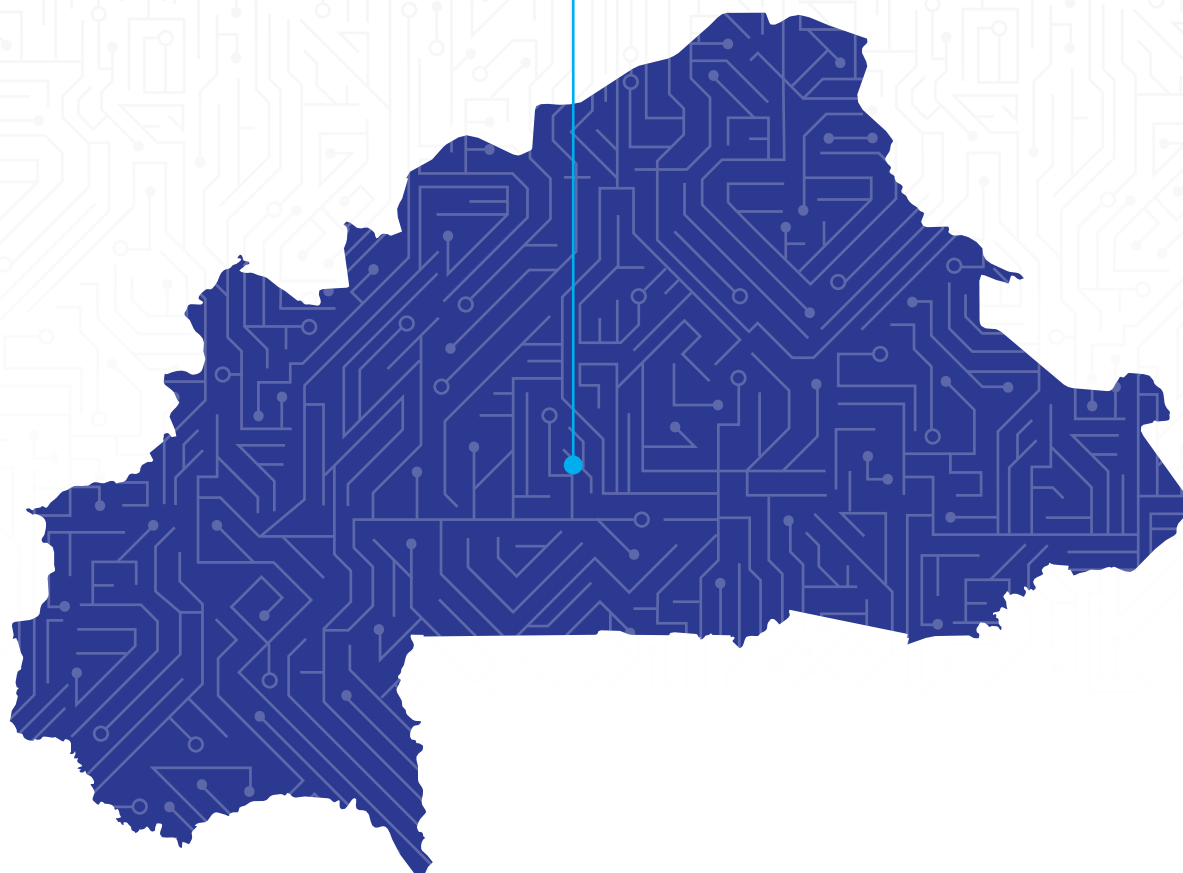




Unlocking Public and Private  
Finance for the Poor



# INCLUSIVE DIGITAL ECONOMY SCORECARD REPORT BURKINA FASO 2020

FEBRUARY 2021



## THE UNITED NATIONS CAPITAL DEVELOPMENT FUND

The United Nations Capital Development Fund (UNCDF) makes public and private finance work for the poor in the world's 46 least developed countries. With its capital mandate and instruments, UNCDF offers 'last mile' finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments – through fiscal decentralization, innovative municipal finance and structured project finance – can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

# INTRODUCTION

## TO THE INCLUSIVE DIGITAL ECONOMY SCORECARD

### IN BURKINA FASO

*The inclusive digital economy scorecard (IDES) is a policy tool to help governments set their digital transformation priorities. This tool identifies the key market constraints hindering the development of an inclusive digital economy and helps to set the right priorities with the public and private stakeholders, to foster a digital economy that leaves no one behind.*

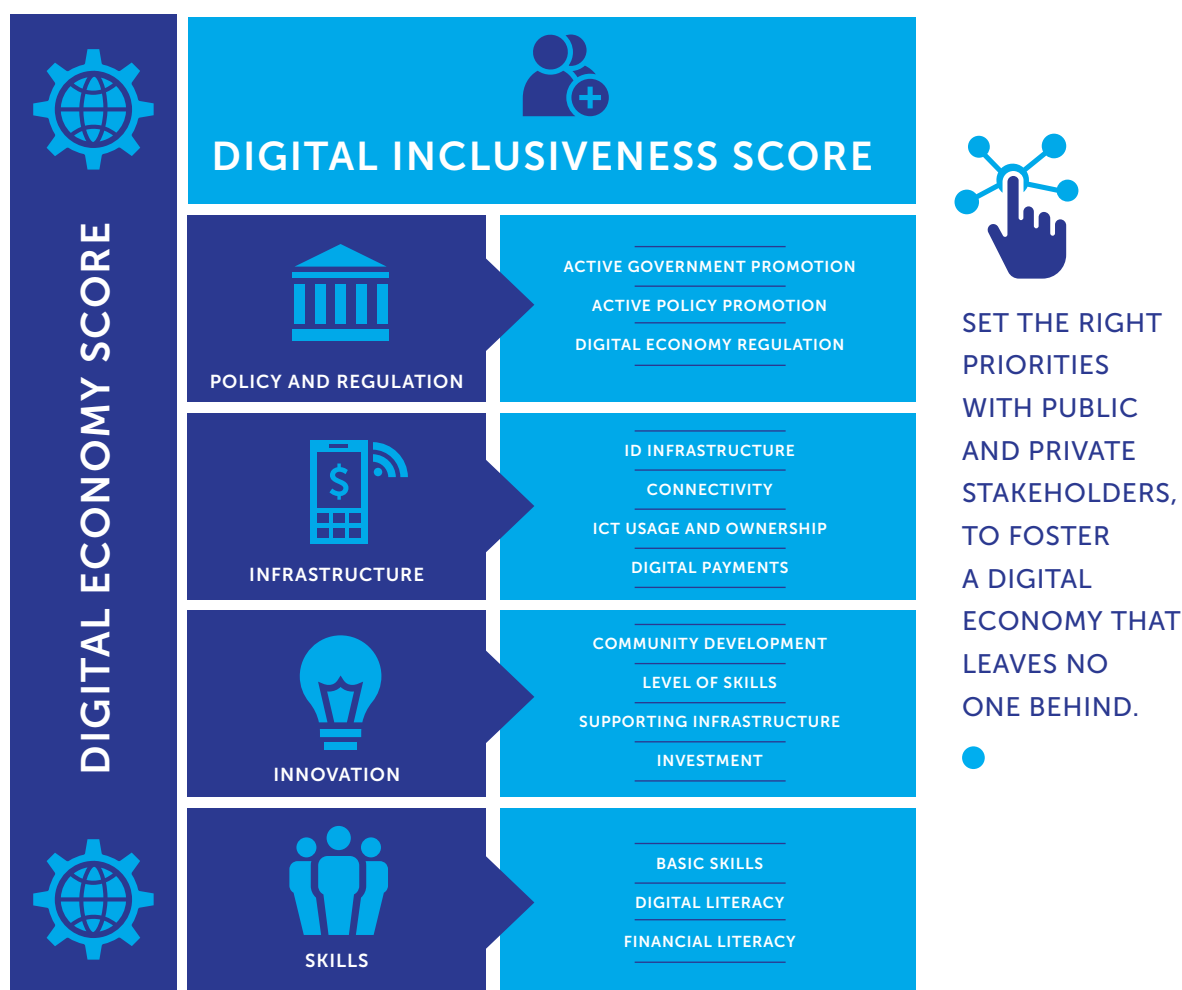


Figure 1. Foundations of the inclusive digital economy scorecard



**BURKINA FASO  
WAS ONE OF THE  
PILOT COUNTRIES  
FOR THE IDES IN  
2020 – TOGETHER  
WITH NEPAL,  
SOLOMON  
ISLANDS AND  
UGANDA.**



The IDES provides an overall score for the development of a digital economy based on several indicators for its main components – policy and regulation, infrastructure, innovation and skills. It also provides scores for the inclusiveness of the digital economy for marginalized segments (rural population, women, youths, micro-, small- and medium-sized enterprises [MSMEs], migrants, refugees, older people and people with disabilities). The inclusiveness of the digital economy is measured primarily through the qualitative assessment of the efforts made by the public and private sectors to include specific segments in the expansion of the digital economy.

Burkina Faso was one of the pilot countries for the IDES in 2020 – together with Nepal, Solomon Islands and Uganda. The Government of Burkina Faso, and particularly the Ministry of Digital Economy and Postal Development, took part in the design of the tool. Feedback from the Government of Burkina Faso was incorporated into the final 2020 version of the IDES report, the result of a partnership between the Ministry of Digital Economy and Postal Development and UNCDF. From October 2020 to February 2021, the ministry worked together with the UNCDF team in Burkina Faso and globally collected the data for IDES. The validation of the data for Burkina Faso was jointly finalized in January 2021.

This report gives an overview of the development of the digital economy, and its level of inclusiveness, in Burkina Faso at the end of 2020.

# DEVELOPMENT OF THE DIGITAL ECONOMY IN BURKINA FASO AND ITS INCLUSIVENESS AT THE END OF 2020

*The overall digital economy score for Burkina Faso at the end of 2020 is 41 percent when taking into account the four areas of analysis (policy and regulation, innovation, infrastructure, and skills). This score firmly positions the country in the start-up phase of a digital economy.*

The country's efforts to develop its digital economy are currently focused on strengthening an enabling regulatory environment and supporting the private sector to further develop mass-market digital services in the telecommunications and financial sectors while building the necessary infrastructure. This will lay the foundations for the future growth of the innovation sector.

The country's digital inclusiveness score is relatively low, at 39 percent<sup>1</sup>; there is still much to be done for the public and private sectors to include marginalized segments (rural population, women, youth,

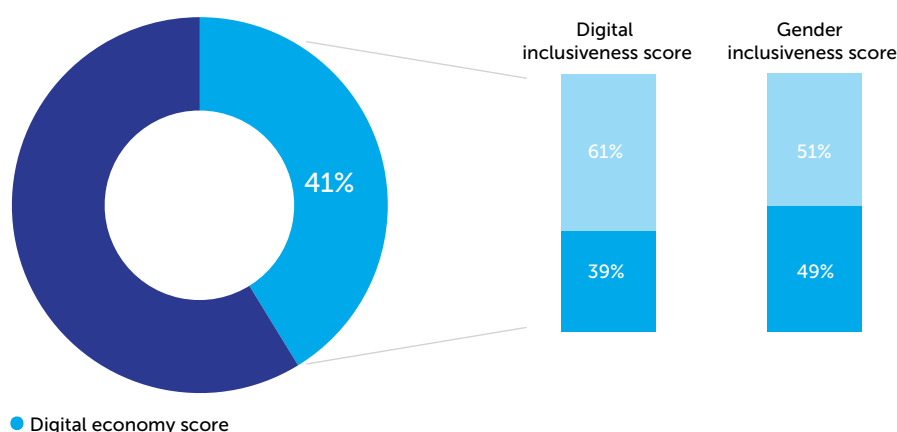


Figure 2. IDES score for Burkina Faso, 2020

<sup>1</sup> Only 39 percent of Burkina Faso's marginalized segments (rural population, women, youth, MSMEs, older people, refugees, migrants and disabled people) are included in the digital economy. Therefore, the digital divide of 61 percent (100 percent minus the digital inclusiveness score) represents the proportion of the key population that is excluded from the digital economy.

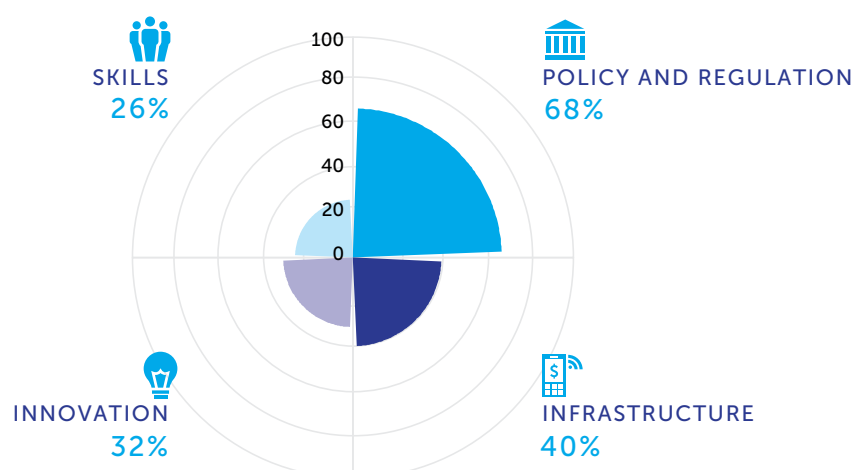


Figure 3. The digital economy score for Burkina Faso, 2020



THE COUNTRY IS STRONGLY COMMITTED TO INVESTING IN THE DEVELOPMENT OF ITS DIGITAL ECONOMY BUT SPECIAL ATTENTION IS NEEDED TOWARDS MARGINALIZED SEGMENTS.



MSMEs, older people, refugees, migrants and people with disabilities) in the developing digital economy. The gender inclusiveness score is slightly higher, at 49 percent. While the country is strongly committed to investing in the development of its digital economy, special attention is needed towards marginalized segments to ensure that the digital divide shrinks as the digital economy grows – and not the other way around.

The country continues to build the foundational digital rails (policy and regulation, infrastructure and skills) in place for citizens to access and use some basic digital services, mainly in the telecommunications and finance sectors. The score of 68 percent on policy and regulation shows the push of the government to spur the development of a digital economy. The score of 40 percent on infrastructure reflects that several providers (Coris, Finao, Moov, Orange, Wizall and Yup) are offering mass-market digital and financial services, with some reaching the people who are unbanked. The score of 32 percent on innovation shows the limited development of the innovation ecosystem. While some incubators and start-ups are launching services, the current level of development of payment services and the lack of open systems do not allow digital innovation to grow rapidly. The low score of 26 percent on the skills component highlights that a key priority for the government is to equip its citizens with the skills needed in the digital age.

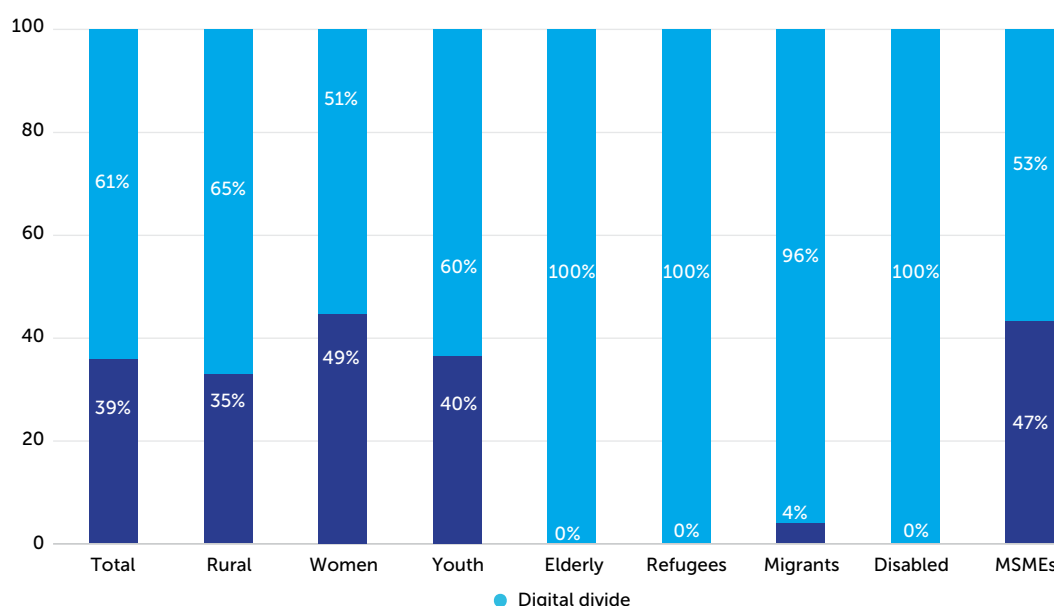
# INCLUSIVENESS OF BURKINA FASO'S DIGITAL ECONOMY DEVELOPMENT

*The score of 39 percent on digital inclusiveness means that 61 percent of the marginalized segments are at risk of being excluded from the fast development of the digital economy in Burkina Faso if the public and private sectors do not include them more in the coming years.*

In the country, 70 percent of the population lives in rural areas, 50 percent are women, 34 percent are youth and 85 percent work for MSMEs. To leverage the digital inclusiveness scores for women (49 percent), youth (40 percent), rural population (35 percent) and MSMEs (47 percent), the Government of Burkina Faso and the private sector should include key actions in their strategies and plans to focus on these important segments. While representing a small percentage of the population, older people, people with disabilities, refugees and migrants should also benefit from the tremendous opportunities of the digital transformation in Burkina Faso.



**MARGINALIZED  
GROUPS SHOULD  
ALSO BENEFIT  
FROM THE  
OPPORTUNITIES  
OF THE DIGITAL  
TRANSFORMATION  
IN BURKINA FASO.**



**Figure 4.** Digital inclusiveness by segment in Burkina Faso, 2020

# KEY COMPONENTS AND SUBCOMPONENTS OF BURKINA FASO'S DIGITAL ECONOMY

## POLICY AND REGULATION

*The score of 68 percent for policy and regulation indicates that the regulatory framework in Burkina Faso provides a good foundation for establishing an enabling environment for the development of the digital economy.*

Following the leadership of the Ministry of the Digital Economy and Postal Development, several government agencies and public administrations (Office of the Prime Minister, Ministry of Finance, Central Bank and telecoms regulators) are actively promoting the development of the digital economy. In this context, the National Strategy for the Development of the Digital Economy has set out a multi-year framework for an inclusive and sustainable digital economy by 2025. Yet there is room for other government agencies to embrace the digital age and actively promote and support diverse sectors (agriculture, energy, education, etc.) to leverage digital technology for increased economic development.

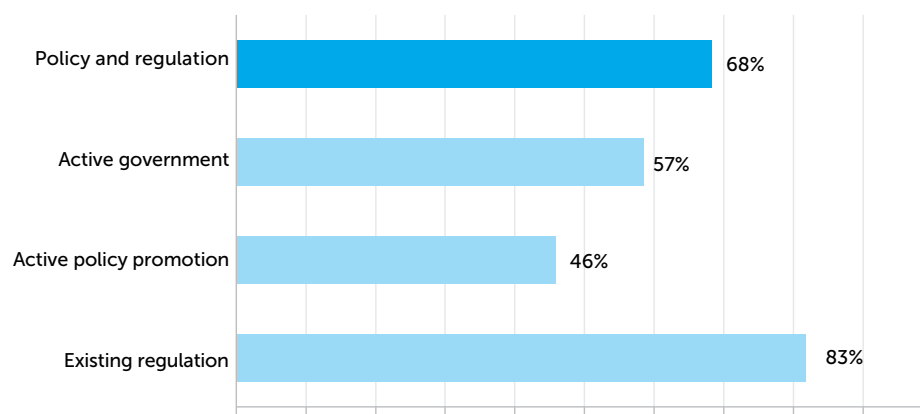


Figure 5. Breakdown of the policy and regulation score, 2020



A priority for the government from a regulatory point of view should be to develop a wider public–private dialogue on the digital economy to make sure that the current policies and regulations have the expected impact in the market. The findings from the policy dialogues will help the government to learn more about the impact of policy actions and to continuously improve current frameworks and develop new regulations that respond to the dynamic development of the digital sector. This dialogue should focus on the marginalized segments to reduce the digital divide in the country, particularly with regards to women. Specific policy recommendations include the following.

- Establish a forum of collaboration with external stakeholders (public–private dialogue) to identify existing regulatory constraints to the development of an inclusive digital ecosystem – and assess the need to adapt the regulatory framework accordingly to deliver better results and policy outcomes – with a clear focus on the inclusion of marginalized segments.
- Organize a dialogue among public sector institutions to provide guidance and agree on a common vision on how to prepare for and leverage digital opportunities to create public value in a long-term perspective.
- Strengthen the institutional capacities of the Ministry of the Digital Economy and Postal Development to monitor the implementation of the National Strategy for the Development of the Digital Economy and to establish a clear and effective coordination mechanism.
- As part of the implementation of this national strategy, encourage key ministries to launch action plans and set strategic goals for the digital transformation of key sectors of the economy (agriculture, energy, education, etc.). In addition, some ministries could also integrate strategic decisions related to digital transformation into their overall sector strategy.
- Assess the digital skills of civil servants, primary and secondary school students and college students, identify training needs, create a tailored digital skills development strategy and invest in training and capacity-building activities to support the transition to e-government.
- Foster innovation in governance and leverage digital technologies to improve public service delivery, especially in rural areas.
- Through a whole-of-government approach, develop an institutional framework that enables the collection, access to and use of gender-disaggregated data.



THE FINDINGS  
FROM THE  
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OF POLICY  
ACTIONS.



## INFRASTRUCTURE

*Developing all aspects of the digital infrastructure – including digital ID, network coverage, information and communications technology (ICT) ownership and digital payments – is a key focus in Burkina Faso at the current stage of development. It should remain a priority to continually improve connectivity as this will allow more citizens to own a phone with a SIM card and to use digital payment services more actively.*

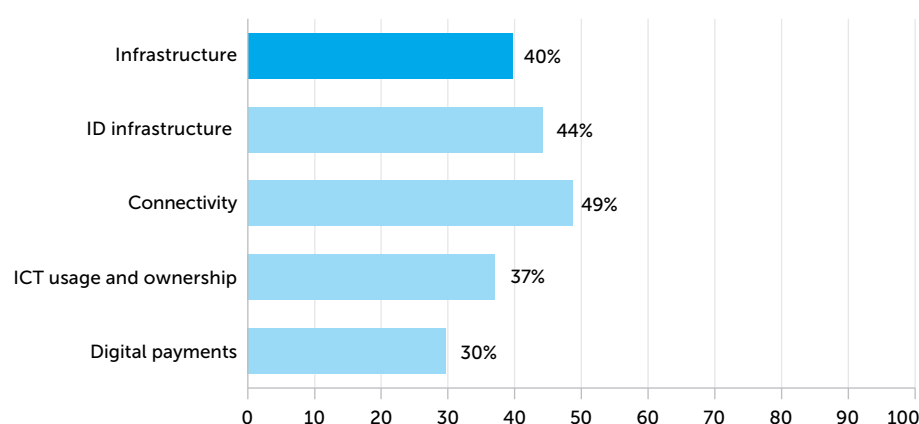


Figure 6. Breakdown of the infrastructure score, 2020



GOVERNMENT  
AND THE  
PRIVATE SECTOR  
SHOULD START  
DEVELOPING  
A STRATEGY  
TO IMPLEMENT  
AN INCLUSIVE  
DIGITAL ID.



The lower-than-average score of 37 percent on ICT usage and ownership is linked to a minimal usage of the Internet (11 percent) and low ownership of smartphones (37 percent) in the country. The same is true for the score of 30 percent on digital payment, which is linked to the very low scores on open payment (10 percent) and interoperable payment (0 percent) systems.

While the Government of Burkina Faso continues to focus on network coverage, ICT ownership and the growth in the usage of digital payments, it could also focus on other key priorities. The government and private sector should start developing a strategy on the implementation of an inclusive digital ID to allow all citizens to have equal access to the digital revolution. A second priority is for the private sector to come with the right incentives to increase access to and usage of smartphones and the Internet, particularly for marginalized populations (women, rural households, youth, older people, people with disabilities, refugees and MSMEs). Finally, the country should focus on implementing open and interoperable payment systems.

## INNOVATION

*The innovation ecosystem in Burkina Faso is growing but is still at an early stage (32 percent) with limited development and synergies in the innovation community (29 percent), limited level of skills available in the innovation community (34 percent), an average score on supporting infrastructure (40 percent) and low availability of financing at all stages of the entrepreneur journeys (24 percent).*

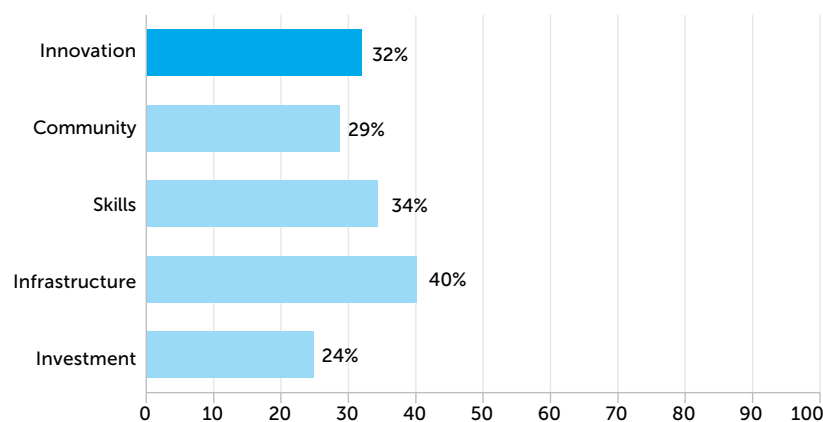


Figure 7. Breakdown of the innovation score, 2020

The innovation ecosystem cannot yet rely on a strong and open digital infrastructure to develop mass-market digital products and services. The innovation ecosystem could benefit from more cohesive organization and from linkages among all stakeholders (incubators, entrepreneurs, mentors, investors, etc.) for more synergies and visibility. A comprehensive mapping of the fintech and start-up ecosystem will provide a starting point to build on. Likewise, data collection on the effectiveness of the different innovation-driven programmes and analysis of the incubator/accelerator business models as well as financing/investment opportunities can contribute to building the road map for an inclusive and sustainable ecosystem for the acceleration of locally driven technology solutions, including innovations for the marginalized populations. Initiatives such as Startup Uganda<sup>2</sup> could be analysed by the stakeholders to envisage the best ways to strengthen the innovation



THE INNOVATION ECOSYSTEM COULD BENEFIT FROM MORE COHESIVE ORGANIZATION AND FROM LINKAGES AMONG ALL STAKEHOLDERS.



<sup>2</sup> Changing the Face of Uganda's Startup Landscape: The startup Uganda story, <https://www.uncdf.org/article/6230/changing-the-face-of-ugandas-startup-landscape-the-startup-ugandastory>

ecosystem in Burkina Faso. Furthermore, the government should look at policies to facilitate and incentivize the development and growth of innovations in the country from both fiscal and business perspectives, building on the COVID-19-related challenges, led by the Ministry of Digital Economy and Postal Development.

## SKILLS

*The skills component has the lowest score of the four main components in the IDES for Burkina Faso, at 26 percent. This is mainly due to the very low score of 9 percent on digital literacy but also lower-than-average basic skills (34 percent) and financial literacy (35 percent).*

While the government should continue its efforts on increasing basic skills and financial literacy, a key priority is to develop strategies and plans to increase the development of digital skills in the population. This can be achieved at schools, in the private sector and by leveraging digital channels. An additional area of focus could be on financial literacy by working with the Burkina Faso's Ministry of Education to embed financial literacy in the school curriculum (for example, Fiji has introduced financial literacy education into its school curriculum)<sup>3</sup> and by working with digital finance providers to embed financial literacy in their services offering.

A KEY PRIORITY IS TO DEVELOP STRATEGIES AND PLANS TO INCREASE THE DEVELOPMENT OF DIGITAL SKILLS IN THE POPULATION.

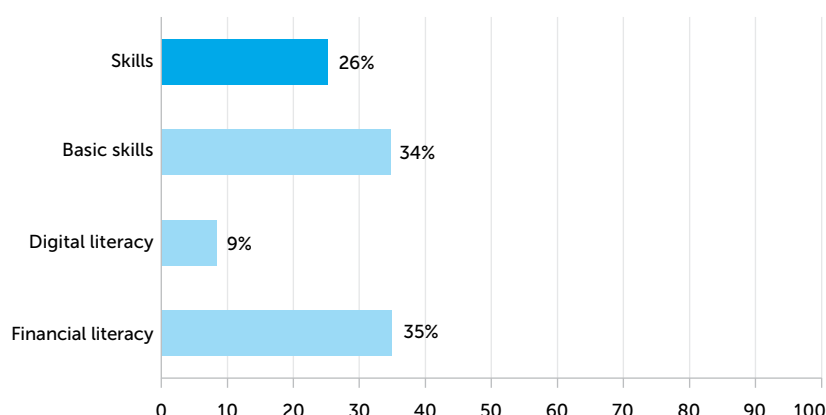


Figure 8. Breakdown of the skills score, 2020

<sup>3</sup> Financial Education Fiji, <http://www.pfip.org/our-work/work-streams/consumer-empowerment/fined-fiji/>

# CONCLUSIONS

*The focus for a country such as Burkina Faso – at the start-up stage of development of its digital economy – should remain on building the digital rails (policy and regulation, infrastructure, skills) while strengthening the foundation of an innovation ecosystem, but with a specific focus on digital skills development.*

With a low digital inclusiveness score, there is a pressing need for the government to mainstream marginalized segments (rural population, women, youth, older people, people with disabilities, refugees and MSMEs) in the development of its economy. The recommendations for Burkina Faso include the following.

- Set up a cross-functional, government-led reference group for the implementation of the National Strategy for the Development of the Digital Economy by leveraging the IDES with all the relevant stakeholders of the digital economy.
- Strengthen the capacities of the members and key actors of the reference group on the concept, tools and importance of IDES and make sure that the issue of inclusion is at the centre of the group's discussion.
- Agree on clear priorities and objectives to implement policy recommendations for the country, and measure progress yearly.
- Work with the Ministry of Digital Economy and Postal Development and the Bureau of Statistics to embed the IDES in their yearly plan and to add data collection at the country level.
- Advocate the formulation of projects and programmes that address challenges and have a strong impact on accelerating the digital financial inclusion of marginalized populations.



THE  
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## LEAVING NO ONE BEHIND IN THE DIGITAL ERA

The UNCDF strategy 'Leaving no one behind in the digital era' is based on over a decade of experience in digital financial inclusion in Africa, Asia and the Pacific. UNCDF leverages digital finance in support of the Sustainable Development Goals (SDGs) to achieve the vision of promoting digital economies that leave no one behind. The goal of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the SDGs. To achieve this vision UNCDF uses a market development approach and continuously seeks to address underlying market dysfunctions that exclude people living in the last mile.



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Written by François Coupienne, Olivia Lonkeu, Sabine Mensah and Janine Ouattara, UNCDF



For more information, contact:  
Janine Ouattara, UNCDF Country Lead (Burkina Faso)  
Inclusive Digital Economy - IDE  
[janine.ouattara@uncdf.org](mailto:janine.ouattara@uncdf.org)

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