



Driving Inclusive and Sustainable Growth in Nigeria by promoting Inclusive Businesses

Federal Upscaling of Kaduna Inclusive Businesses' Policy Strategy

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Inclusive Business Upscaling Report Proposal

Executive Summary

In July 2022, iBAN launched a Landscape study in response to requests from the Federal Government of Nigeria and the Government of Kaduna State. The study aimed to assess the status of Inclusive Business (IBs) in Nigeria, identifying business organizations suitable for adopting the IB methodology to amplify positive social and economic impacts. Moreover, it sought to identify government institutions capable of providing necessary support to cultivate an enabling environment for IBs and recommend policy initiatives to promote IB models. Capitalizing on the global and regional momentum for IBs, the Landscape study proposed piloting eleven strategic recommendations to foster the business environment for IBs in Kaduna State (IBeeN), with plans for subsequent scaling at the national level. The initiative, led by the Kaduna Investment Promotion Agency (KADIPA), is currently in progress.

Past experiences with implementing IB policy strategies in some ASEAN countries suggest that **supporting IBs aligns well with the objectives outlined in the Nigeria Agenda 2050, that aims to reduce poverty and inequality and enable a diversified private-sector led economy**, tackling significant social and economic challenges by fostering inclusive and sustainable growth, investing in human capital development, and in critical physical, financial, digital, and innovation infrastructures. By facilitating the transformation of mainstream private businesses into IB models that integrate low-income communities and vulnerable groups into their value chains, develop products and services to enhance livelihoods, and utilize innovation to address socio-economic challenges, IBs can attract impact-focused public and private investors. This, in turn, will unlock vital funds from investors to drive growth, competitiveness, and innovation across key economic sectors, promote job creation, improve access to essential services, and advance gender equality.

The main objective of this report is to offer a blueprint for the national adoption, scaling and implementation of the Kaduna IB Policy Strategy pilot, based on the preliminary learnings and insights stemming from the pilot and on the best practices identified from iBAN's work in ASEAN countries, as a way to unleash inclusive and sustainable socio-economic growth in Nigeria. The report offers **some central recommendations for replication and refinement of the Kaduna model**, a collaborative approach with key stakeholders' validation and a tailored implementation focused on enabling a conducive business environment for IBs:

1. **Create and fund a specific institutional set-up for IBs focused on an IB expert Federal Unit**, comprised of key public and private actors in charge of promoting multi-stakeholder engagement and collaboration, creating linkages with both federal and state government agencies, and leading the development of an expert IB national ecosystem.
2. **Develop policies and regulatory frameworks that enable a conducive and attractive business environment for IBs** to thrive, by considering specific tailor-made tax breaks, energy/power or land incentives and non-financial incentives for IBs, by creating an objective and reliable accreditation system to identify IBs, by prioritising accredited IBs in government procurement processes, by enabling market access for IBs and by supporting the development and improvement of key infrastructures, vital for the growth and scaling of IBs.
3. **Design and fund tailor-made financing mechanisms to provide access to finance for IBs**, with a particular focus on de-risking mechanisms as a means to unlock the necessary private funds from alternative and sustainable investors, using innovative impact-focused financial tools, like blended finance or social-gender-green bonds, and leveraging on existing national and international impact funds that share similar social objectives and are struggling to find criteria complying impact-focus businesses to invest into, particularly in the so called missing-middle size-investments.
4. **Create a dedicated technical assistance facility to support IBs in Nigeria and to strengthen the IB ecosystem**, providing capacity building programs to enhance the skills and capabilities of entrepreneurs, with particular focus on women and the youth, to support the business development of IBs, foster innovation and best practices exchanges, and develop alternative IB models.
5. **Build awareness and advocacy around IBs**, particularly within supporting government agencies, essential to drive the adoption of IB policies, as IBs represent new and innovative opportunities for impact-oriented public-private relationships that will require clarity around the concept of IBs and their potential to impact the economy. Moreover, the IB Unit will need secure the support of committed and influential IB Champions to embrace advocacy efforts and contribute to awareness building.
6. **Ensure a streamlined coordination across all IB ecosystem stakeholders and foster collaboration efforts** to promote the establishment of the necessary public-private relationships that will help bring all IB policy elements together, and to guarantee the use of participatory strategies throughout the process of developing, adopting and implementing the IB strategy.
7. **Monitor and evaluate the adoption and implementation of the IB Policy strategy**, at a national and state level, **and the impact of IBs** on the economic growth and social development in Nigeria, managing the impact achieved to continuously improve the IBs' Models, to build credibility and trust on IBs and to continue to build momentum.
8. **Aim for continuity and sustainability by embedding the IB policy strategy into national investment policies**, creating synergies with other existing frameworks wherever possible, leveraging on the experience, learnings and recommendations of

available best practices, replicating their successful approaches, and taking advantage of the IB blueprint expertise being developed in Kaduna State.

Finally, **to fully ignite the potential of the socio-economic impact of IBs in the Nigerian economy, there are some key cross-cutting elements that must be included into the IB Federal Policy strategy:** i) apply a gender focus, using a women economic empowerment strategy to drive income growth and improve living standards at the BoP, investing into women entrepreneurs, and mainstreaming gender throughout the IB Policy process, ii) use technology as an enabler for the IB strategy that can help shorten certain gaps within the BoP, increase the engagement of a vibrant young entrepreneur sector, increasing the outreach of programs and benefit from more affordable tech products, and iii) introduce climate financing for IBs as a strategy to address climate change challenges, specially to build resilience within the Agri sector and with women farmers.

The upscaling of the Kaduna IB strategy presents a promising trajectory for fostering inclusive growth and sustainable development nationwide. By capitalizing on the achievements of the pilot, fostering collaboration among stakeholders, and implementing the recommended strategies delineated in this report, the government can unlock the transformative potential of Inclusive Businesses across Nigeria. This approach holds particular appeal for garnering support from international development stakeholders, governmental entities, and private sector actors committed to catalysing positive social and economic change in the country.

1 Introduction

The Inclusive Business Action Network (iBAN) is a global initiative set-up in 2017, funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by the GIZ, with the objective of supporting the scaling and replication of Inclusive Business Models and contribute to the achievement of UN SDGs. Inclusive Businesses (IBs) are defined by the G20 as “Businesses that provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the base of the economic pyramid (BoP), making them part of the value chain of companies’ core business as either suppliers, distributors, retailers, employees or customers”. While IBs can operate across sectors using a variety of business models, they share four key elements: i) engage the BoP intentionally by providing systemic solutions to their problems, ii) pursue financial viability, through commercially viable for-profit inclusive business models at the core of their operations, iii) have scale in business operation, growth and social impact, and iv) measure and manage the impact at the BoP. This new approach to social impact led by the private sector is leading to the global development of a new type of entrepreneurs, “those who do well by doing good to society”.

As private initiatives, IBs are private sector contributions to poverty reduction and to the achievement of SDGs, creating a triple win: for the poor and low-income populations living at the BoP, creating income opportunities for them or enabling access to essential goods and services; for businesses, offering profitable business and investment opportunities to develop new markets; and for society and governments, helping them achieve job creation and address the needs of the poor, low-income and vulnerable groups. There are three different approaches to implementing IBs for companies: i) operate directly and entirely as scalable IB models, usually for large and medium companies ii) operate ancillary IB activities/lines through CSR programs, usually for large and medium companies, and iii) as social enterprises than can scale up to become IB Models, usually small businesses, while micro businesses are usually involved in the IBs as part of their value chains.

IB models were initially endorsed by ASEAN (Association of Southeast Asian Nations) member states that developed IB strategies to promote IB policies, and have proven to contribute to inclusive growth and sustainable development, fostering innovation, climate sustainability and contributing to women economic empowerment (WEE). Following the positive experience in ASEAN countries, in July 2022 iBAN initiated a Landscape study to determine the status of Inclusive Business in Nigeria, following a request from the Federal Government of Nigeria and the Governments of Kaduna and Lagos States. The study aimed to study Nigeria’s business environment to identify how to best advocate for IBs, to identify business organisations that could adopt the IB methodology and escalate the positive social and economic impact in the country, and to identify the government institutions that can provide the necessary support to create an enabling environment to encourage IB models and recommend policy initiatives.

The study concluded that Nigeria has compelling IB models, particularly in the agribusiness sector, and identified 11 businesses with strong growth potential and significant inclusive strategies, benefiting over 5.5million people at the BoP, and with significant revenue sizes. The study also observed a high-level interest to promote a better enabling environment for IBs in Nigeria (IBeeN), with senior government officials and the private sector expressing enthusiasm on the relevance of the concept to contribute to Nigeria’s strategic development plans, and interest to collaborate to move forward a dedicated IBeeN programme. The Landscape Study suggested to pilot the 11 IBeeN strategic recommendations in Kaduna State for a subsequent upscaling at a national level, following which the Kaduna Investment Promotion Agency (KADIPA) has taken the lead on implementing the suggested pilot and is currently finalising the Kaduna IB Policy Strategy, with a dedicated team of experts that has involved a multi-stakeholder IB ecosystem in the State for the development and validation of the Strategy. This report is based on these 11 recommendations and on the initial learnings from the pilot test of IBeeN in Kaduna State, as well as on the best practices on IB Policies in ASEAN.

2 Background

2.1 Context

The idea of Inclusive business concept first emerged in the 1990s but the actual term and concept was not coined until 2005 by the World Business Council for Sustainable Development, while the concept and its support have evolved since. In 2012 the first IB policy work started in the Asia region led by ASEAN, in 2015 IBs were first globally recognised after receiving the endorsement of the G20, and in 2017 the ASEAN leaders acknowledged support to IBs. With the support of iBAN, in 2020 the “Guidelines for promotion of IBs in ASEAN” were endorsed by the economic ministers in Asia at the ASEAN summit, where policy discussions were initiated, kick-starting the development of IB landscape studies, IB policy alignments with national frameworks and some country specific IB policy strategy developments. The Africa Region had the first policy discussion in 2020 and by 2021 the first IB landscape study took place in Zambia to support the government’s emphasis on promoting private sector solutions to improve income, reduce poverty and enhance the living standards of the poor, low-income population. This initiative was then followed by the IB landscape study in Nigeria, all leading to this report. Worth noting, while Latin America seems to have the longest experience with dedicated investment opportunities into IBs, they have not yet been translated into national or regional policy discussions or strategies.

As indicated by this evolution, there seems to be a growing international and regional momentum for IBs, with the Asia region having taken the lead in the development of national IB policies that create enabling business environments for IBs to thrive, while individual countries in the Sub-saharan Africa are starting to consider IBs as a pathway towards inclusive growth, and recognise the potential of IBs as resources to leverage private sector development, contribute to poverty alleviation and mitigate the effects of Covid-19 crisis on the livelihoods of the most vulnerable. As stated by the Global Impact Investing Network (GIIN), the total ODA and philanthropy funds globally available alone are not enough to meet the SDGs, so the private capital needs to be unlocked and catalysed towards development objectives if we are to achieve these goals. The private nature of IBs seem to place them at the right intersectional spot to foster the required private-public partnerships (PPPs) and trigger the private sectors’ contribution to economic and social development.

For the specific case of Nigeria, the IB policies, strategic focus, and impact opportunities observed in ASEAN seem to have a strong fit with the Nigeria Agenda 2050, the long-term economic transformation blueprint of Nigeria to address development challenges. With a vision of transforming Nigeria into a dynamic, industrialized and knowledge-based economy that generates inclusive and sustainable growth, the Agenda is to be implemented through six five-year mid-term national plans, of which the first one, Nigeria SDP 2021-2025, is currently under way. The adoption of IBs as a National Policy could significantly contribute to the overall objectives of the 2050 Agenda of achieving inclusive and sustainable growth by investing into human capital development and into critical physical, financial, digital and innovation infrastructure to reduce poverty and inequality across states, establishing a solid foundation for a diversified, private sector-led economy to achieve social and economic stability, and creating a more resilient business environment that generates opportunities for all Nigerians to develop their potential, all of which can be achieved by effectively engaging its youthful and vibrant workforce.

2.2 Purpose of the IB Strategy Upscaling Report

The main purposes of the Upscaling report are to inform the Federal Government agencies in Nigeria of the potential of IBs to contribute to the achievement of the Agenda 2050 objectives outlined through the National Strategic development plans, particularly with regards to poverty alleviation and economic and social development, to offer key recommendations on how to approach the Federal scaling of Kaduna’s IB Policy Strategy (currently under development), based on both international best practices and on Kaduna’s State pilot test, and to identify the key challenges and barriers that might require mitigation actions.

This report will illustrate how supporting and advocating for IBs from the Federal and State governments is essential to address the federal socio-economic challenges, to help leverage on the private sectors’ role as key enabler for economic growth and social inclusion, and to create a triple win for the poor and low-income population, for businesses and for the government. It will also show the importance of scaling up mainstream business transformation into IBs to support and drive the country’s objectives and create the mentioned triple wins by not compromising on business returns or social impact, and by emphasizing growth and value addition.

3 Rationale for Federal Scale Up

3.1 Positive Economic and Social Impact

Transforming the entrepreneurial sector into more inclusive businesses can have significant economic and social impact for the Nigerian economy, addressing some of the most important country's socio-economic challenges: i) reduce poverty levels, currently at over 40% of the population living at the BoP with less than \$1.9/day, by including people at the BoP, particularly those living in rural areas, women and youth, into the value chains of IBs as suppliers, retailers, distributors, employees or consumers, providing them with access to income generation opportunities, skills development, and financial services, hence improving their income and living standards, as evidenced by research by the International Labour Organization¹ (ILO), ii) drive economic growth, competitiveness and innovation, identifying new market opportunities, developing innovative products and services, improving businesses' operational efficiency and creating a more conducive business environment that increases the productivity of strategic sectors where IBs can play a key role as developers, namely in agriculture, manufacturing, energy, tech or services, as shown by a 2018 study by the Business & Society Program at the Aspen Institute², iii) increase job creation, particularly amongst BoP, women and youth, by integrating them into IBs' value chains, thus creating new market opportunities, stimulating local production, and generating employment, as evidenced by the 2020 study by the World Bank³, iv) improve basic services infrastructures, particularly in rural areas, through the support of IBs aiming to improve social or municipal services, v) unlock international and national investments, by developing and implementing favourable business policies for IBs and by introducing de-risking mechanisms into investment structures that catalyse private capital, given that inclusive development and poverty reduction require a supportive private sector, vi) contribute to address environmental challenges, as many IBs have business models that support environmental objectives, and vi) advance gender equality, through the promotion of women economic empowerment, by including and supporting women-led-owned SMEs and throughout all VC.

IBs in the agribusiness sector in particular, one of the strategic sectors in Nigeria, can drive change. It engages two thirds of the bottom 40% of the economic pyramid in jobs related to agriculture, while agribusinesses and aggregators improve the income for small holder farmers (SHFs) and suppliers. This can also apply for other strategic sectors like infrastructure, renewable energies, technology or entertainment, where particularly the youth are more likely to be involved, hence contributing to their inclusion and livelihoods improvement.

3.2 Alignment with National Policies and Agenda

Scaling the IB policy strategy developed in Kaduna to a Federal level will contribute to the achievement of some of the key targets outlined in the Nigeria Strategic Development Plan (SDP) 2021-2025, as the IBs' route to impact and their strategic focus have a strong alignment with the SDP and 2050 Agenda key focus areas:

- IBs can contribute to create a strong foundation for a concentric, diversified and private sector-led economy: IBs can help develop a more resilient economy to external shocks, by supporting the development of alternative but strategic economic sectors, driving innovation, enhancing productivity, competitiveness, and value addition across sectors, as well as a more sustained growth leveraging on the private sector's capital, strengths and potential.
- IBs can contribute to enable a vibrant, educated and healthy population: by including the poor and low-income population into their VCs and offering them higher income and livelihoods prospects, IBs will have a positive effect in the human capital development in Nigeria, enhancing their productivity, reducing poverty and promoting social inclusion, particularly engaging the youthful population and women.
- IBs can contribute to creating a more integrated and multi-sectoral approach to development, promoting coordinated interventions across sectors and collaboration amongst the Federal Government and all stakeholders to align efforts, share resources and monitor progress to drive sustainable development: i) the private sector, that plays a vital role in driving economic growth, creating jobs and fostering innovation (IBs), through investments, technology transfer and entrepreneurship, ii) sub-national governments, state, and local authorities that are key to implement national plans at the grassroot level and to translate national policies into actionable programs, and iii) civil society organizations, key to ensure an inclusive and participatory development process, to monitor progress, ensure accountability, enhance transparency and promote citizens participation.
- IBs can also contribute to creating a more conducive business environment and strong base of young experts that can enable Nigeria to evolve into an economic hub in Africa, playing a leading role in regional agreements.

¹ https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-suva/documents/publication/wcms_155862.pdf

² <https://www.aspeninstitute.org/programs/the-aspen-partnership-for-an-inclusive-economy/>

³ [What is Inclusive Business? \(worldbank.org\)](https://www.worldbank.org/what-is-inclusive-business/)

3.3 Strengths, Weaknesses, Opportunities and Threats for Nigeria Economic and Business Environment

The transformation of mainstream businesses into IB models can leverage on Nigeria's strengths, like the entrepreneurial spirit of a vibrant MSME sector, particularly their youth. IBs can help tackle some of the weaknesses identified in the Nigerian socio-economic and business environment, contributing, for example, to improving the access to basic services for people living at the BoP and for MSMEs, or contributing to reducing gender inequalities by promoting women economic empowerment. IBs can also contribute to boosting the opportunities of the thriving Nigerian economy, promoting economic diversification, supporting and growing the agriculture, manufacturing or technology sectors, encouraging the adoption of digital technologies and creating job opportunities in the construction, tech or creative sectors, while developing their infrastructures. Finally, creating an enabling business environment for IBs could attract reluctant risk-averse private capital, while the investment into agribusinesses and agriculture technology could help address some of the climate change risks.

- **Strengths:** Nigeria is land to a wide and great range of natural resources, like oil, natural gas, minerals, is home to Africa's most extensive arable land, has the largest market in Africa with around 200 million population, with 61% under the age of 25 (UN data), is widely-known for having a strong entrepreneurial spirit and a vibrant SME sector, with over 40 million MSMEs that contribute to almost 50% of Nigeria's GDP and 75% of the employment, and is the most significant investment market in Africa.
- **Weaknesses:** Nigeria's biggest challenges refer to infrastructure deficits related to access to basic services, like water, power or connectivity, that hinder business operations and development growth, to the difficulty in attracting foreign investments due to instability, exchange-rate risks and a low rate of ease of doing business (139 out of 190 countries in 2021); it has a history of corruption that affects business transparency and investor confidence, a strong economic dependence on the oil industry, and high levels of gender inequality, particularly with regards to the participation of women on the economic and political spheres⁴.
- **Opportunities:** Nigeria stands poised to bolster economic growth, advance social development, and alleviate poverty and inequality through diversification into alternative sectors such as agriculture, technology, and manufacturing. Addressing infrastructure deficiencies can further create job opportunities in fields like construction, renewable energy, and technology. Furthermore, Nigeria stands to gain significantly by fostering increased regional integration with other African nations through trade agreements, thereby expanding markets and improving competitiveness. Embracing technology and promoting digital innovation can also unlock additional business opportunities for the nation.
- **Threats:** traditional security concerns and macroeconomic risks, like volatility in global commodity prices and fluctuating exchange rates and inflation, can deter investments and business activities, while environmental risks derived from climate change can further soil and environmental degradation, affecting the agriculture sector, water supplies and infrastructure.

⁴ Global Gender Gap Report, <https://www.weforum.org/publications/global-gender-gap-report-2023/economy-profiles-5932ef6d39/>

4 IB Policy Strategies' Best Practices

4.1 Global Best Practices on IBs Policy Strategies Development and Implementation.

- **ASEAN Region:** to date the most advanced in the development and adoption of IB Policies. The Coordination Committee on MSMEs (under the ASEAN Economic Ministries), created the “ASEAN Inclusive Business Framework”, which establishes the overall IB framework and regulations, and includes non-binding policy recommendations to promote IBs in connection to social development, with a focus on WEE. The region has also developed the IBs Awards 2017 to create visibility and awareness and enhance the IB agenda. They have promoted the development of IB landscape studies to identify the potential of IBs.
 - Philippines:
 - In 2014 several stakeholders came together to form a strong coalition to explore the potential of IBs: government (the Philippines Bank of Investment, the Senator’s Office), businesses, industry associations (the Philippines Business for Social Progress) and multilateral institutions (the Asian Development Bank (ADB), that together sponsored a study to align government industry policies with incentives for IBs, resulting in the government including IBs as part of their Investments Priority Plan, offering specific tax incentives for companies with IB Models in Agri, housing and tourism.
 - In 2019 Philippines enacted the Magna Carta for MSMEs, aiming to reinforce the linkages between IB promotion and MSMEs development, which resulted in support to small business, access to finance, technology and market opportunities, plus tax incentives to IBs that employ persons with disabilities. The country has also developed an IB accreditation system and an IB linkages program to link MSMEs to market.
 - Cambodia:
 - The Inclusive Business Enabling Environment for Cambodia (IBeeC) was endorsed by the Ministry of Industry and Handicrafts, which created the IB focal Unit that is in the process of approving an IB strategy to support and establish incentives for IB companies. Objective is to mainstream the IB policy via the SME Strategy Development & National Strategic Development Plan.
 - To unlock private financing, the country established a risk-reduction facility for IB investors (the Inclusive Business Risk-Reduction and Impact Incentive Facility, IB-RRIF, a convertible debt fund to co-invest equity or other forms of patient capital into initial or growth stage together with Impact investors), under the new SME Bank to leverage commercial financing, resulting in attracting more impact investors to catalyse the microfinance sector.
 - The country is working on developing a Technical Assistance (TA) facility to provide business coaching and impact assessment to companies willing to transform into IBs or create IB lines, and to support government and private actors.
 - Vietnam:
 - The IB Enabling Environment for Vietnam (IBeeV) strategy is led by the Agency for Enterprise Development (AED) as focal point, with support of the Ministry of Agriculture and Rural Development (MARD) and the Ministry of Industry & Trade. They were in charge of carrying out the landscape study to profile companies with IB business lines, analyse the enabling environment and recommend how to further promote IBs in line with the MSME policy.
 - The focus for Vietnam’s IBeeV will be on the development and implementation of an accreditation system at a national and provincial level, with focal points in different agencies and business associations.
 - In terms of financing, the Dutch development organisation (SNV) implemented the “Vietnam Business Challenge Fund, funded by DFID, providing non-reimbursable funding of up to 49% of total investment in selected innovative IB projects.
 - Myanmar
 - Promotes IB through a government agency, the Directorate of Investment and Company administration (DICA) under the Ministry of National Planning and Economic Development, and has developed a framework for IBs to guide reforms. IB desks will be set-up in DICA to develop an accreditation criteria and investment incentives for IBs.
 - In 2018 the country launched the IB-Impact Investing Steering group, a public-private activity to promote and guide IB models and impact investment development in the country.
 - In terms of financing, the DaNA facility, a private programme funded by DFID, facilitates loan agreements between commercial banks and farmers’ development associations, and provides grants to improve access to finance for MSMEs. This facility is also in charge of building awareness of IB in the country.
- **Sub-Saharan Region:** in SSA the IB policy development started in 2020 when the Zambia Development Agency (ZDA) approached the iBAN to run a landscape study on IBs in Zambia, conducted in 2021. While it is still soon to identify best practices, this first study seems to have kicked-off a momentum in the region, with Nigeria following the request of the landscape study in Kaduna in 2021, and the subsequent development of the pilot IB Policy Strategy in the State, currently under development with the lead of KADIPA.

Despite the lack of official regional or national IB Policy frameworks and regulations in SSA, there are some individual country

initiatives that prove the interest in adopting and driving inclusive growth strategies to boost economic and social development, setting a strong base for the future development of IB policies, and proving the momentum. Some examples of these individual initiatives identified are:

- The Broad-Based Black Economic Empowerment (B-BBEE) policies in South Africa, implemented by the government to address historical inequalities by promoting the participation of black-owned businesses in the economy, which includes preferential procurement enterprise development support and skills development programs. The country has also developed a policy initiative together with the International Labour Organisation (ILO) to develop a social economy policy for the country.
 - The Access to Government Procurement Opportunities (AGPO) in Kenya reserves a % of government tenders for women, youth and persons with disabilities, to increase the participation of marginalized groups in the economy.
- **Other Regional and Global IB Initiatives:** since 2015 the G20 Platform has endorsed IBs and developed an “Inclusive Business Framework” focused on women and youth entrepreneurship initiatives that foster public-private partnerships (PPPs). Most of these initiatives are based on PPPs, have a combination of local and international stakeholders, and focus on the BoP, women and young entrepreneurs, while many pursue WEE as a strategy towards advancing gender equality and poverty reduction. Most of them can be of inspiration for the IB Policy Strategy development for Nigeria:
 - The EU project European External Investment Plan (EIP) focuses on improving access to finance for MSMEs in SSA region, with a focus on women-led SME’s and young entrepreneurs. The facility has a total €1.5billion fund in guarantees.
 - ICEX Impact+ in Spain, a multi-sourced project funded by the Spanish government, multilateral development banks, DFIs, NGOs, foundations and private sector funds, supports the internationalisation of Spanish companies that use inclusive and sustainable business models that meet the needs of people at BoP in emerging and developing countries.
 - 2X Challenge, is a global initiative led by a coalition of DFIs and multilateral development banks to collectively mobilize funds to promote gender-smart investing practices, to enhance the effectiveness and sustainability of investments in WEE as a driver for gender equality. To qualify for the funds, businesses are required to meet any of the 4 direct criteria: women-owned or led businesses, businesses with >30% of women in the workforce, and or business that provide products or services that particularly benefit women. The first commitment unlocked \$11.4 billion in gender-smart investments, while the second commitment, ended in 2022, unlocked a total of \$16.28 billion.
 - The Women Entrepreneurs Finance Initiative (We-Fi) is a collaborative partnership among governments, multilateral development banks and other private stakeholders with \$1.6bn in funding, that addresses the financing gap faced by women entrepreneurs. It provides access to finance to women-owned and low-income SMEs globally, fostering WEE and gender equality.
 - The Decent jobs for Egypt’s young people, implemented by the Canadian Development agency in collaboration with ILO, aims to increase the capacity of Egyptian government officials to implement youth employment policies and programmes to strengthen technical and administrative capacities of government partners to deliver youth employment services.

4.2 Promoting Women Economic Empowerment through IB policies and Successful IBs

IBs can be a catalyst for WEE at the BoP and for inclusive growth benefits from empowered women, as already observed in some ASEAN countries, where 30% of the IB companies identified in 3 countries contributed to WEE, while 20% were women-led. IBs recognise that promoting BoP women’s economic empowerment drives their inclusive growth results. On a regional level, in 2017 ASEAN countries adopted the Action Agenda on Mainstreaming WEE in ASEAN which encouraged countries to take 6 specific actions to mainstream WEE through innovation, trade and Inclusive Businesses: i) address key barriers affecting women, like financing, information, market access, human capital, leadership and IT; ii) promote women’s participation in STEAM; iii) create enabling environments for women MSMEs to participate in IBs; iv) increase women’s representation and leadership in executive and managerial roles; v) encourage PPPs and collaboration; and vi) organise an annual ASEAN Women’s Business Conference. These actions have been implemented in different ways and countries:

- Cambodia: implemented a UN ESCAP project called Capitalizing Women’s Entrepreneurship, which created a “one window service” to streamline business registration process to encourage women entrepreneurs to register and, with the Cambodian Women’s Entrepreneurship Association, offers digital expertise upskilling to women-owned or led companies.
- Malaysia: the SME Corp Malaysia division, under the Ministry of Entrepreneurship, Development and Cooperation (MEDAC), created the Microentrepreneur Business Development programme (BizME), that provides early-stage assistance and training targeted to youth, women and BoP to acquire new income generation and entrepreneurial skills.
- Vietnam: the Vietnam Women Entrepreneurs Council (VWEC) engaged in “ONE UN Project” to support women’s cooperatives in rural areas to share logistics and connect small businesses to become part of the value chain of larger ones. It has engaged in a WEE program to address the 7 principles of WEP’s (Women’s Empowerment Principles) by UN.

Finally, it is worth to mention that while there is extensive documentation on successful IBs worldwide at iBAN site

(www.inclusivebusiness.net), to use as inspiring and learning business cases, there are also some businesses in Nigeria that have already been pre-identified as either IB Models, as social enterprises with the potential to scale and become IB models, or as IB business lines. These businesses could become case studies that help promote the adoption of the IB policy strategy in Nigeria and the sector's development. Some of these examples are [Bankly](#), a fintech company aiming for the financial inclusion of people at the BoP by digitalising savings; [LifeBank](#), a medical logistics company focused on providing equitable access to vital medical supplies, focused on women and people at BoP living in rural areas; [Tomato Jos](#), an agribusiness company focused on creating a middle class in rural Nigeria by harnessing the power of local production for local consumption; [Blue Camel Energy](#), a renewable energy company that aims to develop sustainable power solutions for people with little to no access to power supply; [Solar Sister](#), a social enterprise focused on empowering women economically by providing access to clean energy solutions in rural and underserved communities; [She Leads Africa](#), a social enterprise that provides training, funding, and support to female entrepreneurs; [Farmcrowdy](#): a digital agriculture platform that connects small-scale farmers with sponsors who invest in agricultural projects, providing farmers with access to capital, training, and market linkages, while sponsors receive returns on investments; [Paga](#): a mobile payment platform that promotes financial inclusion by providing convenient and affordable banking solutions.

5 Challenges and Mitigation Actions

Following the insights obtained from stakeholders throughout the development of the IB Strategy in Kaduna State and the learnings from the implementation of IB Policy Strategies in ASEAN, below is a table summarising some of the main challenges expected during the process of adoption and implementation of the IB Strategy in Nigeria and the potential mitigation actions.

Table 1: Main challenges during the process of adoption and implementation of the IB Strategy in Nigeria

Anticipated Challenges	Mitigation Actions
<p><u>Lack or Insufficient Awareness of Inclusive Businesses:</u> A lack of understanding of the IB concept and models, and/or of the benefits that IBs pose for Nigeria's economic and social development.</p>	<ul style="list-style-type: none"> Enable the IB focal Unit(s) with the necessary financial and non-financial resources to build stakeholders' capacity on IBs concept, characteristics and impact, and to promote the positive impact of IBs on Nigeria's economic and social development through local success stories and best practices showcasing.
<p><u>Institutional Limitations:</u> Poor coordination among a fragmented stakeholder landscape and among state and federal agencies, a low commitment from the ecosystem, and a lack of resources to promote IBs and to develop the IB ecosystem can limit IB Strategy adoption and implementation.</p>	<ul style="list-style-type: none"> Establish a coordination steering team within the IB focal unit that fosters sustained collaborative platforms, inter-agency partnerships, and streamlined communication channels to ensure alignment and synergy in IB-related efforts across different levels and sectors of governance. Secure specific funding for the IB Unit(s) to invest in the development and support of the IB ecosystem.
<p><u>Lack of Financial Resources:</u> To support both the IB focal Unit awareness, promotion and capacity building activities for IB policy adoption and implementation, and to fund IBs A2F needs for growth and scale.</p>	<ul style="list-style-type: none"> Secure adequate and sufficient funding from public/private local and international existing sources to support IB focal unit, focusing on low-hanging fruit activities for immediate implementation and to capitalise momentum. Short-term, leverage on existing impact investing funds in Nigeria, Africa and globally, linking them to IBs for A2F; mid-term, develop innovative and tailor-made de-risking financing mechanisms to attract and catalyse private capital and build public-partnerships with DFIs.
<p><u>Absence of a clear & simple Standardized Accreditation System for IBs:</u> The lack of a clear-cut selection criteria and process to identify and accredit IBs entitled to receive financial support and specific incentives, can create uncertainty for investors and mainstream businesses.</p>	<ul style="list-style-type: none"> Follow IBAN's best practice recommendation on Accreditation system criteria and principles for IBs identification, tailoring criteria to Nigeria's specific business reality and strategic focus wherever needed. Secure the creation of a recognised accreditation national body/committee involving key IB ecosystem stakeholders and external experts for objectivity, transparency and trust building.
<p><u>Gaps in Business Environment Enablement:</u> The lack of specific business policies and incentives that establish a conducive environment for the transformation of mainstream businesses into IBs can hinder IB policy's success.</p>	<ul style="list-style-type: none"> Develop tailor-made responses that include sector-specific policies and flexible regulatory frameworks that accommodate the unique characteristics of inclusive business ventures. Ensure that specific incentives for IBs are not perceived as counter-productive for mainstream businesses.
<p><u>IB Expertise Gap:</u> A shortage of skilled professionals with expertise in IBs' concepts, strategies, and models poses a challenge to the effective formulation and implementation of IB-related policies & programs.</p>	<ul style="list-style-type: none"> Prioritise investment in IB capacity-building and empowerment of ecosystem stakeholders as a key building block for Strategy's implementation success. Ensure the IB focal Unit(s) leads expertise-building efforts using existing knowledge tools and platforms (IBAN), events & training programs.
<p><u>Difficulties transforming Social Enterprises & Mainstream Businesses into IB Models:</u> While mainstream business focus impact on job creation, encouraging a focus on creating sustainable livelihoods and including the BoP might require specific capacities.</p>	<ul style="list-style-type: none"> Facilitate upskilling of existing mainstream businesses and social enterprises' workforces to embrace the pursue of an alternative impact route, via the increase of income/sustainable livelihoods and the improvement of living standards.
<p><u>Lack of Knowledge/Data on BoP and Vulnerable groups:</u> Limited data & understanding of BoP population and vulnerable groups like women</p>	<ul style="list-style-type: none"> Share available market data on BoP segments/gender/youth with IB ecosystem; ensure tailored-data gathering within IBs. Facilitate capacity-building programs on how to gather gender-income-age disaggregated data.

Anticipated Challenges	Mitigation Actions
<p>or youth hinders the development of appropriate solutions to cater to the needs of low-income communities.</p>	<ul style="list-style-type: none"> ▪ Specifically for gender, share potential impact of investing into women and of mainstreaming gender into the whole IB strategy implementation process.
<p><u>Policy misfit to needs of the Private Sector</u> Governmental or organizational policies do not effectively address the specific needs, challenges, or goals of private stakeholders involved in IBs, resulting in reduced efficiency or productivity.</p>	<ul style="list-style-type: none"> ▪ Ensure private stakeholders/industry’s engagement and participation throughout IB design process identifying specific needs and addressing practical concerns regarding policy alignment and risk management.
<p><u>Limited Budget for M&E:</u> The lack of resources to plan, measure and manage the impact of IBs in the social and economic development of Nigeria, can limit the scaling of IB Policy.</p>	<ul style="list-style-type: none"> ▪ Develop a feasible and actionable plan to measure IB Strategy adoption and implementation, defining simple and realistic output and outcome indicators to measure the impact of IB’s on the lives of the BoP and on the economy and to inform future policy development.

6 Key Findings from IB Pilot in Kaduna

The piloting of the strategic recommendations to establish a more enabling environment for IBs in Kaduna by KADIPA has overall shown very positive results in terms of team commitment and stakeholders' engagement, participation, and enthusiasm around the potential of implementing an IB policy strategy as a way to accomplish social and economic growth for the state, with particular focus on the underprivileged low-income communities. The IB Policy Strategy for Kaduna State has been developed by a team of 11 members from KADIPA, led by the Director of Investment relations.

6.1 Key Achievements

The Kaduna IB pilot has accomplished significant results with regards to stakeholder involvement and government support. For stakeholder involvement, a process of two in-person consultation meetings and a few individual online consultations was designed, resulting in extensive participation both from public and private stakeholders and a strong interest in collaborating with KADIPA on moving the strategy forward. The Kaduna State Government has been actively engaged and has demonstrated a strong commitment towards driving the IB strategy throughout the state, a crucial support for successful state-wide implementation.

The KADIPA team put together a draft IB strategy, following iBANS best practices shared from other regions and countries, which has received a general consensus from stakeholders and has laid the ground for a national scale-up. The feedback received from stakeholders has been very valuable to feed the final IB strategy and has been focused on four main priority areas:

- **Institutional set-up of an IB focal Unit in Kaduna**, led by members from both KADIPA and KADEDA organisations, which together will represent the voice of investors, businesses and the state government. The team is considering the addition of some private sector actors that can voice the needs of the BoP (like some manufacturers' associations) and some gender and youth experts, to ensure the needs of the low-income communities and more vulnerable populations are part of the steering committee and therefore involved and heard throughout the design and implementation phases. This IB Unit will be in charge of further engaging key stakeholders into the state IB ecosystem and coordinating the efforts to drive awareness and promotion of IBs, for which they are working on potential funding to support these activities.
- **Development of an IBs Accreditation System**: following the best practices studied from the ASEAN countries, KADIPA has developed an evaluation guideline that includes a set of 30 criteria, grouped into 4 main elements for IB qualification: strategic intent, commercial viability, social impact, and innovation. A steering committee still needs to be formed, involving the IB focal Unit and some external experts, which will define the process and timelines for accreditation, as well as the launching event of the 1st cohort of IBs in the state. This accreditation system would recognize and incentivize IBs that effectively integrate low-income populations into their value chains, and has been identified as one of the priorities for the implementation of the IB policy strategy in Kaduna. Key for the success of this system is that it meets with the State's certification standards.
- **Financing Mechanisms**: enabling access to finance and providing capacity building to IBs was also ranked as one of the top priorities for the success of the IB strategy. KADIPA has outlined a proposal for the set-up of a risk-reduction facility, potentially co-funded by Kaduna State government, DFIs and impact investors, that will aim to offer de-risking financial instruments that attract private capital, grants and a specific TA facility. KADIPA is also exploring other sustainable financing models for IB funding like social, green and impact bonds. Given that the design, set-up and funding of the proposed risk-reduction facility will take time, stakeholders participating in the consultation meetings and KADIPA agreed to give priority, in the short-term, to the establishment of linkages between IBs and existing impact funds and private impact investors, while continuing to work on the development of the mentioned facility.
- **Enabling Environment for IBs in Kaduna**: the most important elements identified as potential enablers for a conducive environment in Kaduna are financial and non-financial incentives for businesses accredited as IBs, the most relevant being tax and energy/power incentives, land incentives and ensuring ease of doing business for IBs (in line with mainstream businesses). Most of these actions might require some capacity building to IBs.

Finally, with regards to the implementation plan, agreement with stakeholders has been to focus on the "low-hanging fruit" activities from the IB policy strategy action plan that will enable the pilot to start running, specifically: the IB Focal Unit set-up, the launch of the accreditation system and identification of 1st cohort of IBs, awareness building activities amongst the ecosystem, and capacity building to IBs and government actors, which could all be rolled-out in the short term. For the mid-term, the focus will be on designing and getting approval to specific financial and non-financial incentives for IBs, to continue creating a more enabling environment for IBs, and on the set-up and funding of the mentioned de-risking facility.

6.2 Key Challenges & Lessons learned

Given the pilot's focus on strategy development and stakeholder engagement, the challenges observed to date are mainly related to coordination and regulatory complexities, resource constraints, the need to address certification standards and how to measure progress. Some of the specific potential challenges refer to: i) Coordination and Collaboration flaws amongst stakeholders: the IB Unit's key success will rely on the capability to design a streamlined process amongst stakeholders, and on engaging the key stakeholders to achieve conducive policy rules for the IB business environment, ii) Financial Sustainability Challenges: securing mid and long-term funding for IB program implementation beyond the initial stages, iii) Feasibility and Actionability of Accreditation system: which will need to address the State's certification standards to be effective, iv) Monitoring & Evaluation limitations: a robust M&E framework will require expertise and tools to gather the data to track progress and measure impact and can be resource-intensive, v) Gender Mainstreaming: ensuring the participation of women throughout the design and implementation process can challenge cultural behaviours, data will need to be disaggregated to understand the specific needs and challenges faced by women entrepreneurs, and targeted strategies and tailor-made support and financial mechanisms will need to be developed to ensure women's full participation and empowerment within the IB value chains, and vi) Capacity Building Gaps: mainstream businesses might require training to effectively integrate low-income populations into their operations, while IBs will need A2F linkages.

The Kaduna IB Strategy development has also drawn some lessons and insights that can be useful for future scaling efforts:

- **Effective stakeholder engagement and support are crucial**, emphasizing collaboration and coordination among these stakeholders. Establishing partnerships that facilitate the adoption and implementation of the IB Policy strategy within the ecosystem, spearheaded by the IB focal unit, will be imperative for achieving success.
- **Government support matters**, and will be required for widespread adoption, implementation and the long-term sustainability of the IB strategy, like incorporating the IB policy as a state/national policy and/or within established regulatory frameworks.
- **Planning for Scalability from inception**, with early consideration of financing mechanisms, capacity building programs, and M&E frameworks, will facilitate a smooth transition from pilot blueprint to state-wide implementation.
- **A Gender focus and mainstreaming is required to drive the full potential of the IB strategy impact**, as addressing gender inequalities through the involvement and support of women throughout the VC will have significant impact in improving living standards and reducing poverty. This will require a targeted outreach, with programs that ensure women-owned-led businesses are not overlooked during capacity building initiatives, collecting gender-disaggregated data to understand women entrepreneurs' specific needs and challenges and promoting women's leadership and participation throughout the VC.
- **Technology is a desirable and innovative enabler for the IB strategy** and leveraging on it can enhance the success of the IB strategy by shortening certain gaps within the BoP (i.e., financial inclusion, access to basic services), by increasing the engagement of a vibrant young entrepreneur sector, increasing the outreach of programs, and by benefiting from more affordable tech products. Digital platforms, digital Apps and the likes can help connect businesses to low-income populations, facilitate market access for IBs, and streamline M&E processes, potentially reducing the implementation costs.
- **Securing Sustainable Financing for successful implementation**, can determine the future scale of the IB policy strategy implementation. Specific funding requirements are related to: i) expanding the outreach and capacity building around IBs to businesses integrating low-income populations, ii) establishing an accreditation system for IBs and building awareness around IB concept and models, iii) developing a robust M&E framework to track progress and measure impact, iv) identifying, proposing and approving financial and non-financial incentives to encourage the transformation of mainstream businesses into IB models, and v) developing innovative de-risking financial mechanisms that attract private capital to provide access to finance for IBs.

Finally, the National Upscaling of the IB Policy strategy can build on the success of the Kaduna pilot, which serves as a valuable blueprint for national upscaling. The consultative approach used to develop the IB strategy, the financing models explored for implementation, the challenges identified and the lessons learned can be adapted and applied across different regions within Nigeria, reducing the risk associated to national implementation and facilitating a smoother transition from pilot to widespread adoption. The Kaduna IB Unit can become a key resource for knowledge sharing and advocacy by disseminating success stories and best practices to encourage broader adoption of IBs, while the regulatory and policy frameworks developed can be a strong base for the development of a National IB Policy and Legal Framework

7 Recommendations for Federal Scale-Up

The proposed recommendations aim to help establish an Inclusive Business Enabling Environment in Nigeria (IBeeN), intended to support the nationwide expansion of an IB policy strategy. These suggestions draw upon global best practices in developing and implementing IB policy strategies, including insights from extensive documentation by iBAN, primarily in the Asian region. Additionally, preliminary insights from the ongoing development of the Kaduna Pilot test have informed these recommendations. Synthesizing information from various sources, the report identifies essential elements that any successful IB policy must encompass for success.

7.1 Create a Specific Institutional Set-up for IBs to promote Multi-stakeholder Engagement and Government support

All countries and regions that have successfully implemented an IB policy strategy and managed to include IBs into their National agendas, have appointed a special IB focal point or unit within government agencies and/or private sector actors to lead the strategy development, adoption and implementation, and to coordinate stakeholders, while building the necessary IBs' expertise.

In the case of Nigeria, the recommendation would be to create a Federal IB focal unit led by the Nigeria Investment Promotion Commission (NIPC), given their extensive expertise in supporting sustainable finance and in collaborating with more responsible, innovative and alternative public and private actors, like impact investors. This Focal Unit could be strengthened with the participation of other public and private stakeholders in the steering committee, like the Small and Medium Development Agency of Nigeria (SMEDAN), representatives of the Nigerian Economic Summit Group (NESG) or the Nigeria National Advisory Board on Impact Investment (NABII), and some gender-expert organisations, like the NACCIMA women Group (NAWORG) or the Nigeria Association of Women Entrepreneurs (NAWE), as well leaders of successful IBs in Nigeria. The IB focal point would be in charge of leading the development of a Federal IB Ecosystem, engaging key stakeholders across sectors, creating linkages to other ecosystems and fostering collaboration and partnerships among federal agencies, state governments, private sector, multilateral organisations, etc. Additionally, given the size and federal nature of the country, recommendation would be to consider creating additional IB focal points in each state, like the one established in Kaduna, potentially led by the State Investment Promotion Agencies (IPAs) in collaboration with other local stakeholders. Key for success will be the role of government ministries and agencies in the advocacy, promotion, adoption and implementation of the IB strategy at a federal level, particularly in enabling a conducive business environment for IBs.

Some of the Key Stakeholders identified across sectors to consider for involvement in the IB ecosystem in charge of the IB strategy upscaling are listed in the table below, grouped into government ministries and agencies, private sector organisations and associations, national and international development institutions and civil society organisations and academia experts.

Table 2: Nigeria Inclusive Business Ecosystem

Nigeria Government Ministries & Agencies	Private sector Associations & Organisations	National & Int'l Financial & Development Sector	Other Stakeholders
<ul style="list-style-type: none"> ▪ Office of VP of Federal Republic of Nigeria. ▪ Nigeria Investment Promotion Council (NIPC): focal point for IB policy strategy & coordination of ecosystem. ▪ Federal Ministry of Trade & Investment - responsible for national investment policies. ▪ Federal Ministry of Finance. ▪ Federal Ministry of Agricultural & Rural Development. ▪ The Small and Medium Development Agency of Nigeria (SMEDAN), in charge of leading the economic increase of SMEs through their inclusion into IBs value chains as suppliers, distributors and retailers. ▪ Ministry of Women Affairs & Social Development – to drive gender equality through IBs promoting WEE. 	<ul style="list-style-type: none"> ▪ Cross-sector Business Associations: The Nigeria Agribusiness group (NABG); the Nigerian Economic Summit Group (NESG), key to foster PPPs; the Nigeria National Advisory Board on Impact Investment (NABII) for cross-relations with Impact Investment ecosystem. ▪ The Nigeria Association of Chambers of Commerce, Industry & Agriculture (NACCIMA). ▪ The Manufacturers Association of Nigeria (MAN). ▪ The Nigeria Association of SMEs (NASME). ▪ The Nigeria Association of Women Entrepreneurs (NAWE). ▪ The NACCIMA women Group (NAWORG), focused on empowering and supporting women in business endeavours. 	<ul style="list-style-type: none"> ▪ Financial Institutions in Nigeria: Central Bank of Nigeria (CBN), Bank of Industry (BOI), Nigeria Export-Import Bank (NEXIM), Bank of Agriculture (BOA), Development Bank of Nigeria (DBN), and Microfinance Banks Association of Nigeria (MFBAN). ▪ Private Impact Investment Funds: Alitheia IDF, Sahel Capital, GroFin, GAWA, ImpactHER, Injaro Investments, etc. ▪ NGOs and development funds supporting women and young entrepreneurs: Tony Elemelu Foundation (TEF), the African Women's Development Fund (AWDF) and the Africa Enterprise Challenge Fund (AECF). ▪ International Development Partners and International Financial Institutions: 	<ul style="list-style-type: none"> ▪ Civil Society Organizations: Women's Rights Advancement and Protection Alternative (WRAPA), & the Environmental Rights Action/Friends of the Earth Nigeria (ERA/FoEN). ▪ Academic & Research Institutions: Lagos Business School (LBS) and the Nigerian Institute of Social and Economic Research (NISER).

Nigeria Government Ministries & Agencies	Private sector Associations & Organisations	National & Int'l Financial & Development Sector	Other Stakeholders
<ul style="list-style-type: none"> Office of the Senior Special Assistant to the President on Sustainable Development Goals (OSSAP-SDGs). 	<ul style="list-style-type: none"> The Association of Small Business Owners of Nigeria (ASBON). The Centre for International Private Enterprise (CIPE), that advocates for policies that enhance business environments. Social Enterprises and IBs in Nigeria: Life Bank, Silvex International, Blue Camel, Bankly, Jam the Coconut, Tomato Jos, Hello Tractor, Farmcrowdy, AACE Foods, Paga, Wecyclers, etc. 	Development agencies (like GIZ), Bilateral donors (EU, BMZ, DFID), Multilateral donors (WB, AfDB, EU) and Int'l NGOs (Acumen, Ashoka, GAIIN).	

7.2 Develop Policies to Enable a Conducive and Attractive Business Environment for IBs

This section recommends the design and implementation of tailor-made policies and legal and regulatory incentives that will allow to create a more attractive business environment that promotes the transformation of mainstream businesses into IBs.

- Create a legal framework and accreditation process to identify, register and validate IBs. This element is of particular relevance in the success of the IB policy strategy implementation as it enhances the level of participation and transformation of mainstream businesses into IBs, and it contributes to understanding, monitoring and evaluating the social impact of the private sector. For the development of the accreditation process the involvement of entrepreneurs of leading businesses pre-identified as IBs in the Kaduna Landscape study would help to encourage other businesses.
- Design and offer suitable financial and non-financial incentive systems to IBs: tax incentives, energy/power incentives and land-related incentives seem to be the most relevant as per insights obtained from stakeholders' feedback in Kaduna state.
- Build a supportive regulatory framework and policies for IBs.
- Prioritise IB in government procurement processes by embedding poor and low-income targets into government contracts and prioritizing procurement from companies with IB models, especially those with accreditation.
- Support Market Access for IBs, facilitating market linkages and network/ecosystem connections.
- Support the development and improvement of key infrastructures, like roads, energy, communications and connectivity, particularly in rural and underserved areas, to improve access to essential services, vital for the operation of IBs.

7.3 Develop Tailor-Made Financing Mechanisms to Provide Access to Finance to IBs

Depending on the business model pursued by businesses for transformation into IBs, whether a full IB model, an IB business line, a social enterprise looking to scale, or IB activities within CSR programs, IBs will have specific and different financial needs. The IB ecosystem, particularly the public and private financial stakeholders, will need to collaborate to develop financial products that can cater to these needs, creating innovative and alternative financial tools or leveraging on existing ones.

The development and use of de-risking mechanisms, like guarantees, concessionary or first-losses funds, co-investment funds, revenue-sharing agreements, insurance products (particularly for the Agri sector) or grants for capacity building, will be essential to catalyse the private capital required for the transformation of businesses into IBs, as they can encourage unlock funds from more risk-averse private investors to support IBs in Nigeria. These mechanisms will in turn require innovative and alternative public and private partnerships with national and international stakeholders. This can be done via the creation of specific IB de-risking funds, like the Inclusive Business Risk-Reduction and Impact Incentive Facility (IB-RRIF) developed in Cambodia, or by leveraging on existing national and international impact funds that share similar socio-economic impact targets, like: the Nigeria Wholesale Impact Fund ([WIIF](#) - focused on unlocking investments for social enterprises to drive social sector development), the National Agricultural Development Fund ([NADF](#) - to address the binding constraints of agricultural finance), the [ERM](#) Green Bond (Nigeria's first corporate Green Bond to fund hydropower), the Sahel Social Enterprise Fund for Agriculture in Africa ([SEFAA](#) - focused on enhancing the business ecosystem for smallholder farmers in Sub-Saharan Africa), the GAWA Capital [HURUMA](#) Fund (focused on rural agricultural development), or the Acumen Resilient Agricultural Fund ([ARAF](#) - the world's first equity fund designed to build the climate resilience of smallholder farmers), among others.

To fulfil the gender equality objectives established within the IB strategy, specific considerations need to be taken for the

development of a gender-lens focused investment de-risking facility (separately or within the main one), or by leveraging on existing national or international funds set-up with a focus of investing into women-led or owned businesses, into business that employ mainly women or those who provide products or services that benefit women in particular, like: the [Nigeria VP](#) gender-focused \$100million impact fund launched in Jan'24, the [2x Challenge](#) Global Fund from international DFIs, or private funds like [Alitheia IDF](#) (a gender-lens fund investing in scalable businesses to leverage the power of gender diversity as a factor for superior performance).

Furthermore, the IB Unit must undertake initiatives to raise awareness about the existing financing mechanisms and enhance the financial literacy of IBs. This effort will enable IBs to grasp the range of financing options available and choose the ones that align most effectively with their specific requirements. Additionally, the IB Unit should facilitate appropriate investment connections, such as facilitating impact investments and linking IBs with funds from impact investors.

7.4 Create a Specific Technical Assistance IB Facility

Considering the innovative role that IBs will play within the Nigerian business landscape, establishing a dedicated Technical Assistance (TA) facility is imperative to bolster support for IBs and fortify the IB ecosystem. This TA facility should offer tailored business capacity-building programs aimed at augmenting the skills and capabilities of entrepreneurs. Additionally, it should provide assistance for business development among IBs, facilitate innovation, and foster exchanges of best practices to cultivate alternative IB models better suited to the Nigerian business context. Moreover, the TA facility should extend support to other stakeholders in the IB ecosystem, including government actors. Recommendation is to leverage on the IB Coaching and Mentoring Guide developed by [IBAN](#), including a readiness assessment, guide to transformation into IBs and an IB mentoring tool.

A specific focus should be given to the capacity building of women and young entrepreneurs, that might be faced with additional requirements and challenges vs. mainstream entrepreneurs. Leveraging on the expertise of specialised enterprise accelerator programs and organisations working with these target populations, like She Leads Africa ([SLA](#)), the [Tony Elemelu](#) Entrepreneurship Programme, the Women's Technology Empowerment Centre ([WTEC](#)) or Youth Empowerment and Development Initiative ([YEDI](#)), can help develop specific programs and enhance their effectiveness.

7.5 Build Awareness and Advocacy around IBs

As Inclusive Businesses (IBs) offer fresh and innovative avenues for impact-driven public-private collaborations, it is crucial to raise awareness about IB concepts, their capacity to influence the economy, and the business incentives within the IB ecosystem. This awareness, especially among supporting government agencies, serves as a pivotal catalyst for the adoption of IB policies. Conversely, neglecting this aspect has been identified as a significant obstacle to IB development. To build this awareness the ecosystem will also require committed and influential IB Champions within the government that advocate for IBs and help build strong linkages with the private sector. Some of the awareness building activities undertaken by other countries and regions range from hosting IB events and workshops, publications, exchange of best practices and case studies, and creation of IB awards.

For the development of awareness building activities, the ecosystem will require a separate budget, specifically for the set-up and initiation of the essential accreditation system that will enable the ecosystem to identify and select IBs. For the funding of these activities, both international and local donor partners and foundations that share a similar vision and social impact targets are best placed to support and fund these activities.

7.6 Foster Coordination and Collaboration across all IB Ecosystem Stakeholders

As mentioned in recommendation 1., the Federal IB focal point or unit, led by NIPC and other private stakeholders, will coordinate efforts between all stakeholders involved in the IB ecosystem. Moreover, the Nigeria IB Unit should be in charge of coordinating the adoption and implementation of the IB Policy by the State IPAs Focal units and across government agencies and private sector actors. Essential to their role will also be to foster collaboration amongst different stakeholders and State IB focal points to promote the establishment of public-private relationships that will be necessary to bring all IB policy elements together. Equally crucial is the implementation of participatory strategies throughout the entire process of formulating, adopting, and executing the IB strategy.

7.7 Monitoring and Evaluation (M&E)

To sustain the momentum for Inclusive Businesses (IBs), it is essential to monitor their impact on economic growth and social development in Nigeria, as assessed by the Sustainable Development Goals (SDGs). Managing the achieved impact to enhance IB models and improve their effectiveness will be critical. This process will contribute significantly to establishing credibility and trust in IBs and furthering the transformation of conventional businesses into inclusive ones. It will be crucial to pinpoint successful case studies, challenges, and best practices within the country to enhance awareness, advocacy, and attract additional private capital. In designing the Monitoring and Evaluation (M&E) framework for the IB strategy, it's advisable to prioritize straightforward and

standardized output and outcome indicators. These should be easily trackable and collected by IBs while aligning with the objectives of Nigeria Agenda 2050.

Some examples of key performance indicators (KPIs) to be considered for the M&E would be: i) Implementation KPIs – outputs – i.e.: IB Focal Unit created; IB Ecosystem engaged and IB policy launched; accreditation system for IBs established and operational; amount of IBs accredited in Nigeria; amount of women-led/youth IBs accredited; capacity building trainings to IB ecosystem; tailor-made policy enabling incentives for IBs approved and activated; funding for IBs secured, etc; and ii) Impact KPIs – outcomes - % of growth achieved by supported IBs; jobs created within the BoP; % of growth of key economic sectors in Nigeria, etc.

In addition to tracking the impact of IBs on the SDGs in Nigeria, it is recommended to monitor and oversee the adoption and implementation of the IB policy at the federal level. This includes ensuring the integration of the IB strategy into national policies, the endorsement of the IB strategy by State government agencies, and the inclusion of IB policies in the upcoming Nigeria Strategic Development plan, among other measures.

7.8 Other Upscaling Recommendations

To ensure the continuity and sustainability of the Federal IB policy strategy developed, recommendation is to embed and integrate IB policies into national investment policies. Other final recommendations are: i) to create synergies with other existing frameworks wherever possible, ii) to leverage on the experience, learnings and recommendations of previous experiences in developing IB strategies, both in other world regions like ASEAN and in Africa, replicating successful approaches, iii) to leverage on the IB expertise already being developed by the IB focal point in Kaduna state, KADIPA, to build a national expertise on IBs, and iv) to build National and State know-how and expertise on IBs.

8 Conclusion

The culmination of this report marks a pivotal transition from theory to actionable strategy, offering a practical playbook for expanding the Kaduna Inclusive Business (IB) Policy Strategy model throughout Nigeria. Building upon the successful elements of the pilot initiative, the Federal Upscaling proposed strategy prioritizes adaptability to ensure sustained and widespread influence.

Based on a real-world validation model derived from Kaduna's test, this strategy presents a replicable blueprint for driving both economic growth and social inclusion on a nationwide scale. The blueprint is based on a public-private collaborative foundation, characterized by stakeholder-driven engagement, that ensures broad ownership and alignment across governmental, corporate, and communal sectors, while it provides a flexible framework tailored to accommodate the diverse contexts of Nigeria's regions. Transitioning from blueprint to action, the strategy emphasizes replication with refinement, integrating into the national rollout the core elements such as stakeholder engagement, capacity-building, financial creativity and adaptability, and impact measurement. Amplifying knowledge dissemination through the sharing of success stories and best practices will incentivize broader participation from the business sector, while establishing a supportive national policy and legal framework stands as a crucial enabler for long-term IB growth.

The vision of achieving inclusive growth in Nigeria can be materialized through the upscaling of the Kaduna IB Policy model, offering a tangible pathway toward achieving critical national development objectives. By promoting sustainable economic growth through innovation and inclusion, by engaging key public-private stakeholders and fostering unique collaborations within them, by unlocking essential private financial resources to support the IBs, by empowering communities through job creation and skills development, and by fostering a more equitable distribution of wealth and opportunity including BoP, women and youth into VCs, Inclusive Businesses stand poised to drive the desired inclusive and sustainable growth, bridge societal divides and strengthen social cohesion.

Finally, this document represents a call to collective action, urging government leadership, private sector actors, and international development partners to unite in adopting and implementing the outlined recommendations to contribute to addressing the country's socio-economic challenges. Through concerted effort and collaboration, stakeholders can unlock the transformative potential of Inclusive Businesses, paving the way for a more prosperous, sustainable and inclusive future for all Nigerians.

Abbreviations

A2F	Access to Finance	M&E	Measurement & Evaluation
ASEAN	Association of Southeast Asian Nations	MSMEs	Micro, Small and Medium Enterprises
BoP	Bottom or Base of the Pyramid	ODA	Official Development Aid
CSR	Corporate Social Responsibility	PPPs	Public-Private Partnerships
DFIs	Development Financial institutions	SDGs	Sustainable Development Goals
GIIN	Global Impact Investing Network	SDP	Strategic Development Plan
TTIBs	Inclusive Businesses	SHFs	Small Holder Farmers
iBAN	Inclusive Business Action Network	SMEs	Small and Medium Enterprises
IBeeN	Inclusive Business Enabling Environment Nigeria	STEAM	Science, Technology, Engineering, Arts & Mathematics
KADIPA	Kaduna Investment Promotion Agency	TA	Technical Assistance
KPIs	Key Performance Indicators	VC	Value Chain
ECUS	Impori dolorem enim eat quatur	WEE	Women Economic Empowerment
		WEPs	Women Empowerment Principles

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