

Enhancing Economic Growth and Reducing Poverty through Inclusive Business Practices

Proposed Inclusive Business Strategy for Kaduna State



Author(s): KADIPA IB Strategy Drafting Team

May 2024



Co-funded by the European Union



This strategy document is supported by the Investment Climate Reform (ICR) Facility. The ICR Facility is co-funded by the European Union (EU), the Organisation of African, Caribbean and Pacific States (OACPS) under the 11th European Development Fund (EDF), the German Federal Ministry for Economic Cooperation and Development (BMZ) and the British Council. The ICR Facility is implemented by GIZ, the British Council, Expertise France, and SNV. This specific intervention is led by Leonardo Bertero, GIZ.

The contents of this publication are the sole responsibility of the author and do not necessarily reflect the views of the donors or the implementing partners.

The ICR Facility supports public and private stakeholders in African, Caribbean and Pacific (ACP) countries in creating a more conducive, sustainable and inclusive business environment and investment climate.

More information: www.icr-facility.eu

Implemented by



Contents

Contents	1
List of Tables	2
EXECUTIVE SUMMARY	3
1 INTRODUCTION	4
1.1 Background	4
1.1.1 Overview of Kaduna State and Its Economic Landscape	5
1.1.2 Rationale for Developing an Inclusive Business Strategy	6
1.1.3 General Considerations for the IB Strategy	6
1.2 Purpose of the IB Strategy	7
1.3 Scope and Limitations	8
2 INCLUSIVE BUSINESS LANDSCAPE IN KADUNA	9
2.1 Current State: An Overview of existing IBs in Kaduna State	9
2.2 Key Findings and recommendations from the IBAN Landscape Study	9
3 INSTITUTIONAL SET-UP	10
3.1 Creation of Inclusive Business Unit	10
3.2 Roles and Responsibilities of the Inclusive Business Unit	11
3.3 IB Ecosystem	11
4 CREATING AN ENABLING POLICY ENVIRONMENT FOR IB ECOSYSTEM	12
4.1 Key Challenges identified to the development of IBs in Kaduna	12
4.2 Solutions Implementation Plan	13
4.3 Accreditation Mechanism for Inclusive Businesses for Kaduna	15
5 FINANCING MEANS	19
5.1 Financing Strategy Summary	19
5.2 Short Term Financing Plans	19
5.3 Mid Term Financing Plans	22
6 MULTI-STAKEHOLDER IMPLEMENTATION WORK-PLAN KEY FINDINGS FROM IB PILOT IN KADUNA	25
6.1 Timeline and Milestones	25
7 MONITORING AND EVALUATION	26
8 GENDER MAINSTREAMING OF IB STRATEGY	28
8.1 Promoting Gender Equality Through IBs	28
8.2 Mainstreaming Gender into the IB Strategy	28
8.3 Inclusive Business and Women Economic Empowerment (W.E.E)	28
9 RISK AND MITIGATION	31
10 CONCLUSION	32
11 REFERENCES	33
Abbreviations	34
Annex 1: Data on Kaduna State	35

List of Tables

Table 1:	Proposed IB Unit Composition	10
Table 2:	Ecosystem Matrix	9
Table 3:	Solutions Implementation Workplan	12
Table 4:	IB Evaluation Guideline	13
Table 5:	IB Scoring Guideline	14
Table 6:	IB Accreditation Committee Compos	14
Table 7:	Impact Investment Stakeholder matrix	19
Table 8:	Investment Tools and Risk Management	20
Table 9:	Implementation Workplan and Timelines	22
Table 10:	M&E Matrix for the IB Project in Kaduna State	23
Table 11:	Risk and Mitigation Matrix	28

Executive Summary

In alignment with the global push for sustainable development, Kaduna State is embarking on a transformative journey towards fostering inclusive economic growth. Spearheaded by the Kaduna Investment Promotion Agency (KADIPA), the Kaduna Inclusive Business Strategy Project is set to catalyse the emergence of a dynamic ecosystem of inclusive businesses. This visionary initiative seeks to not only drive socioeconomic transformation but also address the needs of marginalized communities and groups. At its core, the project aims to create an enabling environment for the growth and proliferation of inclusive businesses across diverse sectors such as agriculture, manufacturing, renewable energy, and technology. By integrating marginalized populations into the economic value chain, the Kaduna IB Project aims to unlock untapped potential, foster innovation, and create sustainable livelihoods.

Key objectives of the project include the establishment of a conducive environment for inclusive business development, targeted support for social enterprises, SMEs, and marginalized groups, and the fostering of strategic partnerships with government agencies, financial institutions, and international development organizations. By driving economic diversification and resilience through inclusive business models, the project seeks to position Kaduna State as a hub for inclusive economic growth. To achieve its goals, the project will deploy a multifaceted approach comprising diverse strategies. These strategies include leveraging a range of financing mechanisms such as public-private partnerships, impact investments, and donor funds to provide seed capital for initial activities and ensure long-term sustainability. Additionally, the project will focus on capacity building, policy advocacy, and stakeholder engagement to drive collective action and maximize social impact.

We recognize the pivotal role of accreditation in ensuring the credibility and impact of inclusive businesses within the ecosystem. As part of its strategic framework, the project will establish an Accreditation Committee comprising representatives from the Kaduna Investment Promotion Agency (KADIPA), the Kaduna Economic Development Agency (KADEDA) and other relevant stakeholders. This committee will be tasked with developing and implementing robust accreditation criteria, ensuring adherence to inclusive business standards, and facilitating the accreditation process for qualifying businesses. Furthermore, the project is committed to mainstreaming gender considerations across all aspects of its operations. Recognizing the importance of gender equality in driving inclusive economic growth, we will adopt a gender-responsive approach in our policies, programs, and initiatives. This will include targeted support for women-owned businesses, gender-sensitive accreditation criteria, and the promotion of women's leadership and participation in the inclusive business sector.

Key components of the project include the establishment of the Kaduna Inclusive Business Risk Reduction and Social Innovation Fund (KIBRRSIF), which will mobilize \$50 million over 4-5 years to support inclusive business deals focusing on risk reduction and social innovation. Moreover, strategic partnerships with impact investors and the exploration of innovative financing mechanisms such as green bonds and gender bonds will play a crucial role in facilitating access to finance for inclusive businesses.

The Kaduna State IB project aims to achieve significant outcomes and impacts across various sectors in the state. At the top level, key performance indicators (KPIs) include obtaining state government approval and legislative incorporation of the IB strategy, ensuring adoption by all state agencies, and integrating the IB policy into the next Kaduna State Development Plan (2026-2031). Implementation KPIs focus on establishing the IB Unit, creating 30 women-owned IBs, launching the IB strategy with stakeholder endorsement, conducting awareness campaigns, accrediting 300 SMEs or large enterprises as IBs, and providing capacity-building sessions. Additionally, incentives will be defined and approved to support IB development, and the KIBRRSIF aims to secure \$10 million for the first year and \$50 million for the 5-year investment cycle. Impact outcomes include job creation within the Base of the Pyramid (B.O.P.), sectoral growth, increased internally generated revenue (IGR) for Kaduna State, poverty reduction, income growth for the B.O.P., and improvements in gender equality ratios. Through these initiatives, the project envisions catalysing inclusive economic development and social progress in Kaduna State.

The Kaduna Inclusive Business Strategy represents a bold and transformative initiative that holds the promise of a more equitable and prosperous future for Kaduna State. Through strategic partnerships, innovative financing mechanisms, and a relentless commitment to social inclusion, the project seeks to unleash the full potential of inclusive business as a driver of sustainable development.

Proposed Inclusive Business Strategy for Kaduna State

1 Introduction

Kaduna State is leaning towards sustainable and inclusive growth as a strategy to achieve economic development. The State is adopting policy initiatives that consider the need for inclusion by incorporating the base of the pyramid in economic value chains. Inadequate enabling business environments remain a significant challenge to businesses as they strive to scale their operations. Most stakeholders are unaware of Inclusive Businesses, which have therefore been neglected in policy initiatives. To this end, the ICR in collaboration with KADIPA and other stakeholders, wishes to support the development of an enabling business environment conducive to Inclusive Businesses. The objective is to consider and adopt Inclusive Business models as a strategic plan towards inclusive growth and economic development, while creating social impact for the poor by reducing income poverty and improving the living standards of the people. Furthermore, the strategy aims to do well for the commercial bottom line through good commercial returns, and contribute to growth, poverty reduction and socioeconomic transformation, and sometimes also improve the environment and climate.

The State Sustainable Development Goals (SDGs 2024), *cum* inclusive business strategy, aim to achieve inclusive economic growth and socioeconomic transformation of the state, which will translate into substantial improvements to the quality of lives of citizens, through higher productivity and competitiveness. The goal and plan of leaving no one behind is to:

- a) Alleviate poverty and promote sustainable livelihoods through targeted interventions and economic empowerment initiatives
- b) Ensure food security and improve nutrition by promoting sustainable agricultural practices and enhancing access to nutritious food.
- c) Promote gender equality and empower women and girls through comprehensive initiatives aimed at achieving gender parity in all spheres of life.
- d) Ensure universal access to affordable and equitable social services (health, energy and education) to facilitate development and quality of life.
- e) Foster inclusive economic growth and create job opportunities, particularly for marginalized communities, to advance socio-economic development.
- f) Build resilient infrastructure and safe sustainable communities capable of withstanding environmental and social challenges.
- g) Strengthen global partnerships for sustainable development by collaborating with stakeholders at all levels to support collective action toward achieving sustainable development goals

1.1 Background

Inclusive Business (IB) is a concept used to describe commercially viable core business lines of private sector companies that provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people living at the base of the pyramid (BoP), making them part of the value chain of companies as suppliers, distributors, retailers, or customers. The first Inclusive Business Forum for Kaduna was held on 11 October 2022 and was co-organized by the Kaduna Investment Agency (KADIPA) and the Inclusive Business Action Network (iBAN), a global program under the German Agency for Cooperation (GIZ) and financed by the German Ministry of Economic Cooperation and Development (BMZ). The conference was part of the Nigeria Inclusive Business landscape study requested by the government of Nigeria, Kaduna State and Lagos State. The landscape study:

- a) Adjusts the international IB discussion to the Kaduna State context.
- b) Profiles companies with IB business lines.
- c) Assesses the enabling environment for IB.
- d) Makes suggestions for an IB promotion program.

Nigeria is the largest country in Africa by population (229,152,217 million people, a 2.39% increase from 2023). However, its development path is biased towards the petroleum industry, generating export revenues but not contributing significantly to poverty reduction. After two decades of uneven growth, poverty remains widespread (41 per cent, or over 95 million people

living under \$1.9/day), while living standards are low for most Nigerians. COVID-19, the global economic challenges triggered by the Russian war in Ukraine, and the resultant trade impediments further aggravated poverty in 2022. The governments at the federal and state levels increasingly realize the need for deep socioeconomic reforms, including unleashing the potential of the private sector to create relevant solutions for income and goods and services for the poor and low-income earners.

1.1.1 Overview of Kaduna State and Its Economic Landscape

Kaduna State prides itself as a major economic force in the comity of States in Nigeria. According to the Kaduna Gross Domestic Product (GDP) report, the State's GDP was estimated at \$3.14bn in 2018, \$1,056 GDP Per Capita, -.4% GDP Growth Rate. In 2013, the state was considered to be the fourth largest economy in the country, coming behind Lagos, Kano, and Oyo States, agriculture being the main stay of the economy. Cash and food crops cultivated in the state include Yam, cotton, groundnut, tobacco, maize, beans, guinea corn, millet, ginger, rice and cassava. Manufacturing, livestock and poultry production are also common. A 2022 report by BudgIT places Kaduna State as Nigeria's 11th largest economy, indicating some level of market shrinkage. Recent investments in agriculture, agro-processing and manufacturing include global brands such as Dangote Group, Olam, Notore, Campina and Friesland. Agriculture's contribution to Kaduna State's Gross Value Added was 39.73% in 2019 and significantly increased to 42.66% in 2020. The Information and Communication Sector in Kaduna State accounted for 19.48 % of the Nominal Gross Value Added in 2019 and increased to 20.94% in 2020. Manufacturing contributed 6.84% to Kaduna State's GDP in 2020. Agriculture, Information and Communication, and Manufacturing represent the biggest contributors to Kaduna States GDP and are therefore excellent focus sectors that can be further enhanced for economic development through IB support, validating Kaduna State as an IB investment destination in Nigeria. The key sectors that can contribute to the creation/transformation of enterprises into IBs are:

Agriculture:

The growing recognition of agribusiness within Kaduna State underscores the advantages of an inclusive business framework. By incorporating rural farmers into the supply chains of agribusinesses for both raw materials and food, there is a tangible contribution to inclusive economic development. Moreover, the industry's embrace of technological innovations, such as FinTech solutions, plays a pivotal role in fostering inclusivity. These technologies facilitate financial access for farmers and offer investment avenues for capital providers, effectively bridging the sector's supply and demand gap.

Financial Sector/ Technology - FinTech:

FinTech companies have managed to significantly improve the livelihood of low-income earners living at the BoP, despite challenges in infrastructure. The success stories of companies like PayStack, FlutterWave, Paga, PiggyVest, Interswitch, E-Transact, SystemSpec's – Remita, in enhancing financial inclusion in Nigeria is a testament to the speed to scale in technology companies. The FinTech sector poses a big opportunity for the youth, who are key to driving growth and innovation in this space.

Digital Economy:

The growing ICT ecosystem in Kaduna offers the State a platform to accelerate the acquisition of ICT skills and knowledge, encourage innovation, job creation, human capital development and economic growth, particularly for the youth. The digitalization of enterprises is a foundation for building inclusive business and will be key in accelerating their scale and growth.

Mining Industry:

Kaduna State possesses deposits of diverse solid minerals with significant economic potential, encompassing precious metals, gemstones, and industrial minerals like Lithium. These resources are poised to enhance the state's capabilities in solar battery production and support industries manufacturing electric vehicles, thereby fostering advancements and modernization within the automobile sector.

Textiles:

Kaduna served as a prominent hub for Nigeria's textile industry, which was once flourishing. However, despite its historical significance, Nigeria now expends approximately \$4 billion annually on imported textiles and clothing.

Entertainment Economy:

A growing sector at a national level which may offer significant opportunity for the state, particularly for young residents.

1.1.2 Rationale for Developing an Inclusive Business Strategy

Promoting and supporting an Inclusive Business Strategy in Kaduna will contribute to the achievement of the state SDG goals mentioned and the Kaduna SDP 2021-2025, which has an overall objective of creating a knowledge-based economy for Kaduna, targeting economic value addition in all sectors, facilitating infrastructure and information development, while supporting digital economy growth and financial inclusion for all. Specifically, the State aims to:

- Create economic development: Strategically developing key sectors like agriculture, industry, and infrastructure to create a more diverse and productive economy, leading to poverty reduction and improved livelihoods for residents.
- Achieve Social development: reducing inequality and poverty, promoting gender equality and social inclusion, improve women's health and girl education.
- Strengthen Private-Public Partnerships to encourage private sector participation.
- Transition to a digital economy, supporting schools' digitalization, financial inclusion, promote an ICT Hub for Northern Nigeria based in Kaduna and led by the youth and achieve 100% broadband coverage.
- Enterprise development: improving the capacity, access to finance and access to markets for MSMEs.

Supporting the creation and transformation of enterprises in Kaduna into Inclusive Businesses will contribute to and the achievement of the Kaduna SDP goals, addressing the economic development (with a focus on improving livelihoods and reducing poverty), social development (focusing on promoting gender equality through women economic empowerment), and will require the fostering of partnerships with the private sector and private investors to contribute to enterprise development and transition to a digital economy.

Therefore, the rationale for developing an Inclusive business in Kaduna State is to reduce poverty, boost livelihoods for the poor and boost the economy through the expansion of enterprises. By developing an inclusive business strategy in Kaduna State, we aim to ensure that all enterprises address the needs of every stakeholder involved while fostering positive societal impact. Below are some key highlights.

- IBs in Kaduna aim to address development challenges, including people at the bottom of the pyramid as suppliers, producers, distributors and users to improve their livelihoods.
- IBs will complement corporate social responsibility and value chain management.
- IBs can result in positive social and ecological inclusion.
- IBs can bridge the theory-practice gap in developing country contexts.

Ultimately, Inclusive Businesses are poised to generate a triple-positive effect. They will elevate the income and living standards of individuals residing at the Base of the Pyramid (BoP). Likewise, companies transitioning into IBs will experience heightened financial backing and expanded growth opportunities. Moreover, IBs will play a pivotal role in poverty reduction, economic growth, and societal advancement.

A new business class is emerging worldwide, with entrepreneurs that do well by doing good for society.

Although numerous companies engage with markets serving the impoverished, only a few offer impactful solutions to enhance income or living standards for these populations. It is imperative for the government to incentivize a shift towards more inclusive business practices. Without such measures, the private sector's contribution to poverty alleviation will remain limited, especially considering the government's constrained resources and capacity to lead in this endeavour.

Kaduna States is committed to piloting the programme to create a more enabling environment for Inclusive Business in Nigeria (IBeeN).

Amidst decades of growth that lacked inclusivity, the state government seeks fresh approaches to better engage the private sector in more effective poverty reduction initiatives.

1.1.3 General Considerations for the IB Strategy

In line with the strategic focus of the SDP 2021-2025 of driving social development by ensuring social inclusion, some strategic target populations are considered essential for inclusion into the IB strategy, as a key to driving the social inclusion desired.

B.O.P (low income)

Lowest low-income population living under <\$8/day, usually either employed in the informal sectors or unemployed, with limited education, and limited access to basic needs and resources.

Women and Girls

Women are disproportionately impacted by poverty, climate change, and insecurity, and are the largest group affected by discrimination, stemming from traditional cultural practices or unfair legislation. Women present a compelling opportunity for poverty reduction and economic growth. By gaining access to formal employment, equitable compensation, and financial resources to bolster their enterprises, they possess significant potential to stimulate GDP growth. Moreover, women wield considerable purchasing power and decision-making authority, further amplifying their impact on economic dynamics. IBs have proven to have a significant effect in women empowerment, which drives income growth and poverty reduction.

Youth

Young girls and boys in Kaduna are not only the future of the State, but the biggest opportunity to ensure that the SDP objectives are achieved. They are most likely to embrace the digital economy, and technological transformations, driving the innovations required. They will need ICT and STEM education, jobs and access to finance, amongst others, to achieve these transformations. Many IBs are innovating in the ICT, STEM and FinTech sectors and will require young, educated talent to support their growth.

Small and Medium Enterprises (SMEs)

SMEs serve as vital contributors to GDP growth and employment generation, making them essential for stimulating economic activity and creating job opportunities. Supporting SMEs promotes more equitable wealth distribution and poverty reduction, driving balanced regional development and resilience. Integrating them into value chains enhances market access and competitiveness, benefiting both SMEs and the overall economy of Kaduna State. Empowering SMEs through inclusive business strategies is crucial for unlocking their potential as engines of growth, innovation, and poverty alleviation, leading to more prosperous and resilient communities across Kaduna State.

People with Disabilities

The Inclusive business strategy in Kaduna State aims to ensure the inclusion of all groups suffering from any kind of discrimination, particularly the inclusion and empowerment of people with disabilities, to ensure equal access to economic opportunities and promote social inclusion. This might include ensuring accessibility across physical spaces, products, and services within the state; creating inclusive hiring practices and providing reasonable accommodations in the workplace to facilitate the participation of individuals with disabilities in the workforce within Kaduna State; and supporting disabled entrepreneurs in Kaduna State, through access to funding, mentorship, and networking opportunities fosters entrepreneurship and innovation within this community.

1.2 Purpose of the IB Strategy

The purpose of developing an IB strategy for Kaduna is to accelerate the achievement of the SDP 2021-2025 objectives, where significant economic improvement and poverty alleviation is achieved with the private sector as a key driver and the state becoming a pioneer IB enabling environment in Nigeria.

The overall objectives of developing, adopting and implementing an IB strategy in Kaduna State are:

- Lead Kaduna State in creating an institutional set-up for IBs and engage key stakeholders to support and adapt an IB policy strategy for the State
- Frame the opportunity and importance of IBs for Kaduna's State economic growth and for achieving, poverty reduction and gender equality promotion.
- Encourage the IB Strategy adoption by enforcing IB strategy as a key business policy
- Leading the capacity building of IBs within the Kaduna IB ecosystem to transform more businesses into IBs.

The specific objectives are:

- To identify key stakeholders necessary for the growth of IBs in Kaduna.
- To facilitate the creation of an enabling business policy environment for IBs in Kaduna.
- To identify viable means of financing for the Kaduna IB Unit and for IBs.

- To develop an accreditation mechanism and process to identify and validate Potential IBs.
- To facilitate the mainstreaming of gender considerations in Kaduna's IBs.
- To identify and mitigate risks involved with the establishment and promotion of IBs in Kaduna State.

IBs employ a pragmatic approach, crafting pertinent solutions for underserved demographics by engaging the private sector in economically viable ventures within impoverished markets. Tailoring this approach to Kaduna State involves establishing precise benchmarks for IB eligibility, focusing on company size, target demographic, and sector-specific metrics. Evaluation will comprise background reviews, company interviews, and an IB rating assessment.

1.3 Scope and Limitations

Although the current IB strategy is limited geographically to Kaduna State, there are additional considerations regarding its scope:

1. Endorse a deliberate Inclusive Business strategy with committed incentives for more private sector engagement. In addition, reflect inclusive business in Kaduna State, vision 2050 strategy document and state development plans.
2. Establish a dedicated institutional setup with an Inclusive Business multi-stakeholder board, an IB secretariat, an IB accreditation committee with government and private sector participation, and IB focal points in various government and business associations' agencies to push the IB agenda forward.
3. Establish a transparent, Inclusive Business accreditation system to identify and brand IB companies. While, in most cases, the accreditation is for an entire company, it can also be for a dedicated IB business line. Government agencies and business associations would jointly implement the accreditation process, based on company assessments from an independent third party.
4. Create an Inclusive Business coaching and mentoring facility to provide specialist advice to companies as they transition to become IBs. In addition, the government could establish a working group to adapt the concept developed in Asia and Zambia to Kaduna.
5. Create dedicated incentives for accredited Inclusive Businesses on taxes, government procurement opportunities, infrastructure leasing, technology access, and investment financing.
6. Establish an Inclusive Business Risk Reduction and Social Innovation Fund (IB-RRSIF) for impact investors to provide planned investments in IB and green and inclusive business (GIB) deals.
7. Launch a study to deliver government services through IB companies. The study would facilitate initial agreements with government agencies to implement budget allocations through Inclusive Business focused private sector companies. This initiative would include health, education, municipal services, enterprise development, and poverty reduction appropriations.
8. Set up an Inclusive Business Impact Results Monitoring System and link this initiative to reporting on the private sector's contribution to poverty reduction for the poor and low-income people. The initiative could provide funding for co-financing IB impact assessment in selected companies and sectors.
9. Create specific Inclusive Business Technical Assistance Facilities (IB-TAF) at the state Inclusive Business Risk Reduction and Social Innovation Facility (IB-RRSIF) to support the initiative and engage development partners in co-financing.
10. Engage in regional exchange programmes on Inclusive Business and become the leader of the initiative.

2 Inclusive Business Landscape in Kaduna

The landscape study is based on the following intentions:

- a) Adjust the international IB discussion to the Nigeria context (with Kaduna State in mind)
- b) Profile companies with IB business lines
- c) Assess the enabling environment for IB, and
- d) Make suggestions for an IB promotion program.

2.1 Current State: An Overview of existing IBs in Kaduna State

With the introduction of the Inclusive Business model to organizations in Kaduna State, there has been some impact between these organizations and the base of the pyramid (BoP), as the organizations' mode of operations already included aspects of an inclusive business model.

Four companies with IB business lines in agribusiness and social services delivery explained their rationale of sourcing inputs from and selling to low-income markets. They highlighted that Inclusive Business does not refer to making profit by exploiting the poor, but the dynamizing of sbusiness innovations so that the firms can pay better than before, better than competitors and thus bring people out of income poverty. The companies also emphasised how they innovated to bring products to the markets of the poor that are affordable, accessible and particularly relevant for them.

The key sectors in which the potential IBs identified in Kaduna operate mainly are agribusinesses and social services delivery.

2.2 Key Findings and recommendations from the IBAN Landscape Study

Insights from the Inclusive Business Landscape Study conducted by iBAN explain how to consciously develop strategies to address the economic needs of those at the base of the pyramid, whilst achieving commercial success, despite the intricacies of running an inclusive business compliant company (challenges and successes).

- A deliberate IB strategy with committed incentives for Kaduna's private sector.
- A dedicated institutional setup with an IB multi-stakeholder board, an IB secretariat under KADIPA, an IB accreditation committee with government and private sector participation, and IB focal points to achieve results in the area of more and better IBs, creating relevant income and living standard improvements for people at the base (bottom 40-60%) of the economic pyramid
- Establishing a transparent IB business line accreditation system jointly implemented by government agencies and business associations
- Commitment to establish a technical assistance facility and securing financing for IB related business coaching, IB accreditation rounds, co-financing impact assessments of selected companies, conducting sector analysis, providing more knowledge and better policy for investment incentives.
- Developing Kaduna as a pilot for IB promotion, aligning with Federal Government initiatives.

3 Institutional Set-Up

KADIPA is poised to take the lead in establishing the institutional framework for the IB Unit, leveraging its expertise, resources, and strategic partnerships. Through proactive engagement with private, public, and developmental stakeholders within the IB ecosystem, KADIPA will drive collaborative efforts to ensure the effective functioning of the IB Unit. By harnessing the collective strengths and resources of diverse stakeholders, KADIPA aims to create an inclusive and sustainable platform for promoting inclusive business practices and fostering socio-economic development in Kaduna State.

In order to achieve this goal, KADIPA set up an IB Drafting Committee that was responsible for developing the IB Strategy Document for Kaduna State. This committee was drawn from KADIPA and consisted of the following officials:

S/N	Unit Member	Position
1	Sadiq Mohammed	Ag Executive Secretary
2	Faisal Abdulkadir Idris	Director, Investment Relations
3	Muhammad Rayyan	Ag Director, Investment Intelligence
4	Steve Shekari	Head, Investment Intelligence
5	Luka Isaiah Gama	Head, Investment Facilitation
6	Fatima Abdullahi Salisu	Aftercare Officer
7	Margaret Dankaro	Head, Public-Private Partnerships
8	Gubio Mohammed	Investment Facilitation Officer
9	Muhammad Ali	Ag Head, Investment Promotion
10	Fauziya Adamu	Data Officer
11	Asmau Abdullahi	Public, Private Partnerships Officer

3.1 Creation of Inclusive Business Unit

A specialized unit led by KADIPA and including KADEDA will spearhead the implementation of the IB strategy in Kaduna State, capitalizing on collaborations with relevant stakeholder organizations to ensure the strategy's goals are effectively achieved. The members of the specialized unit will include:

Table 1: Proposed IB Unit Composition

Position	Role
IB Unit Director	<ol style="list-style-type: none"> Oversee the overall implementation of the IB project across Kaduna State. Develop strategic plans and objectives in alignment with the project goals. Coordinate with stakeholders, government agencies, and partners to ensure effective collaboration. Provide leadership and guidance to the IB Unit team members
IB Strategy Manager	<ol style="list-style-type: none"> Refine the IB strategy for Kaduna State based on market analysis and stakeholder engagement. Identify opportunities for inclusive business development and growth. Design innovative approaches for promoting IB initiatives and attracting investment. Monitor and evaluate the progress of the IB strategy implementation
IB Accreditation Officer	<ol style="list-style-type: none"> Develop and implement accreditation processes and criteria for identifying eligible inclusive businesses.

	<ol style="list-style-type: none"> 2. Work closely with Accreditation Committee to conduct assessments and evaluations of businesses applying for IB accreditation. 3. Provide guidance and support to businesses in meeting accreditation requirements. 4. Maintain accurate records of accredited IBs and monitor their compliance with standards
IB Investment Officer	<ol style="list-style-type: none"> 1. Conduct market research and analysis to identify potential investment opportunities in inclusive businesses 2. Evaluate business proposals and investment opportunities based on financial viability and social impact. 3. Develop investment models and financial projections to support decision-making 4. Coordinate due diligence processes and negotiate investment terms with stakeholders.
IB Outreach and Communications Officer	<ol style="list-style-type: none"> 1. Develop and implement communication strategies to raise awareness about the IB project among stakeholders, investors, and the public. 2. Manage external communications channels, including website content, social media, and press releases. 3. Organize outreach events, workshops, and seminars to engage with target audiences. 4. Cultivate relationships with media outlets, influencers, and key stakeholders to amplify the project's message

3.2 Roles and Responsibilities of the Inclusive Business Unit

- Lead the development, approval, adoption, and implementation of the IB strategy in Kaduna.
- Ensure that the IB strategy in Kaduna is established as a fundamental business policy.
- Collaborate with key stakeholders to cultivate an enabling IB ecosystem aimed at fostering economic growth and inclusivity.
- Develop and implement an accreditation process for Inclusive Businesses, including incentives and procedural guidelines.
- Secure funding for the IB unit to facilitate the implementation of the IB strategy.
- Attract private investors to support IB initiatives and encourage investments that yield social impact while supporting marginalized entrepreneurs.
- Establish expertise and serve as a reference point for IBs across Nigeria.
- Promote diversity and equitable opportunities within the business community.
- Establish and implement policies that promote fair and inclusive business practices.

3.3 IB Ecosystem

The Inclusive Business Strategy ecosystem encompasses a diverse array of stakeholders at the state, national, and international levels, all crucial in fostering an environment conducive to IB growth and its positive impacts on economic development and poverty alleviation.

This ecosystem delineates stakeholders into two main groups: beneficiaries of the IB strategy, including those directly and indirectly impacted by its initiatives; and collaborative partners/supporters dedicated to advancing inclusive business endeavours. Each group plays a vital role in ensuring the success and sustainability of the Kaduna State Inclusive Business Strategy by fostering collaboration, prioritizing the needs of marginalized communities, and promoting an inclusive business-friendly environment.

Table 2: Ecosystem Matrix

Direct Beneficiary Stakeholders	In-Direct Beneficiary Stakeholders	Institutional Stakeholders
<ul style="list-style-type: none"> ▪ Social Enterprises ▪ SMEs and large enterprises ▪ CSR initiatives 	<ul style="list-style-type: none"> ▪ B.O.P: low-income or marginalized communities and groups ▪ Women and girls ▪ Smallholder farmers, agricultural workers or producers ▪ Unemployed or underemployed youth ▪ Nano, Micro enterprises ▪ Informal sector workers (e.g., street vendors, artisans) ▪ Individuals with disabilities 	<ul style="list-style-type: none"> ▪ State Government agencies (KADEDA, KADCCIMA, WACCIMA, Ministry of Finance, MBIT, SA to the Governor on SDGs). ▪ Federal Government agencies (SMEDAN, B.O.I, B.O.A, NIRSAL). ▪ International Development Agencies, DFIs. ▪ Impact Investors. ▪ Financial institutions (banks, micro-finance institutions). ▪ Non-governmental organizations (NGOs). ▪ Academic and research institutions. ▪ Trade unions and worker cooperatives. ▪ Technology and innovation hubs. ▪ Support organizations (incubators, accelerators). ▪ Associations (MAN - Kaduna Branch, Kaduna Master Printer's Association, Arewa Footwear and leather Manufacturers, National Association of Building Construction and Artisans Kaduna, Textile Garment and Tailoring association Kaduna, Farmers Association of Nigeria Kaduna).

4 Creating an Enabling Policy Environment for IB Ecosystem

This section underscores the essential role of policy frameworks in fostering an environment conducive to IB development. Effective policymaking significantly influences the viability, scalability, and impact of IB initiatives by shaping the regulatory landscape. Key components of an enabling policy environment are explored, emphasizing the significance of regulatory frameworks, incentives, and strategic collaborations among government bodies, private sector entities, and developmental stakeholders. Drawing insights from best practices and lessons learned across different contexts, this section aims to provide guidance on cultivating an environment that empowers IBs to thrive, thereby driving sustainable socio-economic growth and fostering inclusive development.

4.1 Key Challenges identified to the development of IBs in Kaduna

Funding for KADIPA IB Unit

One of the primary challenges lies in securing adequate funding to support the entire spectrum of the IB program, spanning from initiating potential IB projects to incentivizing the establishment or transformation into IB enterprises.

Access to Finance for Businesses

Although funds and grants and existing policies will play a key role in IB financing strategy, **inadequate awareness** among IBs regarding **such financing mechanisms** poses a significant challenge. Some of these finance sources with a focus on IBs include Alitheia Capital, Gray Matters Capital, 2X Challenge, Acumen and Root Capital.

GAP between training skills and appropriate equipment of Nano & Micro enterprises

One of the significant challenges identified by stakeholders is the lack of adequate equipment for small businesses to sustain operations after receiving training from IB enterprises. The equipment provided through grants is outdated compared to what IB enterprises use for training, leading to a gap between the skills acquired and the available resources, thereby hindering business progress.

Standardization & Quality Control gaps

Integrating BoP suppliers into the value chain presents a product standardization challenge as those in agriculture and related sectors tend to struggle to meet export quality standards, creating a hurdle for IB enterprises seeking to source from them. This limits BoP participation in the export market.

Insecurity

Insecurity remains a pervasive challenge in Kaduna State and Nigeria as a whole and has posed a significant barrier to investment and economic progress. Addressing this issue requires a multifaceted approach, which could include collaborating with security agencies, community engagement, infrastructure development and policy reforms.

Rising Cost of Doing Business

Managing currency exchange rates for importing raw materials and repaying loans amidst high interest rates poses a significant challenge. As the economy fluctuates, the rising prices of goods and services escalate input costs for businesses, affecting their ability to procure and sell products. If this trend persists, it could lead to difficulties in meeting obligations, potentially undermining the viability of the initiative

Infrastructure limitations

Electricity serves as a cornerstone of economic activity across all sectors, acting as a crucial enabler. However, in Nigeria, it remains a significant challenge, impeding workflow within the value chain and potentially undermining the effectiveness of the IB policy. Network disruptions, especially in rural areas with limited access to advanced connectivity like 4G or 5G, exacerbate the issue. Additionally, businesses reliant on substantial water usage face constraints due to limited access to this resource.

Furthermore, inadequate road infrastructure hampers access to rural areas, where many micro and nano businesses, especially in the agricultural sector, are situated.

4.2 Solutions Implementation Plan

To overcome the roadblocks hindering the development of IBs in Kaduna, we have identified and outlined several solutions. Each solution is accompanied by its respective objectives and the key stakeholders responsible for leading or supporting its implementation. This comprehensive approach aims to foster a more conducive environment for the growth and success of inclusive businesses in the region.

Table 3: Solutions Implementation Workplan

S/N	Solutions	Objectives	Stakeholders
1	Accreditation of IB Enterprises Establishing a rigorous process to ensure investment compliance with IB policies, providing incentives for IBs, and validating their adherence to accreditation standards	Investigate and make sure DDIs and FDIs comply to IB strategy	IB Accreditation Committee, IB Unit (KADIPA and KADEDA)
		Implementation of strategy composite tools that rates IBs, assess and ensures transparency and compliance	IB Accreditation Committee, IB Unit (KADIPA and KADEDA)
		Incentive based awards in line with company priority needs that may be addressed by the Govt.	IB Accreditation Committee, IB Unit (KADIPA and KADEDA)
2	Incentives Designing an incentivizing system that will be awarded according to the rating of an IB Enterprise in order to push for IB compliance, including:	Tax Incentives	KADIRS, FIRS
		Energy/power incentives (solar funds, etc.)	KAPSCO, KAEDCO, International Donors
		Land incentives	KADGIS, KADIPA
		Ease of Doing Business Incentives	KADIPA, MBIT, KADGIS, KADIRS
3	Capacity training & sensitization: Capacity training and sensitization of BoP that will help them understand what Inclusive Business is, and how they can leverage its advantages to build on their businesses as well as sensitization of general public to promote IB patronage	Sensitization on state produced products	KADIPA, KADEDA
		Grant writing training	KADEDA
		Skills build Certification for people with disabilities	KADEDA
4	Standardization and Quality control	Establishing a Certification mechanism for BoPs Products that will check the quality of their products and qualify them to assimilate into the value chain	Blended Team (KADIPA KADEDA), supported by FMA, NAFDAC
		Equipment renting program for BoPs	Blended Team (KADIPA, KADEDA); IB Enterprises
		Rapid response team to tackle natural disasters	KADSEMA, MISHA
5	Leveraging Funds/Grants/ Existing Policies Leveraging on both national and international Impact investment funds/Grants that fit the IB policy to support the IB strategy implementation.	Access to finance	Local Financiers and International Donors
		Employ an expert on Impact investment fund	KADIPA, International Donors
		Establish a website that showcases the different funds and Grants IBs, and BoPs can access	KADIPA, Impact Investment fund expert, International Donors
6	Security intervention	Piggy-back on Policies that support IBs	KADIPA
		A committee on security intervention and mitigation	MISHA, KADVS
	Network connectivity	Last mile delivery	Telecom Firms

4.3 Accreditation Mechanism for Inclusive Businesses for Kaduna

Identifying Inclusive Businesses using a composite rating tool, ensures transparency and objectivity in finding such business lines: The numerical scores, zero to six (with six as having a high impact), should be applied to quantitative and qualitative achievements. These categories are further subdivided into 30 criteria, rated from zero to six and based on pre-established guidance with different targets, depending on the sector and size of the company. Subsequently, each IB line will receive a score based on a weighted average calculation (score = rate x rate).

The criteria emphasize three aspects for qualifying as IB:

- Strategic IB intent (that is, the understanding of the BoP sector, the deliberate orientation to do good while doing well, and particularly the wish and strength of the company to design a business model where social impact drives business return)
- Commercial viability of the company and determination of the IB line as significant, scalable, and sustainable. The analysis included questions on the company (growth, profit, bankability, corporate governance) and the IB business line (with a focus on revenue, growth, profitability, bankability, how the company addresses business risks, the company's corporate governance, and its adherence to social and environmental safeguards).
- Social impact of the company, with a focus on reach (number of beneficiaries in a historical context), targeting (impact distribution across the BOP), depth and relevance for income models (change in income of BOP, the difference between income from the market and competition, the sustainability of income generation and income growth of the BoP), living standard models (relevance, affordability, accessibility), contribution to systemic transformation (in terms of sector impact, geographic impact, poverty impact, addressing BoP risks, and women empowerment and gender equality); and finally the company's deliberate innovations and their relevance for the BoP. This assessment will be conducted with a focus on business process innovations, technology innovations, social innovations, and CSR impact, as well as the environment and climate innovation.

Three different Inclusive business types will need to be considered when analysing business to identify their potential:

- i. Inclusive Business Models: medium to large enterprises with commercially viable models and at a scale that can include or are already including BoP within the value chain.
- ii. Social Enterprises Initiatives: small businesses with high social impact, but business models that are still not viable, or looking for scale and are still dependent on grants.
- iii. Inclusive Business Activities: CSR initiatives that are inclusive of the BoP, or medium/large companies that have specific business lines targeted to the BoP.

Evaluation Metrics of IB Enterprises

Table 4: IB Evaluation Guideline

	Weight	Sector benchmark	Actual achievement	Agreed rating (1-6)	Scoring (rate x weight)
The IB strategic intent (Route to impact, BoP engagement mode, understanding BoP problems, relevance of the business for BoP)					
The commercial return	40%				
Company (size, profitability, bankability)	10%				
IB business line (revenue, growth, business risks, operational cost, recovery, and profitability)	20%				
Company governance	5%				
ESG safeguard standards	5%				
The social impact of IB model	46%				
Reach (beneficiaries, targeting women empowerment, disabled)	17%				

	Weight	Sector benchmark	Actual achievement	Agreed rating (1-6)	Scoring (rate x weight)
Woman owned (at least 51% owned by 1 or more women)	5%				
Depth and relevance	13%				
Systematic change for poverty reduction and inclusion (sector, geographic, gender equality, relevance, BoP risks)	11%				
Innovation	14%				
Business	5%				
Technology	3%				
Social (CSR)	3%				
Environment	3%				
Total	100%				

Table 5: IB Scoring Guideline

The rating (scoring)	Maximum possible	Minimum eligible to qualify as IB	Actual scoring
IB strategic intent (understanding route to impact, BoP engagement mode, relevance of business model for BoP solution)	6.00	3.00	
Overall scoring	6.00	3.20	
Business (commercial+ business and technology innovations)	2.88	1.30	
Social (social impact+ social innovation and CSR)	2.94	1.50	
Innovation (sum of innovation)	0.84	0.40	
Governance	0.30	0.15	
ES safeguard	0.30	0.15	

Accreditation Committee for the Inclusive Business Project

The Accreditation Committee for the IB Project is a pivotal body established to oversee the accreditation process of businesses participating in the IB initiative within Kaduna State. Comprised of representatives from KADIPA, KADEDA, Business Associations and the IB Unit, this committee ensures adherence to established standards and criteria for recognition as an IB in the state.

Table 6: IB Accreditation Committee Composition:

Institution	Number of Representatives	Input
Government Agencies in Kaduna State		
KADIPA (Chairperson)	1	Take Lead on the committee. Provide insights into investment promotion, business development, and economic growth strategies.
KADEDA	1	Bring knowledge of economic development, sector-specific insights, and regulatory frameworks relevant to IBs
MBIT	1	Provide strategic direction, regulatory oversight, technical support, ecosystem coordination, and innovation promotion to the IB accreditation

		committee, enhancing the credibility and effectiveness of the accreditation process
Ministry of Women Affairs and Social Development	1	Offer key recommendation on the IBs guidelines, particularly ensuring that gender mainstreaming and social aspects are taken into consideration in the accreditation process.
Total	4	
Business Associations (such as)		
KADCCIMA	2	Foster a supportive IB ecosystem by bringing valuable expertise, advocacy, networking, and capacity-building support to the IB accreditation process.
WACCIMA		
MAN - Kaduna Branch		
Kaduna Master Printer's Association		
Arewa Footwear and leather Manufacturers,		
National Association of Building Construction and Artisans Kaduna		
Textile Garment and Tailoring association Kaduna		
Farmers Association of Nigeria		
Others		
Total	2	
Other representatives		
Representative of Inclusive Business Champion	1	Contribute with insights and key guidance to support an equitable, inclusive, transparent and, gender-sensitive accreditation process.
Representative of Development Financial Institutions (DFIs)	1	
Representative of Women Association (such as WCCIMA; Empowering Women for Excellence Initiative)	1	
External Gender and Social Inclusion expert (i.e., University; Think Tank; Incubator; etc)	1	
External Agri-sector expert (i.e., University; Think Tank; Incubator; etc)	1	
Total	5	
IB Unit		
Representatives of the IB Unit	2	Bring background experience, coordination capabilities, quality assurance mechanisms, capacity-building initiatives, and advocacy efforts.
Total	2	
Total number in committee	13	

Committee Responsibilities:

- Accreditation Oversight: The committee is responsible for developing and implementing accreditation criteria to evaluate the eligibility of businesses seeking inclusion in the IB ecosystem.
- Standards Development: It establishes clear standards and benchmarks for assessing the social, economic, and environmental impact of participating businesses.
- Evaluation Process: The committee oversees the evaluation process, ensuring transparency, fairness, and consistency in assessing applications for IB accreditation.
- Capacity Building: It facilitates capacity-building initiatives for businesses to meet accreditation requirements, providing guidance and support as needed.

- **Monitoring and Review:** The committee conducts regular monitoring and review of accredited businesses to ensure ongoing compliance with IB standards and performance indicators.
- **Reporting and Recommendations:** It generates reports on the progress and impact of accredited businesses, offering recommendations for continuous improvement and optimization of the IB ecosystem.

5 Financing Means

5.1 Financing Strategy Summary

The financial strategy for the Kaduna Inclusive Business project is designed to catalyse sustainable economic growth while fostering social inclusion and environmental sustainability. Central to this strategy is the establishment of the Kaduna Inclusive Business Risk Reduction and Social Innovation Fund (KIBRRSIF). This fund, managed by KADIPA, will support a diverse portfolio of inclusive business deals, ranging from small to large-scale investments, with a focus on mitigating risks and driving social impact. Leveraging concessional sovereign loans and blending finance mechanisms, including impact investments and green bonds, we aim to create a sustainable financing model that aligns with Kaduna's development priorities.

In order to ensure a more targeted and efficient allocation of resources while also striking a balance between addressing immediate challenges and laying foundations for enduring impact, the Financing Strategy has been divided into **Short-Term and Mid-Term Plans**. Additionally, our strategy emphasizes the importance of transparent fund administration, capacity building, and strategic partnerships to maximize the impact of investments. Through collaboration with stakeholders such as DFIs, impact investors, and non-financial intermediaries, we seek to empower inclusive businesses with the tools and resources needed to thrive in the evolving economic landscape.

5.2 Short Term Financing Plans

In the initial phases of the Kaduna Inclusive Business project, the emphasis lies on short-term financing plans aimed at swiftly mobilizing resources to kickstart essential activities. This section delineates a focused strategy designed to address immediate financial needs, laying the groundwork for sustainable growth and impact. Through targeted investments and strategic partnerships, the short-term financing plans aim to build momentum, drive early successes, and establish a solid foundation for long-term development in Kaduna State. The 2 key components of this phase are as follows:

1. IB Unit Financing Approach

This section outlines financing strategies for KADIPA to establish the Kaduna Inclusive Business (IB) Unit and facilitating access to financing for IBs in Kaduna State. The focus is on securing seed capital for preliminary activities like awareness campaigns, IB accreditation processes, and related activities. **A diversified financing strategy is preferred**, as this will support KADIPA in securing the necessary seed capital to establish the IB Unit and pave the way for a flourishing IB ecosystem within Kaduna State. Emphasis will be made on the potential for long-term financial sustainability and measurable social impact to resonate with the appropriate funding partners. A well-developed proposal, strong partnerships, and a clear vision for the future will be instrumental in securing the necessary resources.

Financing Instruments:

Public-Private Partnerships (PPPs): KADIPA will pursue strategic collaborations with DFIs) such as the African Development Bank (AfDB) or the International Finance Corporation (IFC). Historically, DFIs have employed grant financing or blended finance structures combining grants with concessional loans to support similar initiatives in the Sub-Saharan African context.

Donor Funds & Foundations: KADIPA will engage international donor agencies like USAID or philanthropic foundations focused on economic development in Africa, such as the Rockefeller Foundation. A compelling proposal will be developed that highlights the IB Unit's alignment with their social impact objectives.

Impact Investments: Partnerships will be explored with impact investors seeking financial returns alongside positive social impact. Relevant national and regional players like, Impact Investment Foundation, Acumen or Alitheia Capital will be engaged, leveraging their expertise and interest in the African impact investing landscape. The proposal utilized would emphasize the potential for inclusive businesses to generate both social good and attractive financial returns. Furthermore, Kadipa could apply to the Nigeria Office for Philanthropy and Impact Investing Fund (Vice President's office), a \$100million fund with 50% targeted to women entrepreneurs in sustainable agribusinesses, fashion, furniture and renewable energy sectors.

Access to Finance for Inclusive Businesses:

- Establishing a searchable online platform/directory of impact investment funds to enhance information consistency and accessibility for inclusive businesses in Kaduna.
- Collaboration with the Nigerian National Advisory Board for Impact Investing to facilitate matchmaking between accredited IBs and impact investors, fund managers, and similar entities.

Technical Assistance Facilities (TAF) for IB Policy Implementation:

- Creation of the Kaduna Inclusive Business Technical Assistance Facility (KIB-TAF) to provide essential technical support for IBs.
- Building strategic partnerships with non-financial intermediation services such as accelerators, incubators, and industry associations to enhance the IB ecosystem.
- Offering a range of resources including grant writing coaching, business management programs, network support, and policy advocacy to support IB growth and sustainability.
- Exploration of partnerships to enhance the issuance and impact of bonds, such as collaboration with the Nigerian Green Bond Market Development Program for training and reporting on green bonds.
- The KIB-TAF will play a vital role in financing advocacy, accreditation, business coaching, knowledge sharing, policy development, and regional exchange programs, while empowering IBs with the tools and resources needed for success.

2. Impact Investment Via Blended Finance

Kaduna could also leverage impact investments from investors, ranging from fund managers for private equity, venture capitalists, DFIs, Institutional investors, private foundations and high net worth individuals. Here, blending concessionary funds from DFIs or private foundations and other such players, who are willing to assume higher risks with funding from more risk-averse investors can be explored. The mix can create a risk-return spectrum to attract impact investors with varying risk tolerances. Asset classes could include grant support, equity, guarantees, or debt. Blended finance in any of the following forms could also be explored: fund-Level blended finance; project-level blended finance, company-level blended finance or outcome-based blended finance. Blending finances will also create the opportunity for a diversified portfolio of IBs according to sectors, deal sizes, and funding instruments preferred by the different impact investors and in line with KDSDG's priorities. and of the different impact investors and in line with KDSDG's priorities. According to a GIZ study on Impact Investing¹, DFIs are typically seen to focus on energy, manufacturing, and ICT whereas, non-DFIs are more focused on financial services ICTs and the Agri sectors. Financing can therefore be fine-tuned to suit the state's priority sectors, as outlined in its sectoral and development plans.

As supplied by the GIZ study on Impact Investing ² the following impact investors may be considered for inclusion for the impact investing blended finance framework in addition to DFIs and other stakeholders:

Table 7. Impact Investment Stakeholder matrix

Category	Financier	Focus Area
Impact Investment Firms	Acumen Resilience Agricultural Fund (ARAF)	Climate adaptation-focused agri impact fund based in Kenya
	Alitheia Capital	Local impact investing private equity firm
	Alitheia Identity Fund	Fund focusing on women-owned businesses
	GAWA Capital	Spanish impact investing firm focused on MFIs and agribusinesses
	Global Innovation Fund (GIF)	Global investor offering support to SMEs worldwide
	Inclusive Impact Investments	Impact investment company investing directly in SMEs in sub-Saharan Africa
	Injaro Investments	Africa-focused private equity and credit fund manager

¹ EU, GIZ, FGN (2019) Impact Investing: A Sustainable Opportunity for MSMEs Applied to GIZ SEDIN NICOP Value Chains in Nigeria

Category	Financier	Focus Area
	Investisseurs & Partenaires	Impact investment group financing SMEs and startups in Sub-Saharan Africa
	Sahel Capital	Private investment firm focused on food and agriculture sector in Africa
Agricultural Development Funds	AGRA Foundation	Focus on scaling agricultural innovations for smallholder farmers in Africa
	National Agricultural Development Fund	Supports agricultural development in Nigeria
Impact Funds	uMunthu Fund	Pan-African fund investing in SMEs with a focus on inclusion
	2x Challenge	Commitment by DFIs to mobilize capital for gender lens investments
	Impact Fund for African Creatives (IFFAC)	Supports sustainable enterprises in creative sectors
	Clarmondial	Designs and implements investment solutions in natural resource management
Foundations	Dangote Foundation	Charitable foundation investing in health, education, and economic opportunities
	Netri Foundation	Impact investor in health, agriculture, energy, and water
	Rockefeller Foundation	Philanthropy advancing public health, food, energy, and finance
Financial Institutions	Blue Orchard InsuResilience Fund II	Fund improving access to insurance in developing countries
	Nigeria Wholesale Impact Fund	Supports impact investments in Nigeria

Considerations for micro businesses

Based on findings from the GIZ study on Impact Investing², there is a noticeable gap in financing for deals in the lower range (\$25,000 to \$500,000), particularly affecting micro start-ups. However, these ventures play a crucial role in fostering a robust entrepreneurial ecosystem. To address this financing gap and support high-risk ventures, it is recommended to explore grant programs offered by NGOs and foundations that provide patient capital. These grants can be utilized to assist a small percentage of early-stage businesses demonstrating strong potential for inclusive business (IB) models. This aligns with the strategy of backing social enterprises requiring smaller financial support to scale their business models, potentially transitioning into inclusive businesses.

Funding for SHF insurance products

Given its significance in Kaduna, the Agricultural sector warrants particular attention. With climate change and the vulnerability of smallholder farmers (SHFs) in mind, innovative approaches should be explored to mitigate their susceptibility to extreme weather events and ensure food security. Collaborative programs involving impact investors, insurance companies, and intermediaries can develop affordable insurance products tailored to SHFs' needs, including index-based options. Leveraging funds such as InsuResilience and Acumen Resilience Agricultural Fund, presents opportunities for implementing these initiatives.

Youth and gender focus

Given the significant contributions of youth and women to the Inclusive Business (IB) ecosystem, we advocate for gender lens investing and targeted investments in the youth and creative sectors. To support these endeavours, we recommend leveraging resources, such as the IDF fund, the Agra foundation, Roberta Annan Capital Partners, the Impact Fund for African Creatives, and the 2X Challenge DFIs initiative, to support businesses that contribute to gender equality, according to the 2X Criteria.

5.3 Mid Term Financing Plans

As the Kaduna Inclusive Business project progresses beyond its initial stages, the focus shifts towards mid-term financing plans aimed at consolidating gains and scaling up operations. This section outlines some inputs geared towards securing sustainable funding sources and leveraging strategic partnerships to propel the project towards its broader objectives. By strategically allocating resources and aligning investments with evolving priorities, the mid-term financing plans seek to sustain momentum, foster innovation, and catalyse transformative change in Kaduna State's inclusive business landscape.

1. The Kaduna Inclusive Business Risk Reduction and Social Innovation Fund (KIBRRSIF).

The state will establish the Kaduna Inclusive Business Risk Reduction and Social Innovation Fund. The Fund which was recommended for application at the national level from the Landscape Study² conducted in 2022, will be adapted to Kaduna for impact investors to provide planned investments in Inclusive Business deals. The adapted version of the Fund will be managed under KADIPA and will be administered by an investment committee, comprising of one representative each from KADIPA (in this case, the Executive Secretary or the Head of the proposed IB Department), Planning and Budget Commission, the Ministry of Finance, and KADCIMMA. It would also include three members drawn from a pool of MDBs, impact investors and a third-party investment assessor (technical consultant). As proposed in the Landscape study³ the investment committee will rigorously evaluate and select investment proposals from impact investors and accredited IB companies for funding. This selection process will be based on a set of clearly defined criteria. Additionally, a third-party assessor will receive funding to assess potential impact and conduct further preparation work for supported investments. It is proposed that a total of \$50 million funding will be secured over a span of 4-5 years. This funding will be allocated to support 5 small-scale, 5 medium-scale and 3 large-scale investments. Following the recommendations from the Landscape study⁴, 45% of the fund would be assigned to risk reduction, 36% to social innovation, 10% for management and 9% for contingencies. Impact investors will be able to apply for deals between \$0.2 million and \$3 million. While a group of 12 to 15 investors will be pre-selected for eligibility, the investment committee will be responsible for approving deals on a case-by-case basis, with no predetermined allocation amounts for specific investors. Additionally, 15% of the funds will be reserved for non-identified impact investors.

Investment partners: Building on the recommendations of the Landscape study¹, the investment tool will be financed by the KDSG and co-financed by a concessional sovereign loan from a bilateral or multilateral development bank. Alternatively, the KIB-RRSIF could be financed by a nationwide fund for IB, such as the Nigerian Wholesale Impact Investment Fund. To ensure long-term sustainability, as recommended in the Landscape study¹ the ideal funding model for the KIB-RRSIF would be a public sector loan from a development institution, such as the African Development Bank (AfDB), European Commission (EC), International Fund for Agricultural Development (IFAD), World Bank, or a bilateral development bank (e.g., KfW, AFD). This loan would ideally have a grant component to reduce the financial burden on the government. Such institutions might be interested in supporting the KIB-RRSIF as either an independent development project or as part of a larger program.

Like its counterpart proposed in the Landscape study, the KIB-RRSIF will be sustained through.

- The repayment of investment funds (deals) into a revolving fund.
- Interest earned on investments.
- Additional investments unleashed.
- The actual social impact and growth generated by supported businesses.

Similar to the IB-RRSIF model proposed in the above-mentioned study, the KIB-RRSIF will also offer two main components:

Risk reduction component: The fund will operate a co-financing structure whereby the KDSG invests between 10% to 20% of the deal size (this could be obtained by leveraging the KDSG's relationship with Federal institutions such as the NSIA and the FMOF as well as their partnerships with BDBs, MDBs, and Development Partners), while the impact investors provide the balance. The fund will mitigate the first loss position for the state to promote confidence in the impact investors. Successful investees are expected to repay the co-investment. In a situation where a deal achieves pre-identified social impact targets, but turns no financial success, the KDSG's share may be converted into a grant. Or otherwise repaid by the impact investor into a revolving fund for new IB investments and only cover the social impact of the risks. The criteria for transforming the risk

² Promoting Inclusive Business in Nigeria | iBAN 2022

³ *Ibid.*

⁴ *Ibid.*

reduction share into a grant will be detailed upfront in the co-investment agreement. Typical investments are expected to be between \$0.2 million and \$5 million.

Risk reduction for administration of funds: This is an integral part of the overall risk management strategy for the IB project. Administering funds effectively involves ensuring transparency, accountability, and proper oversight throughout the disbursement and utilization process. This approach minimizes the likelihood of misallocation, fraud, or misuse of funds, thereby mitigating financial risks and maximizing the impact of the investment. Core strategies to be implemented will include:

- Clear and Transparent Processes: Establish clear guidelines and procedures for fund allocation, disbursement, and monitoring.
- Strong Governance: Implement a robust governance structure with oversight mechanisms to prevent misuse and ensure accountability.
- Capacity Building: Provide training and support to program administrators on responsible financial management.
- Regular Audits and Monitoring: Conduct regular audits and monitor fund utilization to identify and address any potential issues early on

Social Innovation Component: The second component of the KIB-RRSIF involves providing small grant financing to accredited inclusive businesses for the purpose of expanding their operations. These grants will support initiatives aimed at piloting, scaling, and enhancing social impact. Grant sizes may vary from \$0.05 million to \$5 million, depending on the scale of the investment. In some cases, grants may be combined with risk reduction investments to further support eligible projects.

2. Green Bonds, Sustainability-Linked Bonds, Gender Bonds and Sukuk Bonds

For Inclusive Businesses that are committed to making significant environmental and social impact, Green Bonds may serve as a key financing mechanism. Inclusive businesses that have a green component, such as sustainable agriculture, renewable energy, WASH, waste management, eco-friendly construction and the like, may utilize Green bonds to finance projects that align with their goals. Additionally, green bonds can be instrumental in funding projects that contribute to the United Nations Sustainable Development Goals (SDGs) related to environmental sustainability.

According to The Nigerian Green Bond Market Development Programme Impact Report (2018 – 2021)⁵ the sustainable finance market is most prominent in the energy and agriculture and forestry sectors, followed distantly by water, buildings, industry, waste and pollution, transport, and adaptation. This suggests a significant opportunity for more investments in sectors that have traditionally received less attention.

Other innovative instruments, such as Gender bonds and Social impact bonds, may also be explored by inclusive businesses. For instance, businesses with a gender lens, such as Solar Sisters, could consider leveraging either of these bonds to finance their operations, provided they meet the necessary requirements.

The social impact focus of Inclusive Businesses also makes them suitable candidates for Sukuk bond issuance, as these bonds could be an effective financing option for businesses that prioritize ethical and socially responsible investment. The bonds could be credit-enhanced or securitized to reduce the risk to them.

3. Investment Derisking Mechanisms

The following instruments may be considered suitable for mitigating risks associated with appropriate blended financing models where they are applied.

Table 8. Investment Tools and Risk Management

Instrument	Type	Risk Addressed
Direct debt or equity investment in transaction or blended finance vehicle	Junior/subordinated capital	Multiple risks including off-taker risks, construction risks, and credit risks.

⁵ Nigerian Green Bond Market Development Programme Impact Report (2018 – 2021)

Instrument	Type	Risk Addressed
	Catalytic capital	Access to capital and reputational risk
	Loan syndication	Transfer and convertibility risk, political risk environmental and social risk
	First loss funding (as grant or guarantee)	Participation by risk-averse investors.
Guarantees	Loan guarantee	Off-taker, construction, credit, etc
	Performance guarantee	Completion, construction, and technical risk
	Volume guarantee	Demand and R & D risks
Insurance	Political risk insurance	Political risks
	Commercial/Business Insurance	Construction risk, operation and output risks, upstream resource related risks
Hedging	Forex hedges/swaps	Forex risks
Securitization	Asset pooling	Liquidity, scale, counterparty, off-taker, and credit risks.
Grants	Technical Assistance Facilities	Finance, and operational risks
Other contractual agreements e.g project finance for infra projects	Off-taker agreements, subsidies, tax credit	Demand risks, financing risk.
Results based incentives	Social impact bonds, performance-based contracts, etc.	Operational and output risks.

Adapted from: "Better Finance, Better World", Blended Finance Taskforce in partnership with the Business & Sustainable Development Commission (BSDC) and SYSTEMIQ (2018).

6 Multi-Stakeholder Implementation Work-Plan

Key Findings from IB Pilot in Kaduna

Identifying and engaging relevant stakeholders, as part of the IB ecosystem in Kaduna, is an essential step towards creating the necessary environment for IBs to thrive, and include different government agencies, private sector actors, NGOs and community organizations and associations representatives. Stakeholders will have different strategic roles in securing the success of the key deliverables for the approval, adoption and implementation of the IB strategy. The following table drafts the estimated timelines for the deliverables identified as key for the implementation of the IB Strategy, as well as the recommended leads for each one.

6.1 Timeline and Milestones

Table 9. Implementation Workplan and Timelines

Deliverables	Objectives	Responsibility	Start 2024	Duration (2024)
Government to key into the policy	Endorsement and Adoption of the policy by the State Government and its agencies	Kaduna State Government	May	2 months
Institutional Setup	Set up the accreditation system and start the accreditation of IBs.	Accreditation Committee KADIPA IB unit (with support from other agencies)	May	4 months
IB awareness creation and promotion	Publicize the IB strategy. Workshops and meetings with relevant stakeholders, road shows and social media outreach.	KADIPA IB unit KADEDA MBIT Other private sector stakeholders	June	2 months
IB Kaduna Unit and Inclusive Businesses financing	Helping smaller businesses secure loans/grants through financial institutions, angel investors. Capacity building for IB businesses in grant writing application. Secure financing to carry out the activities of IB strategy.	Financial institutions, agricultural input providers, specialized MSME business palliative programs	July	6 months. With annual progress review
Ease of doing IB businesses	Facilitating the development of a friendly environment for IB businesses operate and thrive	Kaduna State Government. Activities driven by the KADIPA IB Unit	July	5 months with annual progress review
Incentives for IB strategy	Encourage the acceptance of IBs, empower the BoP and promote social inclusion (i.e. tax incentives, energy/power incentives, land incentives, etc.).	Kaduna State Government. Activities driven by the KADIPA IB Unit	June	4 months

7 Monitoring and Evaluation

Table 10. M&E Matrix for the IB Project in Kaduna State

Key Performance Indicators (KPIs)	Measurement Criteria	Data Sources	Responsible Party
Top-level KPIs			
State Government approval of IB strategy obtained	Approval of IB strategy by the State Government	Official government documents, announcements	State Government
House of Assembly incorporates IB strategy	Integration of IB strategy into legislative framework of Kaduna	Legislative records, official publications	House of Assembly
Adoption and ratification of IB strategy by State agencies	Official adoption and ratification of IB strategy by all State government agencies	Government reports, official documents	State Government agencies
IB policy incorporated into next Kaduna SDP (2026-2031)	Inclusion of IB policy as a key strategy in the next Kaduna State Development Plan (2026-2031)	SDP documents, official publications	State Planning Committee
Implementation KPIs (Outputs)			
IB Unit created and operative in Kaduna	Establishment and operationalization of the IB Unit in Kaduna	Implementation reports, official announcements	KADIPA
Women-owned IBs created and operative in Kaduna	30 women owned IBs established and operating in Kaduna by 2025	Registration records, business directories	KADIPA
IB strategy launched with endorsement of stakeholders	Successful launch of IB strategy with endorsement from key stakeholders within the ecosystem	Event reports, stakeholder surveys	KADIPA
Awareness and sensitization of IB strategy	Awareness and sensitization of IB strategy created via ecosystem events/activities	Surveys, event attendance records	KADIPA
Number of SMEs or large enterprises accredited as IBs	Up to 300 SMEs or large enterprises accredited as IBs by 2025 (minimum of 150 accredited)	Accreditation records, official reports	KADIPA
Number of capacity building trainings on IBs	2 capacity building sessions conducted for ecosystem or potential IBs in 2024, 4 sessions annually in 2025	Training records, attendance logs	KADIPA
Incentives for IBs defined and approved	Tax, Land and Power Incentives for IBs defined and approved to ease the IB development environment	Official incentive schemes, policy documents	Government agencies

Key Performance Indicators (KPIs)	Measurement Criteria	Data Sources	Responsible Party
KIBRRSIF secures funding for 1st year investments	\$5M funding secured by KIBRRSIF for the first year of investments	Financial reports, funding agreements	KIBRRSIF
Number of IBs receiving funding from KIBRRSIF	10 IBs receive funding from KIBRRSIF	Funding disbursement records, financial reports	KIBRRSIF
Percentage of women-owned or women-led businesses funded by KIBRRSIF	At least 35% of available funds allocated to women-owned or women-led businesses by KIBRRSIF	Funding allocation reports, financial records	KIBRRSIF
Impact Outcomes			
Jobs created within the B.O.P.	Number of jobs created within the Base of the Pyramid (B.O.P.)	Employment data, surveys	KADIPA, Government agencies
Growth of key economic sectors in Kaduna	7% growth in key economic sectors in Kaduna by 2028	Economic indicators, sector reports (data disaggregation to identify impact of IBs on the foreseen growth)	Government agencies
Increase in IGR for Kaduna State	Percentage increase in Internally Generated Revenue (IGR) for Kaduna State	Financial reports, tax records	State Revenue Department
KIBRRSIF secures funding for 5-year investment cycle	\$50 M funding secured by KIBRRSIF for the 5-year investment cycle	Financial reports, funding agreements	KIBRRSIF
Poverty levels reduced and income growth for the B.O.P.	5% reduction in poverty levels and 7% increase in income among the Base of the Pyramid (B.O.P.) by 2028	Poverty surveys, income data	KADIPA, Government agencies
Gender equality ratio improved in Kaduna state	5% Increase in female labour force participation rate and 8% reduction in gender wage gap by 2028	Labour force surveys, wage data	Nigeria Bureau of Statistics, independent survey organizations, corporate data, regional data

8 Gender Mainstreaming of IB Strategy

8.1 Promoting Gender Equality Through IBs

In line with the Kaduna State SDP 2021-2025, promoting equality in Kaduna state is a key strategy to achieve economic growth and social inclusion. Women, who account for half the population of the state, are the backbone of our families, society and of the agricultural sector, which is in turn the backbone of the State's economy, accounting for 60-80% of the labour force in this key sector. However, women have a number of barriers to access the formal labour market, such as early marriages or motherhood, less choice in education, less access to finance, limited access to market and connectivity, which result in them working low-earning jobs, mostly in the informal sector, and are therefore trapped in a circle of low-paid – low-productivity activities. If we want to achieve our growth goals, transform our economy into a knowledge-based one, and boost the economic growth and social development, we need the other half of the population to be part of this growth and to be included into the economy.

Investing in women, sometimes referred to as “smart economics”, poses a triple opportunity that IBs can help bring to Kaduna State: i) closing the labour gap in Kaduna and including women into the workforce could drive the GDP (by over \$14billion in Nigeria according to Njideka Harry, CEO Youth for Technology Foundation); ii) providing access to credit to women MSMEs, that suffer a significant credit shortfall worldwide, would drive economic growth and revert in improving family livelihoods, and iii) supporting, growing and catering for the female economy, with a spending power twice the size of India and China combined, will further drive economic growth as well as social development.

Inclusive Businesses have already proven to have a significant impact on improving women's economic empowerment, and therefore on gender equality, as they follow the same routes to impact: increased growth of women led-owned-focused businesses will drive economic growth, while improving the lives standards of women and their families will reduce poverty.

8.2 Mainstreaming Gender into the IB Strategy

As we embark on creating an inclusive business environment for Kaduna State, it is crucial to acknowledge the vital role women play in propelling economic development. The NPC 2006 survey reveals that women make up approximately 49.5% of the state's population, underscoring their substantial presence in our society. Empowering women politically, socially and economically through inclusive business practices can not only promote gender equality, but also ignite sustainable economic growth and social progress.

By harnessing the talents, skills, and entrepreneurial potential of women, we can pave new avenues to prosperity and catalyse positive transformations across various sectors of the economy. So, including women in all areas, throughout the value chain, at all management levels and throughout the decision-making process, is essential to be able to benefit from a gender perspective in all areas and decisions. This is not only important within the Inclusive Businesses, but within the IB Strategy Unit team and throughout the process of designing, approving, adopting and implementing the IB strategy. Gender mainstreaming is essential in all areas of life: social, economic and political, to ensure we take advantage of the enormous economic opportunity of investing in women.

Recognizing that women play a pivotal role in household decision-making and influence consumer spending patterns, empowering them economically can lead to heightened disposable incomes, stimulating demand, and propelling economic expansion. Furthermore, economic empowerment enables women to invest in their families' health, education and well-being, breaking the cycle of intergenerational poverty and fostering social development and cohesion.

8.3 Inclusive Business and Women Economic Empowerment (W.E.E)

Women economic empowerment is a key strategy towards achieving gender equality, but also essential to drive economic growth and poverty reduction, the key objectives for Kaduna SDP 2021-2025, and reason why W.E.E. is at the heart of the IB Strategy.

Inclusive Businesses follow the same routes to impact as W.E.E., so they bring together synergies that can catalyse the desired economic and social development for Kaduna. For instance, by providing women entrepreneurs with access to economic resources, education, and opportunities, we can enhance overall workforce productivity and efficiency, leading to heightened economic output and growth. Women entrepreneurs have exhibited remarkable innovation and resilience,

contributing to job creation, innovation, and economic diversification and can unleash a surge of entrepreneurial activity, driving inclusive growth and prosperity in the region. Women can and need to be part of the IBs Value chains as all suppliers, distributors, retailers and users. Investing in women can take different approaches: supporting women-owned or women-led enterprises, supporting businesses that employ more than 30% of women in their workforce or as suppliers, distributors and retailers, or supporting businesses that make product and services targeted to improve women's lives.

Barriers to Women Economic Empowerment

In Kaduna State, women encounter multifaceted barriers to economic empowerment, which hinder their full participation in the economy. Cultural and religious norms often confine women to traditional gender roles, limiting their access to education and employment opportunities beyond the household. Despite efforts to improve educational access, disparities persist, especially in rural areas, where factors such as early marriage and household duties impede the schooling of girls.

Additionally, there is a pervasive underrepresentation of women in leadership and decision-making positions across public and private sectors, impeding their ability to shape policies and practices that influence economic opportunities. Moreover, women entrepreneurs often encounter hurdles to accessing markets, stemming from limited networking avenues, inadequate market information, and discriminatory business practices.

Workplace discrimination and harassment are prevalent issues faced by women, eroding their confidence and impeding their career progression.

To address these barriers and promote the economic empowerment of women in Kaduna State's business sector, a comprehensive approach is essential. By implementing coordinated strategies, stakeholders can create an environment conducive to inclusive businesses, thus promoting sustainable development and social progress. Drawing on the Kaduna State Gender Equity and Social Inclusion Policy of 2017, integration of gender considerations into inclusive business strategies is crucial. This approach ensures alignment with the state's objectives, ultimately advancing the economic empowerment of women. Supporting the creation of IBs will contribute to drive W.E.E. by addressing the following strategies:

Strategies for Promoting Women Economic Empowerment

Access to Finance:

- Establish dedicated financial products and services tailored to the needs of women entrepreneurs, such as micro-loans, credit facilities, and investment funds.
- Provide financial literacy training and mentorship programs to enhance women's financial management skills and confidence in seeking financing.
- Encourage financial institutions to adopt gender sensitive lending criteria, develop gender-specific financial products that meet women's specific needs and adapt collateral requirements for women owned businesses to women's realities.
- Target gender-lens investors focused on supporting initiatives and businesses that contribute to gender equality, i.e. Alithea IDF, Sahel, Acumen, 2X Challenge.

Capacity Building and Skills Development:

- Offer training programs and workshops focused on building entrepreneurial skills, business management, and leadership capabilities for women.
- Facilitate access to vocational training and technical education in sectors with high growth potential, ensuring women have the skills needed for employment and entrepreneurship.
- Promote mentorship and networking opportunities that connect women entrepreneurs with experienced professionals and industry leaders.
- Expand access to quality education and skills development programs for women and girls in Kaduna State, particularly in STEM fields and non-traditional sectors. Strengthen vocational training and entrepreneurship education to equip women with relevant skills for the local economy.

Access to Markets and Networks:

- Provide support for women owned or led businesses to access local, regional, and international markets through trade fairs, exhibitions, and business matchmaking events.
- Foster partnerships between women entrepreneurs and larger companies or supply chains to create opportunities for collaboration and market expansion.

- Establish platforms for knowledge sharing and networking among women entrepreneurs to facilitate peer learning and resource exchange.

Policy Advocacy and Gender Responsive Legislature:

- Strengthen and reposition government institutions to effectively deliver on gender and social inclusion objectives.
- Advocate for gender responsive policies and regulatory reforms that promote women's economic inclusion and address discriminatory practices in the business environment.
- Lobby for the enforcement of existing laws on gender equality, including unbiased hiring and promotion.
- Gender sensitization and Women Economic Empowerment workshops for the IB ecosystem.
- Promote incentives for businesses that include women as either employees, suppliers, distributors or retailers.

Technology and Innovation:

- Harness digital technologies to create new opportunities for women entrepreneurs, such as e-commerce platforms, online marketplaces, and digital payment solutions.
- Provide training on digital literacy and technology adoption to help women leverage digital tools for business growth and efficiency.
- Encourage innovation and entrepreneurship among women by fostering a supportive ecosystem for start-ups and small businesses, including access to incubators, accelerators, and innovation hubs.

9 Risk and Mitigation

Risks in strategy implementation encompass a spectrum of identified or unidentified threats that may impede success or diminish the optimal outcomes of a strategy concept. These risks pose a potential hindrance to achieving the intended goal within the designated timeframe or, in some cases, may thwart the goal entirely. On the other hand, mitigation entails the reduction or elimination of these identified risks, thereby minimizing the extent of potential loss or harm. Effectively mitigating risks is paramount to ensuring the timely and complete attainment of the identified goals.

Table 1. Risk and Mitigation Matrix

Risk Category	Potential Risks	Mitigation Strategies
Policy Risks	Existing social, environmental, and legal policies may introduce constraints.	Establish conducive rules and regulations, amend policies, engage in policy dialogue between government and private sector.
Political Risks	Governance transitions may introduce instability or changes in regulatory frameworks.	Develop a governance model that considers strategy and business objectives, engage in policy dialogue, ensure continuity of business operations during government transitions.
Economic Changes	Global and regional economic fluctuations may impact strategy viability.	Expand risk sharing arrangements, utilize scenario planning and stress testing, analyse potential impacts on emerging challenges.
People, Organization, Culture Risks	Historical business structures, organizational culture may influence strategy effectiveness.	Create new partnerships, leverage strengths of the poor, understand cultural and historic business methods, conduct research, engage in educative approaches.
Funding Risks	Access to finance for continuity, expansion, and scaling may be limited or uncertain.	Enhance access to financial resources, provide financial incentives, diversify funding sources, secure commitments from investors and donors.
Accounting and Financial Risks	Ensuring accountability in fund management is essential for maintaining trust.	Establish accountability mechanisms, ensure compliance with financial regulations, conduct periodic audits and financial reporting.
Program and Project Implementation Risks	Efficiency and commitment to project implementation can affect strategy success.	Monitor progress regularly, review and evaluate implementation efforts, provide support and resources, adapt strategy as needed.
Compliance Risks	Non-compliance with policies may create bottlenecks.	Engage in community outreach and education, provide support for policy compliance, ensure clear communication of regulatory requirements.
SDG Trade-offs Risks	Pursuit of one SDG while potentially undermining another.	Ensure alignment of strategies with multiple SDGs, conduct impact assessments, prioritize sustainable and equitable development outcomes.
Skills Gaps Risks	Entrepreneurs and producers may face challenges due to skills gaps.	Provide vocational training and mentorship, align training programs with industry needs, strengthen capacity-building initiatives.
Awareness and Education Risks	Lack of awareness among communities may limit participation in the strategy.	Develop educational programs, provide training and resources, conduct awareness campaigns, engage in community outreach and sensitization efforts.

10 Conclusion

The Inclusive Business (IB) strategy developed for Kaduna State serves as a roadmap aimed at enhancing the state's inclusive economic landscape. This comprehensive approach tackles critical issues like poverty and unemployment head-on, while simultaneously laying the groundwork for a future where sustainable development benefits all.

Over the coming year, the IB strategy is poised to deliver real-world results that will pave the way for lasting change. Through strategic partnerships between government, private sector leaders, and civil society organizations, we anticipate a significant milestone: the establishment of a dedicated IB Unit within KADIPA. This specialized unit will be the driving force behind the strategy, ensuring smooth implementation and tracking progress towards our key objectives.

Gender equality is a central pillar of the IB strategy. We are committed to empowering women entrepreneurs and fostering their active participation in the inclusive business ecosystem. By creating an environment where women-owned businesses thrive, we can bridge the gender gap and unlock the full economic potential of Kaduna State. Effective financing mechanisms, such as the Kaduna Inclusive Business Revolving Loan Fund (KIBRRSIF), will act as a catalyst for the growth of inclusive businesses. By providing access to capital for qualifying enterprises, we can fuel innovation, expand market reach, and create sustainable livelihoods for communities across the state.

A hallmark of the IB ecosystem will be accreditation – a symbol of quality and integrity. Accredited businesses will demonstrate that they meet rigorous social and environmental performance standards. This accreditation system aims to build trust among stakeholders, attract investments, and set inclusive businesses apart in the marketplace. Risk mitigation and robust project management will be cornerstones throughout the implementation process. By proactively identifying and addressing potential challenges, we minimize disruptions and maximize the impact of our interventions. Rigorous monitoring and evaluation will allow us to continually assess progress, learn from experiences, and adapt strategies to a changing environment.

The Kaduna State Investment Promotion Agency (KADIPA) will be instrumental in driving the success of the IB strategy. Utilizing their expertise in investment facilitation and policy advocacy, KADIPA will create an enabling environment where inclusive businesses can flourish. As we move towards state-wide adoption, we envision Kaduna State becoming a model for inclusive economic development, inspiring similar initiatives across Nigeria.

The IB strategy embodies a bold vision for a future built on equity and prosperity. By harnessing the power of inclusive business models, we can unlock new opportunities, unleash entrepreneurial potential, and build a more resilient and inclusive economy for generations to come.

11 References

OECD/European Union. (2016). "Key policy issues and approaches to inclusive business creation", in Inclusive Business Creation: Good Practice Compendium, OECD Publishing, Paris

George c. Schoneveld. (2015). "Sustainable business models for inclusive growth: Towards a conceptual foundation of inclusive business", Journal of Cleaner Production, Volume 277, 2020,124062, ISSN 0959-6526

Dr Nicky Pouw, Danielle de winter, Katie Minderhous and de Ellen Lammers. Government of the Netherlands (2020). "Inclusive business for sustainable food systems putting the last first", Dutch Research Council (NWO)

Siobhan Kelly, Natalie Vergara, Heiko Bammann. (2015). "Inclusive business models", Food and Agriculture Organization of the United Nations, Rome, Italy

Ulrike Rösler in cooperation with Diana Hollmann, Jonas Naguib, Alexandra Oppermann and Christina Rosendahl. (2013). "inclusive business models", GIZ, Germany

OECD (2014). "foreword" In Risk Management and Corporate Governance, OECD Publishing, Paris

ASEAN (2019). "Guidelines for the promotion of inclusive business", ASEAN, Indonesia

Stanley O. Zebulun. (2020). "inclusive business and impact investment as strategies for inclusive growth in Nigeria", Nextier advisory

IEG Meso Evaluation (2018). "IFCs Experience with inclusive business", The World Bank, Washington

Anthony Rafferty & Robyn Jelley. (2018). "Understanding business behaviour that supports inclusive growth", University of Manchester, UK

Brian Lucas Research Consultant. (2020). "KD4 Learning to implement and scale up responsible and inclusive business practices", Cornell University

IBAN (2022). "Promoting Inclusive Business in Nigeria" Landscape Study with Policy Recommendations, GIZ, Nigeria

Kaduna State Ministry of Women Affairs & Social Development (2016). "Kaduna State Gender Equity and Social Inclusion Policy", Kaduna, Nigeria

Better Finance, Better World", Blended Finance Taskforce in partnership with the Business & Sustainable Development Commission (BSDC) and SYSTEMIQ (2018)

EU, GIZ, FGN (2019) Impact Investing: A Sustainable Opportunity for MSMEs Applied to GIZ SEDIN NICOP Value Chains in Nigeria

Abbreviations

BOA	Bank of Agriculture	BOI	Bank of Industry
BoP	Bottom of the Pyramid	CSR	Corporate Social Responsibility
FIRS	Federal Inland Revenue	GDP	Gross Domestic Product
GIZ	German International Cooperation Agency	GLO	Globacom Limited
IB	Inclusive Business	iBAN	Inclusive Business Action Network
IBee	Enabling Environment for Inclusive Business	IBeeN	Programme for creating a better Enabling Environment for Inclusive Businesses in Nigeria
IB-RRSIF	Inclusive Business Risk Reduction Social Innovation Fund	IFAN	Industrial Farmers Association of Nigeria
IFC	International Finance Corporation	FMA	Federal Ministry of Agriculture
KADCCIMA	Kaduna chambers of commerce, industry mines and agriculture	KADEDA	Kaduna Enterprise Development Agency
KADGIS	Kaduna Geographic Information Service	KADIPA	Kaduna Investment Promotion Agency
KADIRS	Kaduna State Internal Revenue Service	KADSEMA	Kaduna State Emergency Management Agency
KADVS	Kaduna State Vigilance Service	KAEDCO	Kaduna Electricity Distribution Company
KAPSCO	Kaduna Power Supply Company	KDSG	Kaduna State Government
KIB-TAF	Kaduna Inclusive Business Technical Assistance Facility	MAN	Manufacturing Association of Nigeria
MDA	Ministry, Department and Agency	MBIT	Ministry of Business Innovation and Technology
MISHA	Ministry of Internal Security and Home Affairs	MSMEs	Micro, Small and Medium Enterprises
MTN	Mobile Telecommunications Network	NAFDAC	National Agency for Food and Drug Administration and Control
NGO	Non-Governmental Organisation	PWDs	People with Disabilities
SA	Special Advisor	SDG	State Development Goal
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria	STEM	Science, Technology, Engineering and Mathematics
UN	United Nations	USAID	United States Agency for International Development
WASH	Water, Sanitation and Hygiene		

Annex 1: Data on Kaduna State

Zone:	North West Nigeria
Capital:	Kaduna
Population:	9.6 million
Gender Mix:	Male 4.64 million (50.50%)
Female	4.54 million (49.50%)
% 89.23:	percentage of 0-44 years to total population
% 43.09:	percentage of 15-44 years to total population
GDP:	N4.31 trillion (2024)
GDP Per Capita:	N305, 000
Major Languages:	English, Hausa, Gbagyi, Bajju, Ham Katab etc.
Coordinates:	Latitude 9.000N to 11.300N Longitude 6.000E to 8.450E
Major Rivers:	Kaduna, Kogum, Gurara, Matsirga and Galma Call Code: +234
Emergency Number:	112
Top level Domain:	kdsg.ng Local Government Areas: 23
Total Area:	46,053 Km ²
Land Area:	43,139 Km ²
Water Area:	2,914 Km ²
Arable Land:	23,027 Km ²
Rainfall:	Spatial & temporal distribution average of 1,015mm – 1,530mm
Time Zone:	GMT +1
Electricity:	220-240 V
Driving:	On the left
Temperature:	Between 130C to 350 c Average annual Temperature: 25.20c
Climate:	Tropical
Wet Season:	April to October
Dry Season:	November to March

1. List of Potential IB Companies

The following list of companies has been shortlisted from various sectors, including agribusiness, manufacturing, technology and garment to participate in the stakeholder engagement. They are:

COMPANIES (15 participants)

1. AFEX
2. Tomato Jos Farming and Processing Ltd
3. Falgates Foods Ltd
4. Zaidu Farms
5. Al-Zira'a tech
6. Oely limited
7. Mamia seeds
8. Illaj & company
9. OCP Africa
10. Seedco limited
11. Feredo Agro and Bio farms limited
12. Flour Mills
13. Olam grains
14. De lace International
15. Bido Commercials Ltd
16. Blue Camel

