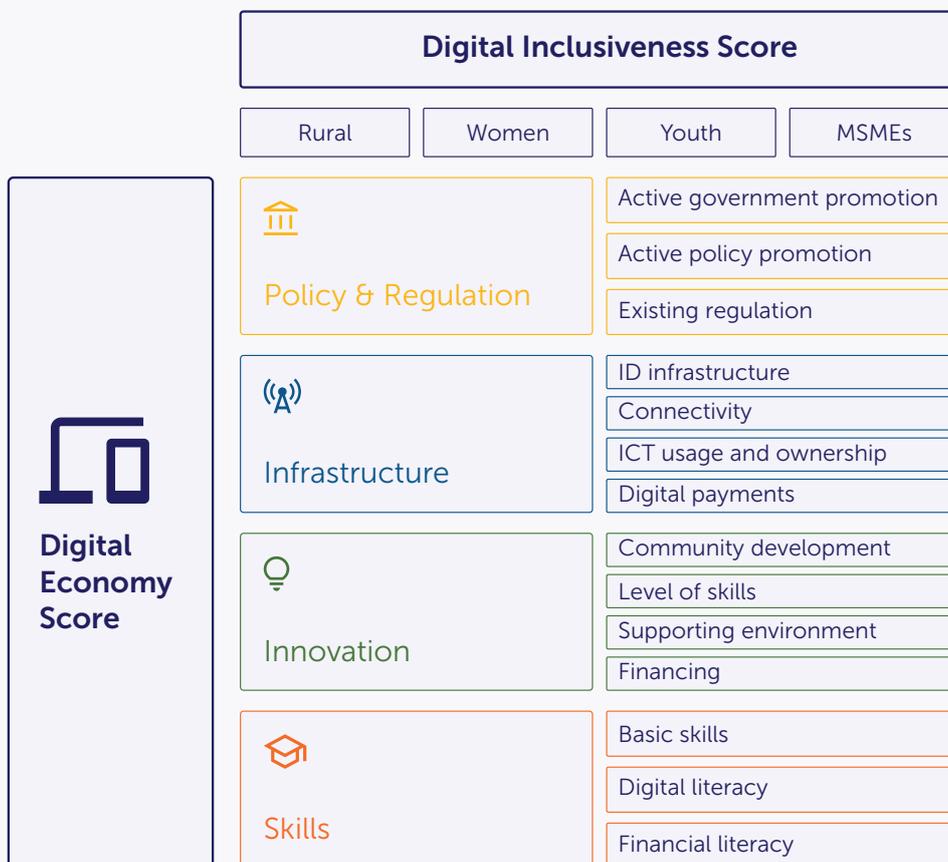
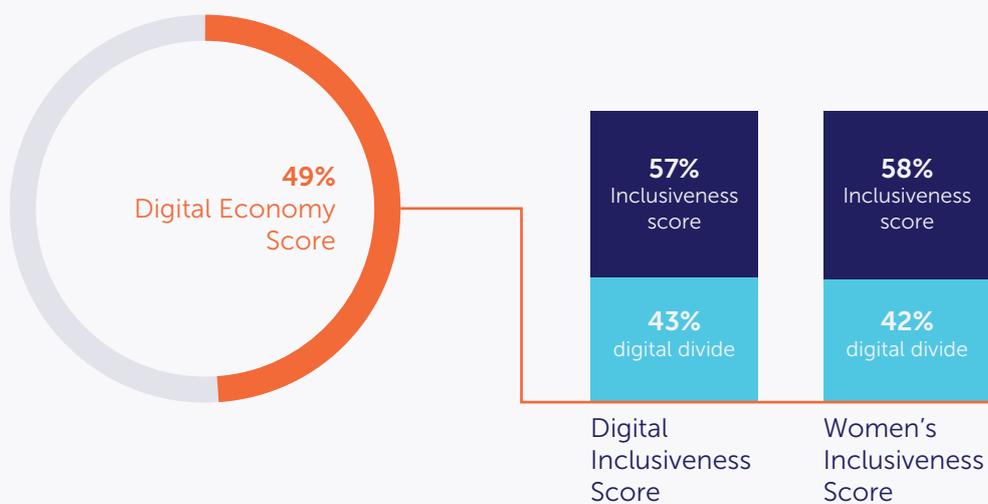


Figure 2: Zanzibar's 2023 IDES Score



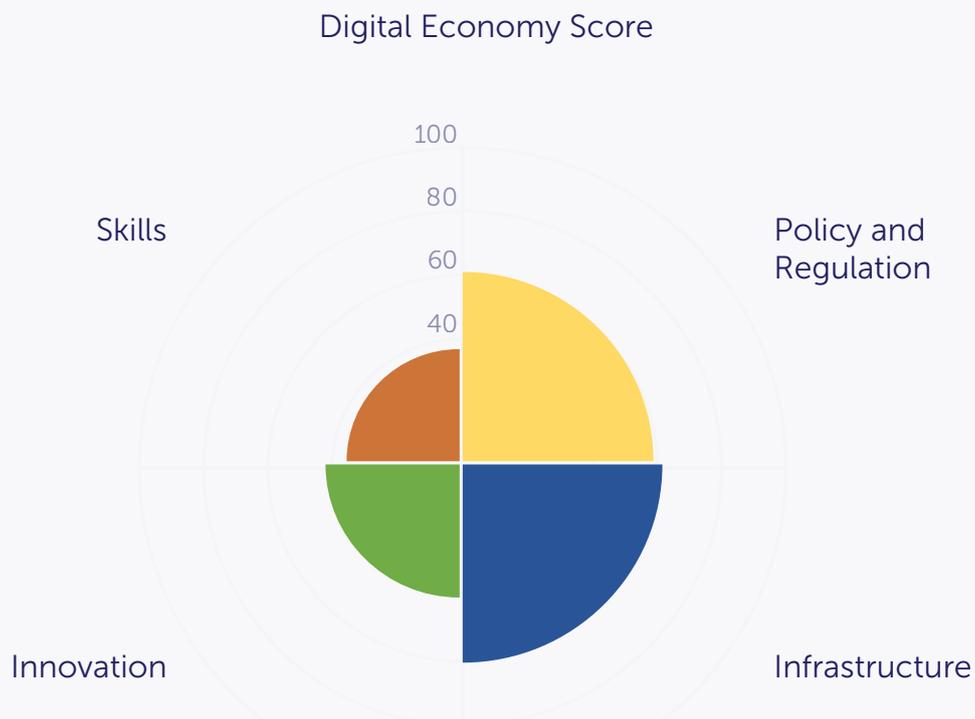
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# The state of Zanzibar’s digital economy

## Digital Economy Score

Zanzibar’s overall 2023 digital economy score is 49%, positioning the island’s digital economy at the early Start-up stage, as reflected in Figure 2. The IDES is comprised of two components: the Digital Economy Score (DES) and the Digital Inclusiveness Score (DIS). The Digital Economy Score measures the overall development of the digital economy across four building blocks: i) enabling policy environment, ii) digital infrastructure and payments, iii) innovation ecosystem, and iv) customer skills. Zanzibar’s digital economy score of 49% places it in the start-up stage meaning that it has the relevant foundational building blocks in place for its citizens to access and use basic digital services, mainly in the payment and finance sector. However, innovation in the start-up stage tends to remain in its infancy, with some incubators and start-ups launching services and with limited use cases leveraging digital payment systems. Figure 3 below shows the state of Zanzibar’s DES building blocks.

Figure 3: Performance of Zanzibar’s digital economy score building blocks, 2023



Policy and Regulation, and Infrastructure are Zanzibar’s leading digital economy building block, establishing a stable foundation for an inclusive digital economy. Policy and Regulation and Infrastructure scored 57% and 60%, respectively. These scores demonstrate that the government of Zanzibar is making significant strides to promote an inclusive

digital economy by introducing supportive policies and regulations. The infrastructure score also indicates that Zanzibar's digital economy benefits from substantial electricity access, phone ownership and network coverage, ID infrastructure, and payment system interoperability. Policy and regulation, and infrastructure form the foundation for an inclusive digital economy; therefore, these scores demonstrate that Zanzibar has established a solid foundation to usher in an inclusive digital economy. The estimated score does not incorporate the Zanzibar Digital Transformation Strategy which has not been formally published by the government.

However, Zanzibar scored 36% on skills and 42% on innovation, indicating that the innovation community is struggling to access resources put in place by the foundational building blocks. The innovation building block measures the status of Zanzibar's innovation ecosystem, including the level of development and synergies within the innovation community, level of skills in the ecosystem, presence of supporting infrastructure and availability of finance for innovation. Similarly, the skills-building block tracks the active participation of the public and private sectors in digital and financial skills development and the use of digital channels for skills development. The skills and innovation building blocks lag behind the policy and regulation, and infrastructure building blocks which are often an indicator that the government recognizes the importance of digital transformation and has prioritized it in its policy agenda, yet further incentives may be needed to encourage investment in innovation and building the population's digital skills.

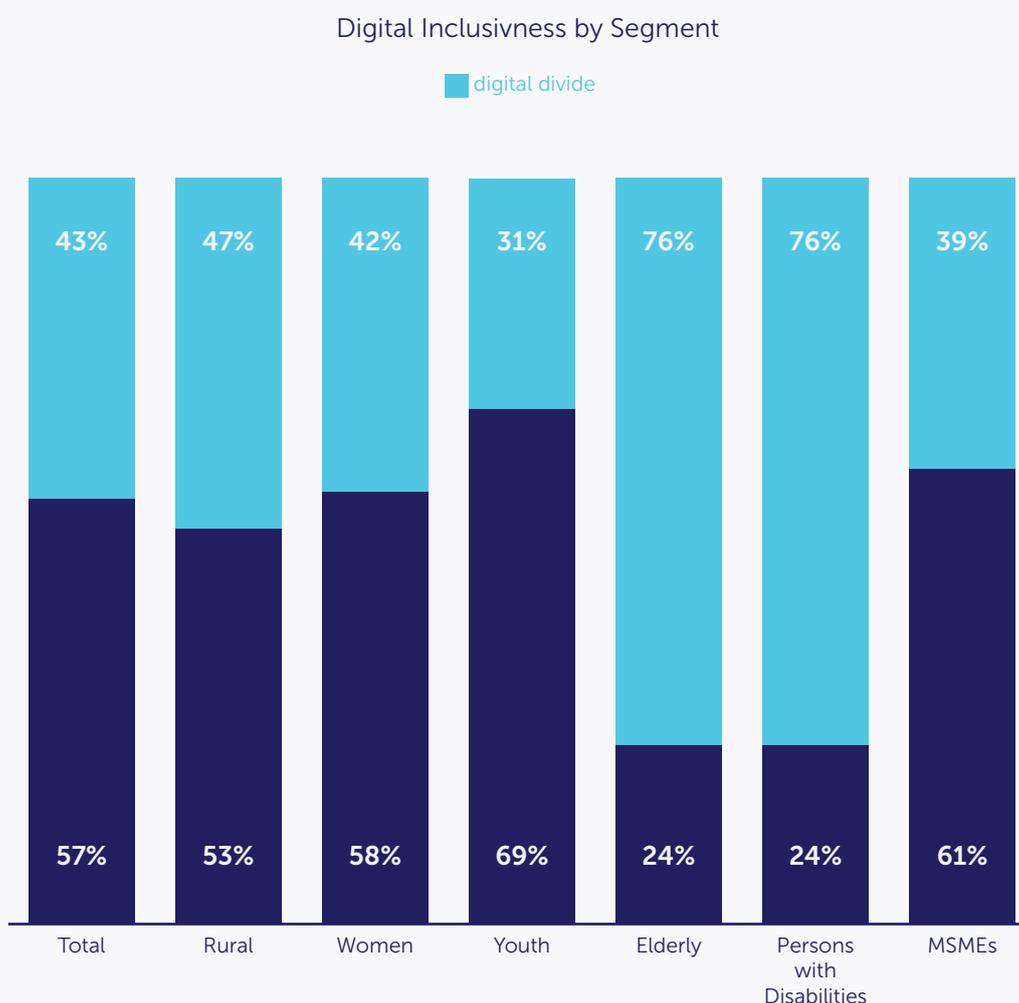
## Digital Inclusiveness Score

Zanzibar scored a 57% digital inclusiveness score showing that while more than half of Zanzibar's marginalized population segment is included in the digital economy, more should be done to reach the 43% currently excluded (Figure 4). The Digital Inclusiveness Score (DIS) is a weighted average of the inclusiveness scores for eight marginalized segments (rural population, women, youth, MSME, elderly, and people with disabilities). Zanzibar's Youth and MSME segments benefit from the highest levels of digital inclusion among the marginalized segments, scoring 69% and 61%, respectively, followed closely by women, who scored 58%. However, Zanzibar's disabled and elderly segments seem to be the most digitally excluded, with just 24% of the elderly and disabled reported to be digitally included, 19% of migrants, and 7% of refugees.

## Women's inclusiveness score

Though women are the third most included marginalized segment in the DIS, 42% remain excluded from Zanzibar's digital economy. The women's inclusiveness score is a segment within the overall digital inclusiveness score and is also pulled out in the IDES overview (Figure 1) to examine women's level of inclusion in the digital economy. Women's inclusiveness is notably high for the skills and infrastructure building blocks, scoring 81% and 72%, respectively, as reflected in Table 1. This indicates that women are able to proactively

Figure 4: Zanzibar's Digital Inclusiveness Score (DIS) performance by segment, 2023



develop basic, digital and financial literacy skills and, access digital infrastructure such as mobile devices, digital payments, and use ICT more broadly. However, women's inclusiveness is significantly lower for the policy and regulation, and innovation building blocks reflecting that existing policies may not effectively enable women's participation in the digital economy, hindering their ability to participate in the innovation ecosystem.

Table 1: Zanzibar's Women Inclusiveness, 2023

Women's Inclusiveness	Score
Policy and Regulation	42%
Infrastructure	72%
Innovation	36%
Skills	81%
Women's Inclusiveness Score	58%
Women's Digital Divide	42%

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## Conclusion

Zanzibar's digital economy is in the start-up stage and its primary focus should be on further strengthening its foundational building blocks (policy and regulation and infrastructure) while building up its innovation and skills blocks.

Zanzibar should particularly examine the barriers its private sector faces in participating in the innovation ecosystem, such as access to finance and capital for start-ups, intellectual property protections, affordable access to reliable internet connection, a limited regulatory framework hindering startup growth, and the digital infrastructure's openness for third-party players and systems interoperability.

Similarly, Zanzibar should take stock of the digital skills gap in both public and private sectors and i) identify the digital skills missing in its digital economy and ii) the types of channels available for digital skills development. Digital inclusion can only take place in when all four digital economy building blocks are active and present. Therefore, identifying the barriers to innovation and skills development will enable the government to further develop policies and invest in infrastructure that can enable the innovation and skills building blocks to grow.

Moving beyond the Start-up stage will require Zanzibar's digital finance providers to find the right balance of active customers and accessible agents to serve them and reach profitability. To support this, the Revolutionary Government of Zanzibar should aim to expand digital inclusion to allow the population to participate in the digital economy and use digital financial services. Reaching marginalized segments such as rural communities, women, youth, and the elderly will enable digital financial service providers to offer digital services in new strategic domains such as blue economy, tourism, agriculture, energy, health, education, and e-commerce.



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For more information, please contact:  
Edgar Chrisostome Masatu  
[edgar.chrisostome.masatu@uncdf.org](mailto:edgar.chrisostome.masatu@uncdf.org)



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