

WHITE PAPER ON INCLUSIVE BUSINESS

as part of
the AFIDBA program

*Innovating for the inclusion of the poorest by promoting
inclusive and digital entrepreneurship in 4 countries:
Burkina Faso, Ghana, Morocco, and Senegal*

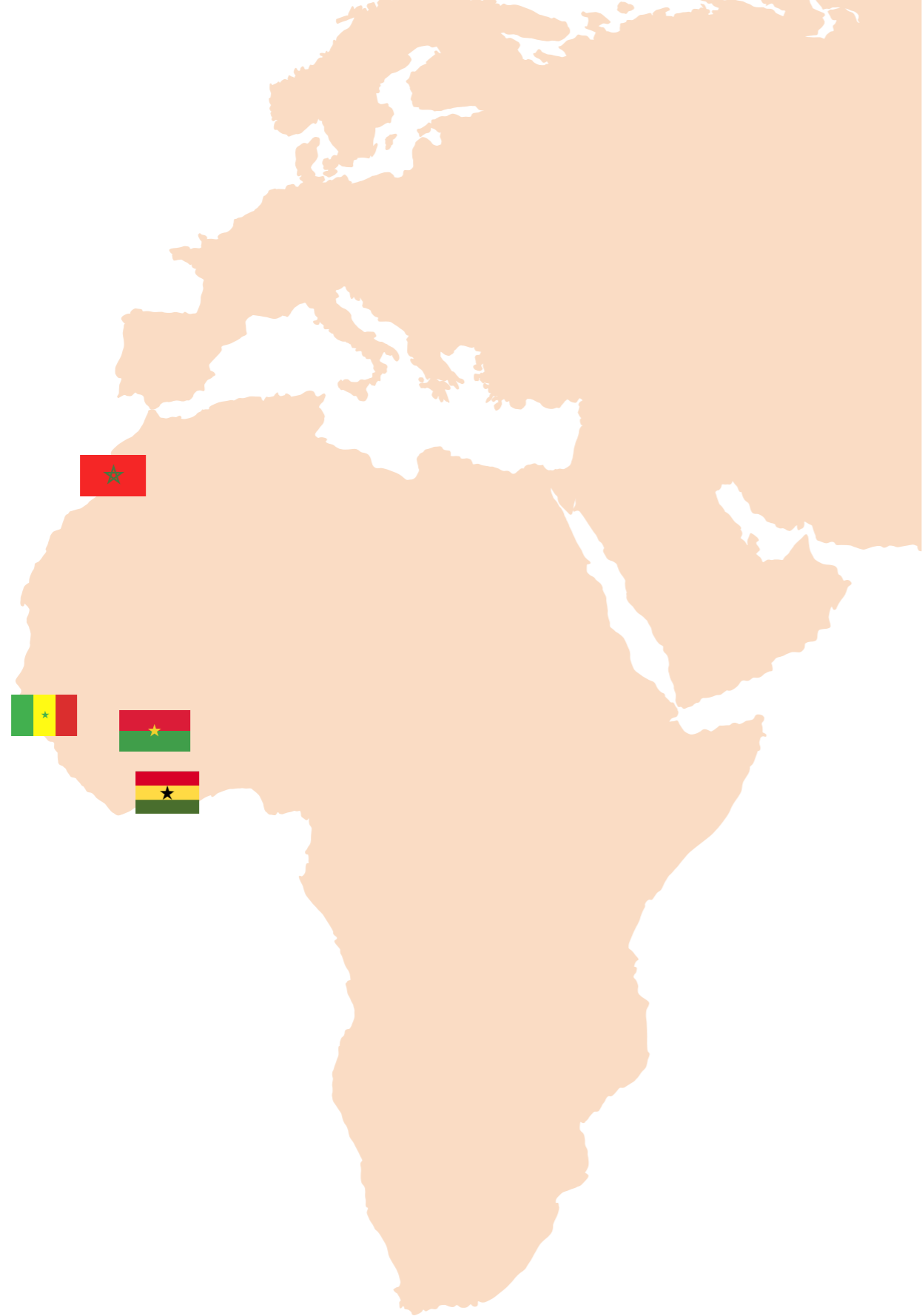


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Foreword



Born from the desire to use the levers of entrepreneurship to alleviate social, societal, and environmental problems, Inclusive Business approaches tend to develop in search of a consensus. It essentially focuses on including the most vulnerable populations within companies, also known as the Base of The Pyramid populations.

But how do we genuinely define Inclusive Business? Is talking about BoP populations still relevant? What challenges does the inclusive ecosystem face? What are its strengths and weaknesses? What opportunities does it offer to entrepreneurs? Is Inclusive Business the entrepreneurship of tomorrow?

This white paper expands the concept of IB in an attempt to tackle each of these questions using inspiring examples, namely, the entrepreneurs of the AFIDBA program (2019-2021). Not only did their experiences enable us to agree on a single definition based on nine characteristics, but they also helped draft 26 recommendations aimed at governments, incubators, entrepreneurs, and funders.

In these recommendations, the program's entrepreneurs require a legal framework or status for Inclusive Business. This would allow all the actors in the countries of intervention to integrate the definition of IB and identify it with a global movement.

Building a more robust ecosystem is essential to help inclusive businesses meet social and environmental challenges. Therefore, a dialogue must be established between each actor in this ecosystem. Continuums must be created between funders, support structures, entrepreneurs, and other key actors. This dialogue will ensure a coordinated global approach, ultimately facilitating access to financing and administrative procedures for inclusive entrepreneurs.

Promoting Inclusive Business is also based on including gender issues, better use of digital technology, and the implementation of dedicated public policies.

At all levels, ecosystem actors are answerable for Inclusive Business development, each part of the same movement: entrepreneurship that combines profitability and social and environmental mission. Finding the right balance between the two is difficult, but its actors are confident that IB will be the entrepreneurship of tomorrow. «Inclusive Business is presented as a new market, but it is a continuity. It is not an alternative. It is rather the future,» summarizes one of the AFIDBA entrepreneurs, Fatou Mourate Sar, founder of Murafa, a line of clothing promoting local crafts and Made in Africa.

Enjoy reading about our learnings and recommendations!

CARE France
Alexandre Morel
Managing Director – CARE France



Editorials



In the face of the multiple challenges facing humanity, initiatives are emerging to propose more inclusive development models that are economically viable and socially sustainable, integrating the populations at the base of the pyramid (BoP).

On the African continent, inclusive business entrepreneurs are mobilizing, and incubators are supporting the emergence of these business models, integrating BoP populations into their value chains, and capitalizing on the new opportunities that digital technology offers to accelerate development.

Launched in 2019 for three years by the French Development Agency, the AFIDBA program - AFD for Inclusive & Digital Business in Africa - was set up and coordinated by Bond'innov, with the support of Positive Planet International, I&P Conseil, Care France, Orange, the Institute of Research for Development, and implemented with national benchmark incubators for impact entrepreneurship, in 4 countries of the continent: Ghana (Innohub), Morocco (ImpactLab), Burkina Faso (La Fabrique), Senegal (MakeSense Africa and Concree).

This unique and ambitious AFD program has identified 60 African inclusive business entrepreneurs who are now inspiring models for other impact entrepreneurs on the continent. And through this program, new models of support for entrepreneurship have also been implemented by and with the incubators involved. This white paper written by Care France is an opportunity for us to leave a testimony of good practices and lessons learned and reflections on inclusive business, hoping that it can be helpful to innovation actors and public and private programmers for inclusive development in Africa.

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The AFIDBA project in a nutshell

Funded by the French Development Agency (AFD), the AFIDBA (AFD for inclusive and Digital Business) program was launched in 2019 to cover three years. Carried, set up, and coordinated by Bond'innov, with the support of Positive Planet International, I&P Conseil, CARE France, Orange, and the French Research Institute for Development (IRD), the purpose of the AFIDBA program is to encourage sustainable economic development within 4 African countries: **Burkina Faso, Ghana, Morocco, and Senegal**. Implemented with several national reference incubators in Burkina Faso (La Fabrique), Ghana (Innohub), Morocco (Impact Lab), and Senegal (Concree and MakeSense), the program aims more specifically to foster the emergence of inclusive and digital entrepreneurship in these four countries.

The AFIDBA program selected **61 inclusive businesses** (15 in Senegal, 17 in Morocco, 15 in Ghana, and 14 in Burkina Faso) out of the 944 respondents. All applicants are based on the principle of including the poorest populations in their value chain, in various sectors, whether in agriculture, education, health, energy, finance, mobility, services, or crafts, while also allowing them to benefit from a 6-month* acceleration program. Additionally, 29 applicants were granted a hybrid financial aid that amounts to €540K in total, combining an honorary loan and a subsidy, to develop an innovative financing solution to meet their individual acceleration needs.

In addition to this monitoring and financing, the AFIDBA program has also implemented awareness-raising activities on entrepreneurship, digital technology, and inclusive business for a diverse audience (entrepreneurs, incubators, etc.) while contributing to the capacity-building of incubators. Ultimately, these companies, most of which offer innovative solutions, can become sustainable and prepare their transition to a larger scale. For this reason, **56 webinars and awareness-raising workshops** were organized for ecosystem stakeholders on more than 50 different topics in the four countries targeted by AFIDBA.

Objectives of the white paper

In the framework of the AFIDBA program, the writing of this white paper on Inclusive Business has been conducted with a double objective. The first is to **define, popularize and disseminate the concept of Inclusive Business** as we have observed it in the four AFIDBA countries: Burkina Faso, Ghana, Morocco, and Senegal. Our second goal is to **share the lessons, learnings, and recommendations from this program** with all the actors of the Inclusive Business ecosystem.

Tips for inclusive entrepreneurs will also be outlined throughout the white paper.



Methodology

This white paper results from extensive desk research on entrepreneurship in Africa, social entrepreneurship, women's entrepreneurship, inclusive market approaches, policy and legal frameworks for entrepreneurship in the study countries, impact investing, support structures in Africa, gender issues, and African incubators. In addition, documentation of over 200 materials was reviewed, and panel discussions were held with various actors of the Inclusive Business ecosystem to support this literature. The exchanges were organized around five topics: the profile of inclusive entrepreneurs, gender issues, the building of an acceleration program, the building of an inclusive ecosystem, and impact assessment.

Finally, this white paper also owes its outcome to several individual interviews. Seventy interviews were conducted with AFIDBA entrepreneurs, incubators, researchers and academics, consultants and specialists, government representatives from the four AFIDBA countries, and structures specialized in impact

measurement. The interviews took place between 2020 and 2021 and were meant to help gather opinions of project participants to better understand their challenges and the solutions they recommend.

These words were supplemented by an anonymous questionnaire sent to 30 AFIDBA entrepreneurs. The data collected was processed country by country as part of the project evaluation conducted by Scale Changer.

Simultaneously, a census of the practices and characteristics of 59 AFIDBA enterprises was developed by the project coordination team to provide a database.



Please note that pictograms identify comments made in this white paper by respondents and stakeholders

* More details in part 3.3 page 72

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01. Inclusive Business :

understanding this concept with AFIDBA entrepreneurs

Key features and examples

Comparing inclusive and social business

The concepts of social business and inclusive business – or social entrepreneurship and inclusive entrepreneurship – also referred to as «impact enterprises» and «mission enterprises» – are relatively recent¹. They emerged from the desire to mobilize levers of entrepreneurship to respond to social, societal, and environmental issues. Such financial autonomy differentiates these concepts from development actors or government social actions.

SOCIAL BUSINESS

Like any economic structure, a social business is a social enterprise seeking customers to sell goods and services to. The difference with a standard economic structure is that its primary goal is not focused on profit. Instead, a social enterprise aims to balance the system without the aspects of loss or gain, and to partially or entirely reinvest any generated profits in the activity. The “Impact France” Movement^{*}, representing social entrepreneurship actors in France

and supported by AFD in 16 African countries², defines social business as follows: **«any organization (regardless of its legal form) with an economic or entrepreneurial project, a priority social and environmental mission, an internal organization consistent with a social purpose (democratic/participatory, social performance monitoring, etc.) and no or limited profitability.»**

INCLUSIVE BUSINESS

The inclusive company is part of a growth model that is inclusive, **economically viable, and sustainable. It integrates the most disadvantaged and vulnerable** populations with little to no access to essential goods and services (health, education, electricity, employment, etc.), referred to as «Base of the Pyramid» (BoP) in its value chain as consumers, producers or distributors.


BoP includes «all people living with less than \$8 a day» in purchasing power parity.³ This population currently represents 4 billion people.

This scope is consistent with the G20 definition of Inclusive Business as enterprises that provide services, goods, and livelihoods on a commercially viable basis by integrating Base of the Pyramid (BoP) populations throughout the value chain.

For this white paper, we add the employment of BoP populations while building on this G20 definition. The sole consideration of BoP populations in the value chain is not enough; their working conditions also fall under the mission of Inclusive Business. Inclusion is not restricted to employing BoP populations, and discussing employment tackles their integration into the workforce or opportunities to upgrade their skills.

According to the G20, this business model is also based on objectives pertaining to environmental and sustainable development³. According to the “Impact France” Movement, a company is inclusive if its priority mission includes BoP and vulnerable populations as a client, a supplier, an intermediate actor, or an employee in a sustainable business activity.

The African Development Bank (ADB)⁴ follows the same definition, stating that the primary goal of Inclusive Business is to reduce poverty by including “low-income” communities in the world of enterprise. However, this does not explicitly mention BoP populations, which calls into question the relevance of this term to Africa. The ADB favors the term «low-income», an indicator that is not adapted to all contexts: most people earn less than \$8 (PPP) a day in the four countries covered by the program.

 AFIDBA entrepreneurs talk about a «strong vulnerability» is in line with the G20 position. We will mainly use the term BoP for this paper.

Finally, as Brookings Institution^{*} analyst Addisu A. Lashitew, and researcher and professor emeritus at the Rotterdam School of Management (Erasmus University) Rob van Tulder said in Why do firms choose to fight poverty, **“Inclusive business can be seen as the convergence of bottom-of-the-pyramid values and practices and social entrepreneurship within traditional businesses.”**

The concepts of Social Business and Inclusive Business are therefore to be differentiated, although they have common features. AFD groups these concepts under the same branch of «Social and Inclusive Business.» However, it distinguishes three components:

^{*} Now IMPACT France. This is the network of entrepreneurs and managers who put ecological and social impact at the heart of their business in France.

^{*} The Brookings Institution is an American think tank specialized in social science research and training.

OUR TARGETS


	Inclusive Enterprise Inclusive Business	Social enterprise Social Business
<ul style="list-style-type: none"> Component 1 Social and/or environmental mission 	By integrating BoP into the company's value chain (as a customer, supplier, intermediary or employee [in the case of inclusive employment only])	Formalized social and/or environmental purpose. Constitutes the company's raison d'être
<ul style="list-style-type: none"> Component 2 Business model 	Profitable business model	Sustainable economic model
<ul style="list-style-type: none"> Component 3 Internal organization 	A structured and efficient organization with classic governance	Organization consistent with its social mission (governance, social performance monitoring, etc.)

Source: AFD «Social and Inclusive Business»

Nine key features

The experts of panel #1 and the various feedbacks from AFIDBA companies have also helped identify nine key features of Inclusive Business, listed below by order of importance. **These features are inseparable from the fact that cultural norms and values must be taken into account**, to ensure that the company attunes to its local context.

Note that «Sustainability by considering social or environmental issues» may fall under the Requirements or the Important features.

 There also are several schools of thought among the experts that participated in the panels for this white paper, and the AFIDBA entrepreneurs. One advocates a strict separation of social and inclusive business, while the other emphasizes their complementarity. These discrepancies make it difficult to reach a consensus on their convergences and specificities.

This white paper is based on the different definitions mentioned above while considering the thoughts of AFIDBA experts and entrepreneurs. We define Inclusive Business as follows:

The integration of BoP populations centrally and sustainably with the aim of improving their living conditions, based on an economically viable model.

For this white paper, we consider an inclusive business to be

- ✓ Based on economic viability*
- ✓ A contributor to poverty reduction by including the most vulnerable communities in its value chains
- ✓ A social or environmental promoter

*Ensuring economic viability remains a difficult balance to achieve for inclusive businesses: it means going beyond creating sustainable jobs by improving the living conditions of populations, as we will see in part 1.2. In other terms, the economic model must consider their daily practices (for example, by going beyond their essential needs and observing their habits and customs).

REQUIREMENTS

1. Economic viability

2. Sustainability based on BoP inclusion

- Inclusion of BoP as clients
- Inclusion of BoPs as Employees
- Inclusion of BoPs as suppliers

3. Sustainability by taking into account social and/or environmental issues

IMPORTANT FEATURES

4. Gender

5. Measure of impact

6. Value sharing

RECOMMENDED FEATURES

7. Co-construction with BoP

8. Democratic or participatory governance


9. Community reinvestment

REQUIREMENTS

1. Economic viability (profitability)

2. Sustainability based on BoP inclusion

As previously explained, the logic of inclusive entrepreneurs is to sustain their activities to have a long-term and viable impact.

 *To fulfill their commitments, they must be viable, economically profitable, and sustainably integrate BoP populations into part of their value chain, as customers, producers, distributors, or employees. If their business model is not profitable, the social impact will be unattainable as they cannot operate as an economic entity.*

Here are some examples of BoP inclusion as customers, employees, or suppliers.

- Inclusion of BoP populations as Clients

In Senegal, 65% of the population does not have access to electricity. Based on this observation, the company La Case Solaire decided to offer solar kits (autonomous solar systems) to these populations excluded from the national power grid. This is a good example of a company that includes BoP populations as clients. Similarly, the mission of the company Bilada is to fight the risk of infections in Burkina Faso through improved hygiene and water sanitation, by marketing home water treatment systems. Since its creation in 2017, 2640 rural households were able to purify their water using Bilada's disinfectant products.

- Inclusion of BoP populations as Employees


In Ghana, only 5% of used plastic is recycled. This is why Reveal World has specialized in this sector. Beyond its environmental impact, the company includes BoP populations in its activity by creating employment opportunities and implementing fair wages for waste management actors. Since its creation in 2020, the company has created over 60 direct and indirect jobs. Additionally, Reveal World offers training programs to people wishing to improve their skills.

- Inclusion of BoP populations as Suppliers

One of the companies part of the AFIDBA program, that includes BoP populations as suppliers, is O'Kasio. It is a marketplace that buys and resells car parts in Morocco, where this sector is not structured; metal workers usually have inadequate knowledge of the market and tend to collect quality spare parts to be resold at low prices, without references or qualifications. O'Kasio works with these resellers as a supplier first. Then, the company helps them structure their operations and gain easier access to a market segment that did not trust them before. Scrap dealers take inventory, manage stock, transport and sell their parts through the platform. This allows them to have an additional source of income.

IMPORTANT FEATURES

3. Sustainability by considering social or environmental issues

 *Inclusive Businesses also work primarily in favor of the environment and against social inequalities.*

The organization SEED⁵ reports that in Ghana, Inclusive Businesses act predominantly in favor of those most affected by climate change. Here is an example:

Ponaa Briquette is a company that specializes in the recycling of agricultural waste. It creates ecological fuel briquettes to be used as a substitute to charcoal. Consumed by more than 80% of Ghanaian households, charcoal massively contributes to deforestation in Ghana (around 135 ha of trees are lost every year).

Similarly, in Morocco, Amaz Sneakers makes sneakers using recycled or environmentally friendly materials. Cardboard and plastic are excluded. These sneakers are handmade by Moroccan artisans, thus highlighting local ancestral know-how. They are then packed in a tote bag for selling.

4. Gender equality

Another social challenge taken up by the Inclusive Businesses of the AFIDBA program is to democratize gender equality, a lever for inclusion and for access to rights, by including women to the business world, whether they are entrepreneurs, employees, or suppliers. Placing gender equality at the core of their strategy helps inclusive entrepreneurs meet the needs of BoP populations even more efficiently.

THE GENDER AND INCLUSIVE BUSINESS APPROACH

Gender

Gender refers to the socio-cultural construction of male and female roles and relationships. It is a set of norms, representations, and expectations assigned according to one's sex in a given society, while sex refers to the biological or physical characteristics of the human body. This socio-cultural construction generates hierarchical relationships between men and women. The hierarchical relationship can result in an unequal distribution of rights and power, increasing the vulnerability of women.⁶

The gender approach

The gender approach stems from the observation that inequalities between men and women are based on the assignment of their socially constructed roles because of their sex. Its ultimate goal is to achieve equal rights for women and men, and an equitable sharing of resources and responsibilities. The gender approach can improve the living and working conditions of women, strengthening their self-confidence and expanding their opportunities and choices. Developing women's capacity of action can increase their sense of legitimacy to «think big in entrepreneurship»⁷ and fight their self-censorship.

Adopting a gender approach also allows companies to increase their growth. Gender discrimination in social institutions accounts for \$340 billion in lost revenue in the sub-Saharan African region⁸. If every country in the world achieved full equality between women and men, the African continent would gain 12% of GDP.⁹

THE GENDER AND INCLUSIVE BUSINESS APPROACH

To overcome this situation, CARE (for which gender equality is a fundamental right) is acting in three significant areas:

Strengthening women's capacity of action, which helps them understand and assert their rights more, develop their skills and self-confidence, and facilitate their access to resources. As an example, we can mention Murafa, a Senegalese company promoting local crafts that employs 20 young women to encourage in their professional integration. Murafa also trains their artisans in communication tools to promote their know-how and facilitate synergies between them.

Promoting equitable relationships within families and communities and encouraging men's commitment to equality: the gender approach may help women through any accommodation that can improve their living and working conditions. For example, a company can adapt its opening hours or meeting times to accommodate parental constraints. To support and not hinder women's empowerment, the company must involve men: as fathers, husbands, and sons, they significantly influence women's entrepreneurial choices.


Changing social norms, policies, and legislation: this perspective is reflected in the interviews of AFIDBA women entrepreneurs who mention their desire to change the sexist norms that hamper their work. To that end, the company Incas Diagnostic, decided to mainly hire women for technical positions and men for administrative jobs to break down the prevailing prejudices on the division of roles in Ghana. Likewise, L'Auxiliaire, an inclusive company in Burkina Faso that specializes in the professionalization of domestic services, has appointed three women to its top management.

Amaati is another company in the AFIDBA program that has made a step towards women. In addition to its environmental action to revitalize the production of fonio by enhancing the value of all land that suffers from desertification, Amaati is committed to enabling women who are not land owners to have an income. The training courses* provided by the company have allowed 2,500 women farmers to exploit 800 hectares, thus helping them escape poverty while addressing gender inequalities.


However, Anne Attané¹⁰, a researcher and anthropologist who studies the dynamics of gender, age, and generation relations in West Africa, particularly in Burkina Faso, calls for caution regarding ways of eliminating these norms, as they are deeply rooted and shape the dynamics of social relations. Working to reduce the inequalities women suffer without considering the economic and social dominance suffered by many men is unrealistic. Only an approach that fights all vulnerabilities of both men and women can be efficient, and we must reflect on the construction of an inclusive society. Some of the inclusive entrepreneurs that were interviewed even described reluctance from local communities who do not want to change their operating methods. Women were also unaware of the benefits of working in an inclusive company. As an illustration, Malaika's Garden noticed that girls performed less well from the age of 8 onwards, partly because they are highly likely to be involved in domestic chores, thus having less time to study. The company tried to raise awareness among parents, but it was unsuccessful. **All in all, it is better to change these norms little by little rather than drastically abolishing them.**

Another limitation is that the potential negative effects of inclusion, particularly on women, should not be overlooked, according to the socio-economist and researcher at the Institute of Research for Development (IRD), Isabelle Guérin. In her article Social business and the 'bottom of the pyramid': The forced march of social capitalism, Guérin shows that care must be taken not to make women's **double workload heavier or put too much pressure on them**. She uses the example of market makers that play the role of interface and intermediary to sell products and services that are not sought for because they are not tailored to the targeted segment and local realities¹¹. In this particular case, Guérin denounces a capture of value and a delegation of risks rather than a real co-construction.

5. Impact assessment


 To measure, monitor, and analyze the effects attributed to the target segment, a company carries out an impact evaluation. This enables the company to be accountable.

In Senegal, E-cover is an inclusive company specialized in tire recycling. They transform used tires into granulates to be reused in the production of sports flooring, synthetic turf, playgrounds, and crushed material for cement factories. This method reduces pollution generated by tire incineration (one ton of burned tires emits at least 1.45 tons of CO₂) and helps reduce CO₂ emissions from cement plants by 40%. E-cover uses several indicators to evaluate its environmental impact: a map of all areas that were cleared of tires, the number of used tires that were recycled, and the amount of CO₂ emissions from cement plants before and after the company's arrival on the market. In addition, E-cover raises awareness about waste sorting, recycling, and the diseases caused by poor waste management.

 E-cover works to improve the living conditions of those involved in the chain of waste collection, generally from disadvantaged backgrounds. To measure its social impact, the company keeps track of its partners for tire collection and the number of direct and indirect jobs created.

However, while in theory, impact evaluation allows for the measurement, monitoring, and analysis of the effects of each project, it is much more complicated to implement. Also, this evaluation is often limited to measuring outcomes (e.g., number of sold products, etc.). This tool is less developed in the private sector (whether inclusive or not). There is little or no comparative data on this subject, and only few local experts are available to explain it to entrepreneurs and advise them in this process.

6. Value sharing

 Sharing the value created by the activities of BoP populations within the company is another feature of Inclusive Business.

The entrepreneurs of the AFIDBA program are in favor of a fair redistribution of the value of the wealth created¹², while large companies and their «Inclusive Business»¹³ lines of activity often adopt a logic of appropriation (even if this observation is not black or white between multinationals and VSEs). Since IB is only used in a few business practices, there may be an ambiguity around the adjective «inclusive», which makes it difficult to know what «inclusive business» precisely means, and how it differs from or relates to Corporate Social Responsibility (CSR), for example.

How to share this commercial risk, particularly in the upstream risk-taking/testing phase of a product/service or distribution channel in a rural area, and who should take it (e.g., the BoP populations who are resellers? The entrepreneur who sells the product? Is this value sharing substantiated by analysis? Are there any tools implemented? It is unknown whether this sharing of value exists, mostly due to a lack of research.


Isabelle Guérin adds that designing methods of production and distribution that create "local value" must not obscure the negative effects on the ground. She highlights the following questions: **"Are we responding to a demand or creating a need? Are we sharing or capturing wealth? Are we sharing risks with the population or delegating them?"**¹¹

* The empowerment of women is the sum of the changes necessary for the full exercise of their rights


Malaika'garden is an educational complex composed of two schools in Burkina Faso that works for the education of disabled children from disadvantaged backgrounds. The complex has a class specially dedicated to these children.

The company's model is based on value sharing: the tuition fees charged at the first educational site (intended for middle-class children who accept to pay more to receive a different teaching from the public service) make it possible to subsidize part of the tuition of the children of the another site (located in an underprivileged neighborhood that has no public school).

RECOMMENDED FEATURES

 Recommended features of IB include fostering a co-construction with BoP populations, democratic or participatory governance, and community reinvestment. However, if these characteristics are sought after in theory, they are not always implemented. An example of this is democratic or inclusive governance that we detail below and for which we have no instance with an AFIDBA company.

7. Co-construction with the BoP populations

 A co-construction of the project with the BoP populations is necessary. It is not appropriate to assume what they need but to integrate them in the process of building the project and companies' mission to meet their needs.

Created in 2021, Chifae works in the medical field in Morocco. Its mission is to facilitate access to health care, particularly for vulnerable populations, whether they


have difficulties moving around (elderly, disabled) or financial difficulties. This inclusive company connects patients and health professionals through an app. The entrepreneurs have conducted about 50 interviews with vulnerable populations to ensure that their care is genuinely adapted to their needs. Three challenges were identified: fostering relationships between doctors and patients (doctors do not always have enough time for each patient), making appointments accessible (patients do not always visit because due to lack of time), and improving health coverage at a governmental level. The app aims to solve these needs by offering appointments with doctors available via telecommunications or who can visit patients at their homes to make it easier for them. Also faced with the challenge of caring for patients' pathologies as quickly as possible, Chifae intends to develop an activity to raise awareness of the need to consult via the app among patients.

8. Democratic or participatory governance:

 Democratic or participatory governance is one of the desirable characteristics of Inclusive Business. However, no AFIDBA company has implemented it so far. The closest example to this type of governance is the online sales site Agriyaar, which uses a participatory co-construction process that includes rural BoP producers and urban demand via hotels. The website's manager launched it after realizing that Burkinabe producers were experiencing difficulties in management, planning, and collective marketing. His networking prototype was tested in a participatory manner, with a few hotels and various products (market garden and dry). This was a great success.

Please note that democratic governance is internal to the company, while co-construction with BoP populations is external.

9. Community Reinvestment

 The Inclusive Business sector is also marked by community reinvestment¹⁴, a commitment by entrepreneurs to provide services tailored to their community in addition to their activities, such as training or childcare.

Faso Attiéké is a Burkinabe company specialized in the production of cassava semolina that contributes to the empowerment of women. The company has set up a nursery in the factory to improve mothers' daily lives. They also conducted awareness sessions for the husbands of female employees to learn about the place and work of their wives. These commitments go beyond the company's activities and are an embraced community investment.

Placing BoP populations at the heart of Inclusive Business

As seen previously, Inclusive Business is based on the inclusion of BoP populations within companies and their value chains. It considers them as active actors in the financial world.¹³ Each country has its specificities, strengths, and limitations.

Who are the BoP populations in the 4 AFIDBA countries?

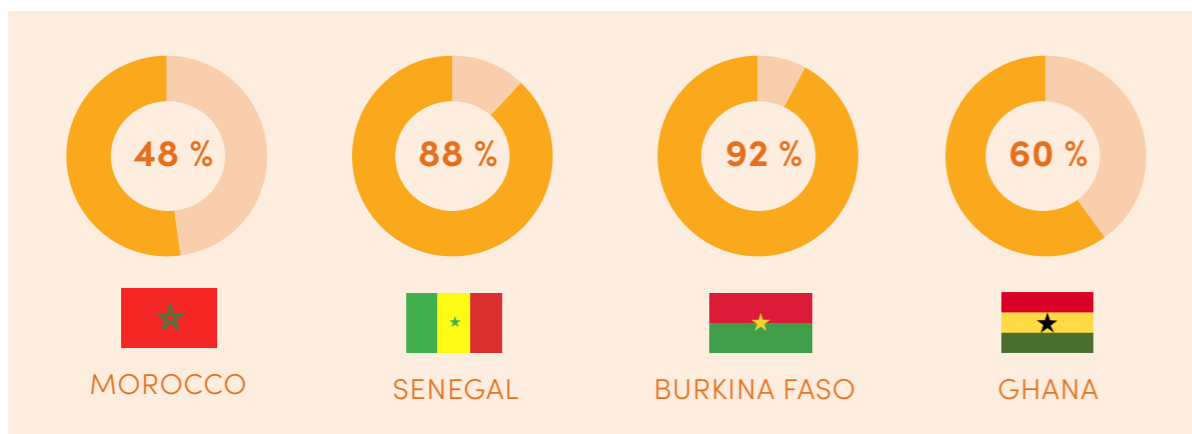
As a reminder, the concept of **BoP** refers to “**all people living on less than \$8/day**” in purchasing power parity (PPP; source: G20).³ It refers to the lowest segment of the pyramid, the poorest and most vulnerable populations, who lack access to essential goods and services such as health, education, electricity, employment, etc.

In addition to creating jobs for these populations, IB must also contribute to improving their living conditions through access to dignified work, and the transmission of skills through social benefits, access to education, financial inclusion, a more equitable sharing of value, etc.

“Inclusion in the value chain must be supported by quantitative and qualitative benefits that effectively lead to a sustainable change of scale: wage above the market rate, job security, training opportunities, etc.»¹⁵ summarize the Impact France Movement and AFD, calling it a «symmetrical solution».

Here is a representation of BoP populations in the 4 AFIDBA countries:

Estimated % of the population (considering APP, 2011):



Source : World Bank

But this type of inclusive entrepreneurship has limitations. Two to three years after creating their business, AFIDBA entrepreneurs¹⁶ do not have full-time employees involved in their core activities due to a lack of funding and training for these populations, and the critical size of their structure.

To overcome this shortage, entrepreneurs work with BoP populations as suppliers and subcontractors for specific activities (collection, handicrafts, other processing activity, etc.) and pay them on commission, even if it has to be at the market rate or higher.

Another limitation is that the self-employed subcontractor is part of a subsistence entrepreneurship¹⁷ and does not generate employment. A person who engages in an entrepreneurial activity primarily aims to create a personal subsistence source of income; they do not create or aspire to create employment opportunities for people outside their immediate family circle/ their interest lies in creating their own business¹⁷.

This form of entrepreneurship is often a matter of necessity. Entrepreneurs are perceived as «individuals who are driven to start a business because they perceive no better employment option» (Cowling, Bygrave, 2003). It is opposed to a desire for business creation, that is, entrepreneurship by opportunity. According to association Afric'innov, moving from entrepreneurship by necessity to entrepreneurship by opportunity is a challenge, although there is strong growth potential¹⁷.

The consideration of BoP populations in the corporate sector has evolved since the works of researchers Ck. Prahalad and Stuart Hart¹⁸. There are **three approaches to BoP**. The first approach, BoP 1.0, considers BoP populations primarily as **consumers**. This involves reducing prices, adapting products reserved for wealthier people, strengthening distribution networks to reach the «last mile,» making single-dose products available, etc. This BoP 1.0 approach is based on the idea that the BoP population is a consumer. This BoP 1.0 approach provides access to essential goods and services. However, it does not create new economic opportunities that will eventually enable BoP populations to move out of their situation.

The BoP 2.0 approach aims to provide an answer to this problem. It seeks to turn BoP populations from consumers into **business partners** like distributors, producers, or employees for entrepreneurs. This means strengthening their relationships and being innovative. Moreover, the challenges related to this approach have led to the development of cooperation between different actors such as NGOs and multinationals.

The BoP 3.0 approach includes BoP populations **along the entire value chain**. As consumers, but also as producers, employees, or entrepreneurs. It is based on a long-term and global vision with a solid co-construction logic of the project with the targeted populations; these populations can be integrated into the company's governance. The BoP 3.0 approach brings the need for a better understanding of the

ecosystem, the challenges of the value chain, and local concerns to propose an adapted solution, improving living conditions and bringing opportunities for economic progress.

Thus, the BoP 2.0 and BoP 3.0 approaches are naturally favored by AFIDBA entrepreneurs in a logic of inclusion of the most vulnerable in each country.

Definition of BoP, and therefore by extension vulnerable populations in this white paper

Population with common characteristics...

- ✓ Access to media, social networks, and other means of communication and information can be difficult
- ✓ Little or no formal education and therefore skills to be strengthened or missing
- ✓ Cell phone use developed
- ✓ Presence in the informal business market
- ✓ Potential lack of administrative or legal documents
- ✓ The predominance of cash, making the compensation model more complex

However, this varies according to the socio-economic context:

- ✓ They are heterogeneous by nature between countries but also within the same country
- ✓ Socio-economic environments are diverse (i.e., housing, working conditions, income, etc.).

To go further, integrating these populations means looking at the criteria mentioned on page 22 and 23 and asking yourself:

Externalities:

- ✓ What positive and negative effects could the integration of vulnerable populations produce? Would it be too much commercial pressure on women door-to-door sellers within their communities?
- ✓ What processes, tools, and financial means are available to the entrepreneur to prevent or mitigate negative effects? What about the positive effects?

Governance:

- ✓ How can these populations, especially women, be integrated into internal decision-making processes? Example: in cooperatives.
- ✓ What structures, processes, tools, and financial means do entrepreneurs access?
- ✓ Access to goods and services:

How well have I understood and analyzed the needs of vulnerable communities? What information gathering methods did I use? What community of stakeholders can I rely on? What programs do I have to inform my approach?

Example of empowerment of vulnerable populations

One of the criteria for the selection of AFIDBA enterprises was the inclusion of vulnerable populations, according to this excerpt from the selection grid established under the program:

INCLUSIVE NATURE OF THE COMPANY

Does the company include vulnerable populations as their suppliers, partners, distributors, or customers?

OBJECTIVES: TO ASSESS THE INCLUSIVENESS OF THE COMPANY'S PURPOSE AND ACTIVITIES

What is the degree of integration of these populations? Is it marginal or central to the company?

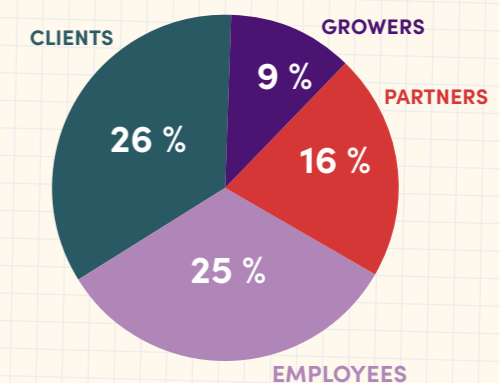
Do the company's activities improve the living conditions of the targeted populations?

Is the inclusive nature of the business a priority for the entrepreneur and their team?

Within the framework of the project, we note that vulnerable populations are integrated into the business model as follows:

These categories correspond to the majority integration of BoP populations in the companies' activities. Some companies integrate them at several levels, such as Ponaa Briquette, which targets BoP populations as clients and employees. It employs 90 vulnerable women in the design of its briquettes.

Integration of BoP populations in the value chain of AFIDBA COMPANIES



As an engine of economic growth, value creation, employment, and innovation, with social impact objectives, including sustainable changes in the lives of the poorest and most excluded communities, Inclusive Business logically appears as a **response to achieving the Sustainable Development Goals (SDGs)**. It promotes the empowerment of BoP populations securing their work through employment contracts, above-market rate pay, and training. Some examples include:

Faso Attiéké

Founded in 2010 in Burkina Faso, Faso Attiéké specializes in the production and marketing of cassava semolina and is developing its activities around a value chain with strong, inclusive potential. It works with 447 producers, 40% of whom are women. It also works with 290 women processors, 82 of whom are members of a women's cooperative.

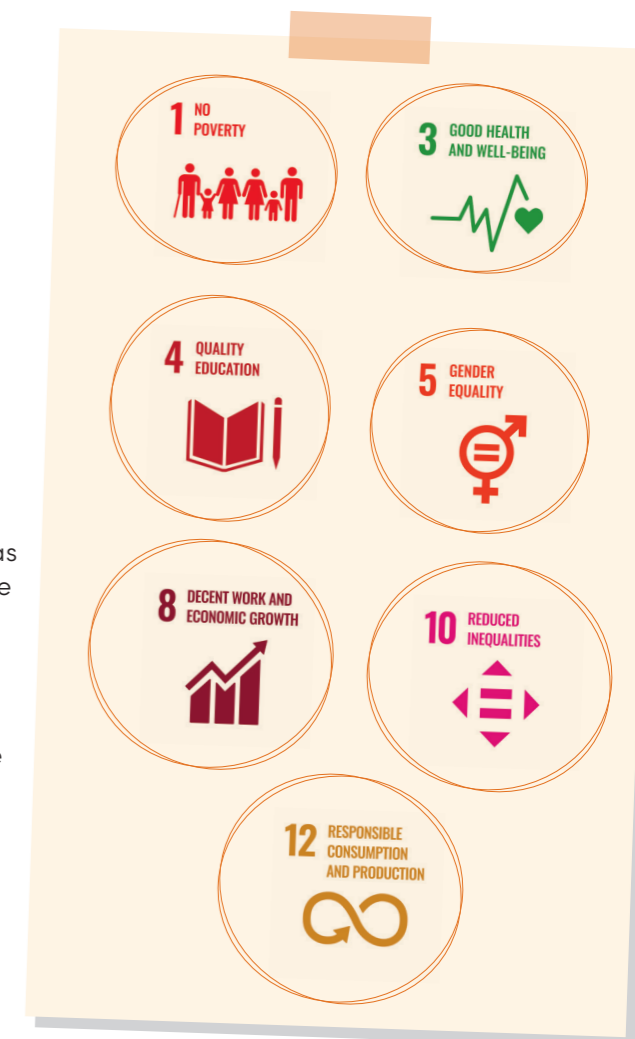
Based on formal contracts, these collaborations allow the improvement of the living conditions of these producers through an increase in their income (the raw material is purchased at a price higher than the market price) and an organization in a cooperative. In addition, Faso Attiéké employs 58 people, including 50 women, permanently, spread over its two production sites. The company creates stable jobs and offers full support to its employees - childcare service, meals distributed. Faso Attiéké also integrates the most vulnerable populations by hiring them as raw material suppliers, collaborators, and beneficiaries of its social activities. Below are the objectives to which it responds: poverty eradication, gender equality, responsible consumption and production, life on earth, and access to decent jobs.



Kitambaa

In Senegal, Kitambaa is structured around a commercial entity and an association whose goal is to train and sensitize young girls, schools, local officials, and development actors to proper menstrual hygiene for women. In addition, it provides access to low-cost menstrual hygiene kits that can be reused over a year for all women in Senegal. The company also prioritizes the employment of vulnerable women from local communities in its factory. Currently, Kitambaa has four employees and hopes to hire 28 more people eventually.

What is Kitambaa's impact? 5000 kits sold since its creation in 2019. This inclusive company aspires to train over 150 women by 2021. Inclusive Entrepreneurship thus plays an indispensable role in the process of empowering women.¹⁹ On the SDG side, Kitambaa ticks off the following goals: good health and well-being, no poverty, gender equality, reduced inequality, responsible consumption and production, quality education, and access to decent jobs.



Calinou'nou

Another successful example of empowering vulnerable populations is Calinou'nou. This service company specializes in the placement of professional domestic staff. It enables young people, mostly women, often from vulnerable backgrounds, to benefit from free training to become housekeepers, maternal assistants, cooks, or cleaning agents.

These women are then placed with the company's clients who ensure that they sign an employment contract, contribute to their pension, are affiliated with the social security fund and have access to a health insurance scheme. Impact: Calinou'nou ensures its employees' employment and social security conditions and the quality of the service provided to clients. It militates for gender equality, access to decent jobs, reduction of inequalities, and against poverty.



In addition, some AFIDBA enterprises go beyond including BoP populations in the value chain and creating decent jobs by offering additional services to BoP populations. For example, Peecoop, a mobile application that connects self-employed car owners with individuals in need of urban transportation, has trained and banked their 350 peecoopers. In addition, some AFIDBA companies are conducting sponsorship activities in addition to their primary mission of integration. This is the case of Amaz Sneakers: the sneaker brand helps improve Moroccan artisans' living and working conditions. Additionally, the brand finances a day of boarding school for a young girl in secondary school for each pair of shoes sold.

Another positive aspect, which proves that Inclusive Businesses act in favor of sustainable development, is the well-being of their employees. Indeed, employees of Inclusive Businesses are more satisfied with their structure and their income. These findings are confirmed by a study conducted by the International Development Research Centre (IDRC), analyzing the economic inclusion of the most marginalized and the actual and potential effects on the well-being of youth and women in Burkina Faso. The researchers explain that this model for entrepreneurship can realize benefits by empowering BoP populations, reducing inequality, and breaking the cycle of poverty and vulnerability²⁰.

In total, the 35 companies that participated in the final evaluation helped 7,604 BoP people. Among these companies, 13 are Burkinabe and reach 6605 BoP populations.

The inclusive entrepreneur: a portrait

Who are the AFIDBA contractors?

THE CONTRACTOR

The final evaluation conducted with 35 entrepreneurs and the census of 60 AFIDBA enterprises made it possible to sketch the typical AFIDBA entrepreneur and a typology of the project enterprises.

The average age of AFIDBA entrepreneurs is **38**. Married, they live and work mainly in **urban areas**. All AFIDBA entrepreneurs have a higher education level and are graduates. 90% of them have a level that goes from **Bac+2 to Bac+4**. It should also be noted that for more than 50% of them, their studies are related to their company's field of activity. Their career paths are diverse, often linked to the activities of their current company. They state that their experiences gave them the desire to set up their own inclusive company, have encouraged their thinking, and helped them acquire skills to develop their entrepreneurial project.

25 AFIDBA entrepreneurs worked in the private sector before launching their business, while eight worked in the field of solidarity within NGOs or the United Nations. The social commitment of the entrepreneurs can be seen in their trajectory: more than 12 AFIDBA entrepreneurs are involved in the associative sector. Some were involved since their studies, others in parallel with their professional careers.

More specifically, the academic background of AFIDBA entrepreneurs and their first professional experiences are marked by an international component: 10 entrepreneurs went to study or work abroad before creating their inclusive business.

The inclusive entrepreneur is committed.

They listen to and understand the realities of the vulnerable populations they work with and want to respond to their needs. One of the corollaries underlined by all the actors is the importance of their territorial anchoring and their detailed understanding of the realities of the populations they work with.

The inclusive entrepreneur is **usually trained in technological tools** and can take up opportunities linked to digital technology. Far from being a new type of entrepreneur outside of the existing frameworks, they wish to ensure the sustainability of their project and integrate social and environmental issues within it. The qualities required in Inclusive Business are the spirit of innovation, the ability to listen, perseverance, the spirit of sharing, and a particular sensitivity for social and environmental issues.

According to a report²¹, inclusive entrepreneurs have a better «care» ethic, aware of their social responsibility towards others.

Some entrepreneurs have been financed under this program. Here are their detailed profiles by country:



88 % are women
32 years old
20,6 K€ average funding amount



57 % are men
35 years old
22,9 K€ average funding amount



71 % are women
32 years old
13,5 K€ average funding amount



86 % are men
33 years old
20,8 K€ average funding amount

WORKING FIELD AND LEGAL STATUS

AFIDBA entrepreneurs have created inclusive businesses mainly in the essential goods or services sector (agri-food, education, health).

A few things to note. The agriculture sector is more represented in Senegal than in the other countries, as is the agribusiness sector in Burkina Faso. Ghana is the only AFIDBA country with companies in the energy and logistics sector. In Morocco, many companies focus on the transportation sector.

These few particularities can be explained, among other things, by the different contexts of each country and, therefore, the diverse needs of the populations.

Among all AFIDBA enterprises: 25% are SARLs, 12% are SASs, 8% are sole proprietorships, 3% are SUARLs. However, the status of half of the enterprises is not known. Only a few AFIDBA enterprises do not yet have legal status; however, the process is underway.

TURNOVER AND STAGE OF DEVELOPMENT

According to the final evaluation of the 35 companies, the median turnover is: **16 497,69 €**. More precisely, we can note a great disparity in the turnover of AFIDBA companies: the lowest is 630 euros while the highest is 360 208,42 €.

Companies from the first cohort of AFIDBA entrepreneurs (2019) were founded on average two years before participating in the project; companies from the second cohort four years before, and the third cohort have been in existence for three years. Furthermore, at the time of selection of companies for the AFIDBA accelerator program, their developments varied according to 4 stages*:

- Solution marketed to active and regular customers/users: 25 companies
- Fully operational structures: 2 companies
- Prototype: pilot product/service developed and tested: 9 companies
- Structured idea: target, need and draft solutions defined: 3 companies

This diversity of maturity stage is also partly linked to the time required to frame the project at the start (see part 3 on page 52).

PROFITABILITY AND SUSTAINABILITY OF AFIDBA ENTERPRISES

The economic viability of Inclusive Business companies is part of their very definition. It is therefore important to consider the profitability of the initiatives supported by AFIDBA to know if they can achieve the economic equilibrium necessary for their sustainability.

To this end, an analysis of the financial statements of companies in cohorts 2 and 3 that received an honorary loan from AFIDBA was conducted. There are great disparities between the companies and their performance, but some general trends emerge.

Most of the companies managed to achieve

a positive net margin rate in the first few years of their activity and all of them forecast an increase. Although most of the projections are very ambitious, they are nonetheless realistic, which is a good sign for the sustainability of AFIDBA companies. For example, the median net margin rate, which is 5% in 2021, should reach 21% by 2023. Similarly, the profitability ratio of companies remains high despite strong disparities and should increase further over the years.

It should be noted that for Inclusive Business enterprises, hybrid sources of financing (private and public) are to be preferred. Indeed, if AFIDBA companies have been able to get closer to a balanced budget so quickly, it is thanks to the combination of grants, loans, and private financing such as love money, from the very first years of their activity. In addition, the small size of most of the companies we support is an important factor in their rapid achievement of profitability.

EMPLOYEES

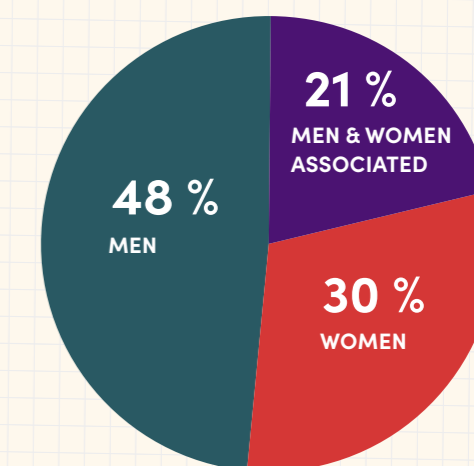
Another essential figure that indicates the profile of AFIDBA enterprises and their entrepreneurs is the number of employees. According to the sample of 35 companies surveyed, the average number of **employees is 15**. They have a minimum of 1 employee and a maximum of 77. More specifically, companies in Ghana and Burkina Faso have more than double the number of employees, or an average of 20, than Moroccan and Senegalese companies.

GENDER

In the specific case of AFIDBA entrepreneurs, another quality is highlighted: the willingness to transform social and cultural norms, particularly those related to gender. This is a major issue, as most entrepreneurs are still men and the inclusion of gender in internal policies is not the norm. Among the sample of 35 entrepreneurs surveyed, only five mentioned that they do not take the gender approach into account. Also, ten companies specify that their activity is directly aimed at women, while five emphasize that they do not want to make any difference between the sexes.

In terms of figures, the share of women in the companies (e.g., employees, suppliers, etc.) is 60% in the AFIDBA companies in four countries. 29 entrepreneurs declare that gender is a priority for them and 5 do not consider it at all.

Who runs the AFIDBA companies ?



* These figures are for second and third generation AFIDBA entrepreneurs only.

Motivations and interests of entrepreneurs

The motivations of the inclusive entrepreneur arise either from an **intrinsic reason; a reason related to their individual ethics and sensitivity; or from an extrinsic reason related to market opportunities.** Note that companies with intrinsic motivations perform better on most inclusiveness indicators.²²

Indeed, the individual interviews conducted with the entrepreneurs highlight personal trajectories and stories, which were real drivers in creating their business. The AFIDBA entrepreneurs wanted to respond to needs that they had personally witnessed. In addition, we can note a strong attachment to the country's culture: AFIDBA entrepreneurs wish to act for their country; some put forward local products such as Murafa (a line of clothing that promotes local crafts and Made in Africa) or Ramafrique (a brand of bags of Ghanaian origin).

Combining these two logics makes inclusive engagement possible, a profound driver of transformative impact. The discourse of AFIDBA entrepreneurs suggests intrinsic rather than economic motivations as drivers of inclusive business practices. The pervasiveness of precarity in African markets is likely to attract businesses that share the normative and emphatic consideration of alleviating human suffering.²²

Inclusive businesses can gain intangible benefits, such as a better reputation and image for their social and environmental practices. However, in Africa, it is not always in the interest of companies in inclusiveness to enhance their brand image or to be more competitive.

In the region, it seems that market pressures to be sustainable are less present than in Europe. This low brand interest in sustainability means that intrinsic motivation dominates the decision to be inclusive.

In any case, the inclusive nature of an enterprise can be an asset in the search for economic viability, which is the other objective of the entrepreneur. If the inclusive entrepreneur is driven by a strong social or environmental mission, his goal remains the enterprise's profitability to ensure its sustainability. And for that, he needs financing, which can be more diversified for an inclusive business than for a classic company. And for a good reason, an inclusive business is more likely to obtain funding and subsidies through programs such as AFIDBA, even if there are not enough.

GRET or CARE's experiences with its social and inclusive enterprises demonstrate a need for financial hybridization because the maturation of business models is slower and requires financing to carry this risk and needs time.

In addition, in the face of the economic downturn in traditional markets, many established companies have begun to explore the potential of the BoP market in emerging markets as a growth strategy.²³

Another element to note about the motivations and interests of entrepreneurs is that they are not always aware of the inclusive nature of their practices. Non-inclusive business entrepreneurs can also positively impact society by meeting needs and creating jobs. Their employees may receive benefits such as vacations, more accessible transportation, etc.

RECOMMENDATION 3 FOR ENTREPRENEURS

Encourage and promote hybrid financing (public and private) of companies

BENEFITS OF INCLUSIVE BUSINESSES FOR ALL PARTIES

Added value for:

COMPANIES

New market development: strong growth in low-income markets and opportunities in unmet needs can generate long-term benefits and increased revenues.

Strengthening supply chains: by working with small farmers or manufacturers, companies have access to new supply chains.

Reputation enhancement: the presence of comprehensive benefits can improve corporate reputation, increase brand value, and make it easier to obtain approvals to operate locally.

Employee retention and incentive: A commitment to social goals motivates employees and helps the company attract talent.

Stimulation of innovation: the challenges of low-income markets encourage innovation that can also be used in other markets.

LOW-INCOME POPULATIONS

Meeting needs: People have access to the goods and services they need, including food and nutrition, energy, clean water and sanitation, housing, and financial services.

Increased income: people find work, increase their income and improve their livelihoods. Lower product prices can increase relative purchasing power.

Improved productivity: Access to electricity, financial services, health services, telecommunications, inputs, technology, and capacity building increases the productivity of people.

Expanding choices: integration into formal markets gives people new choices and allows them to make their own decisions.

Building self-confidence: People with more choices have more confidence and gain a sense of control over their lives.

THE OTHER ACTORS OF THE ECOSYSTEM

Governments can leverage private interests to achieve social goals, particularly creating jobs for youth, raising incomes, and improving access to basic health goods and services.

Development partners can support sustainable solutions that can continue even after development funding ends.

Civil society organizations can create opportunities for members of the low-income communities they serve.

Research institutions can collaborate with companies in applied research. Companies can also provide funding.

Intermediaries reinforce the value of their role by providing tangible benefits to their members.

Source: UNDP, Revealing Africa's Hidden Wealth, Creating Inclusive Enterprises for Shared Prosperity, 2016

New contractor or contractor adapted to new challenges?

At a time when the issue of corporate responsibility is increasingly discussed, when the environmental and social unsustainability of traditional economic models makes the future more uncertain for both companies and stakeholders (shareholders, governments, consumers), the latter's demands on them and the tightening regulatory framework (e.g., the future European law on the corporate duty of care and respect for human rights), force them to incorporate sustainability into their business as usual decisions. Inclusive Business could become the dominant model in the long term. It seems to be the future of entrepreneurship. «Continuity», according to AFIDBA's entrepreneurs.

« Inclusive business is presented as a new market, but it's a continuity. It is not an alternative but rather the future». Fatou Mourate Sar, founder of Murafa, a clothing line that values local crafts and is Made in Africa.»

In this context, Inclusive Business approaches are destined to develop to respond to the current issues that our societies are facing. According to researcher Bénédicte Faivre-Tavignot, «we can no longer imagine doing business without considering social or environmental aspects because companies are often responsible for increasing inequalities and destroying the planet. This is an emergency.»

Companies must also be concerned about their impact on the regions.

Inclusive Business is a way to overcome the **limitations of Western capitalist models** (of negative externalities)*, which emerged at a time when there was little regulation and fewer environmental issues, which are based on profit maximization, and which are responsible for climate disruption, social inequalities, and exploitation of human rights.

Sustainable and inclusive models are an alternative, then. They are ways of doing business that make business sense while creating viable opportunities for local community members «at the base of the pyramid. These models allow them to be sustainably involved in value chains. What about Corporate Social Responsibility (CSR)? These concepts should not be confused. CSR is often an activity that is more or less integrated with the main business activities, whereas Inclusive Business does not separate this social responsibility from the main business activity. Improving the living conditions of BoP populations is at the heart of the business strategy of inclusive companies.²²

* A situation in which an economic agent's activity causes negative effects on society. Example: a farmer who uses neonicotinoids that kill bees.

Development issues are complex, and each actor has a role to play in achieving inclusive economic growth and supporting the SDGs; by promoting citizen engagement for instance, which is the work of various organizations like Make Sense, i4Policy, and many others. They favor a different management of social and environmental problems via advocacy at the macro level. Connecting these organizations with inclusive entrepreneurs is a must.

The world of associations and NGOs is getting closer to these inclusive entrepreneurs, through partnerships or by bringing out development projects.

Inclusive business is different from other entrepreneurship sectors because of its idea of sustainability on all levels: duration in time, development of its economic activity, creation of a value chain, sustainable social or environmental impact...

GOOD PRACTICES OF INCLUSIVE ENTREPRENEURS

Funding

- ✓ Use participatory funding: combine discounts or vouchers for people participating in the company's funding.
- ✓ Diversify funding sources

Distribution

- ✓ Reach out to large groups and online sales platforms
- ✓ Shorten supply chains
- ✓ Diversify suppliers
- ✓ Create partnerships with social marketing structures
- ✓ For agricultural projects, profile people who could coach farmers as a job

Inclusion of BoP/vulnerable populations

- ✓ Find multiple market segments: the same product may be sold to BoP populations and more affluent people, and not for the same reasons
- ✓ Have an appropriate human relations policy when BoP populations are integrated as employees. Create training sessions for example

Marketing/communication

- ✓ Promote the know-how of target populations directly through the products

Products and services

- ✓ Use production tool that help you create new products
- ✓ Do not be overconfident and assume that everyone will be drawn to your product or service
- ✓ Adapt your price to the market to secure a customer base while having an offer that creates an impact
- ✓ Make your product flexible to target populations

Sustainability

- ✓ Address the obstacles to the activity of the targeted populations (e.g., lending raw materials to enable micro-entrepreneurs to make fabrics)
- ✓ Involve local authorities (to obtain or create certifications, for example)
- ✓ Innovate on products to make them more sustainable

Governance

- ✓ Enable the targeted populations to be autonomous, especially in the management of their business, which requires the implementation of training
- ✓ If the model is a hybrid, set up an advisory board for the nonprofit parts and a board of directors for the for-profit part

Network

- ✓ Respond to calls for projects in collaboration with other organizations and various actors (universities, NGOs, etc.)

Innovations

- ✓ Remain innovative and anticipate product evolution via research and development
- ✓ Favor creative approaches
- ✓ Invest in research

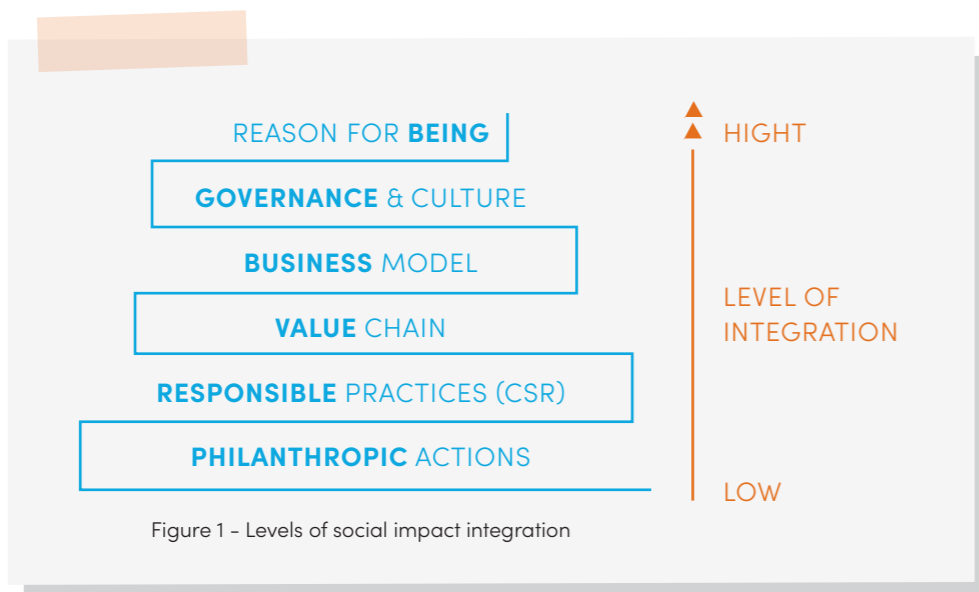
02. Two tools to leverage the strengths of inclusive businesses

Impact Assessment: Definition and Measurement

Measuring its social or environmental impact is important for inclusive companies. It will allow them to strengthen their inclusiveness and a fortiori their profitability in the medium - long term and be more resilient in the face of crises such as Covid-19. However, this remains a challenge to implement on the ground.

Definitions and methodology

How do we define social/environmental impact? There are several definitions of social impact and several related concepts²⁴. We consider it to be all of the positive and negative changes of an action that seeks to respond to a social need on its different stakeholders (clients, employees, service providers, etc.), on its territory, and society in general²⁵. The ambition of social/environmental impact can be present in the company's raison d'être and integrated into its business model. However, it is not systematically included.



Source: Credo, Toolkit for Impact Entrepreneurs, Integrating Social Impact into Business Strategies and Decisions, 2020 <https://www.credoimpact.com>

According to the UNDP²⁵, inclusive business models are built to have a social or environmental impact on the African continent.

What is social impact assessment?

Social impact assessment is the process of understanding and measuring the economic (jobs), social (improved living conditions, women's empowerment), and societal (social connectedness, equal opportunities) changes associated with the social enterprise's activity.

In this area, we can refer to scientific studies such as randomized controlled trials (RCTs)²⁶ that meet the expectations of scientific robustness to demonstrate causality. There are, of course, other ways to collect «evidence.» For example, CERISE and KIMSO, two specialists in impact evaluation, pay particular attention to change outcomes²⁷.

Their approach is to go beyond the initial results, i.e., the activities carried out, to measure the beneficiaries' changes as perceived and experienced.

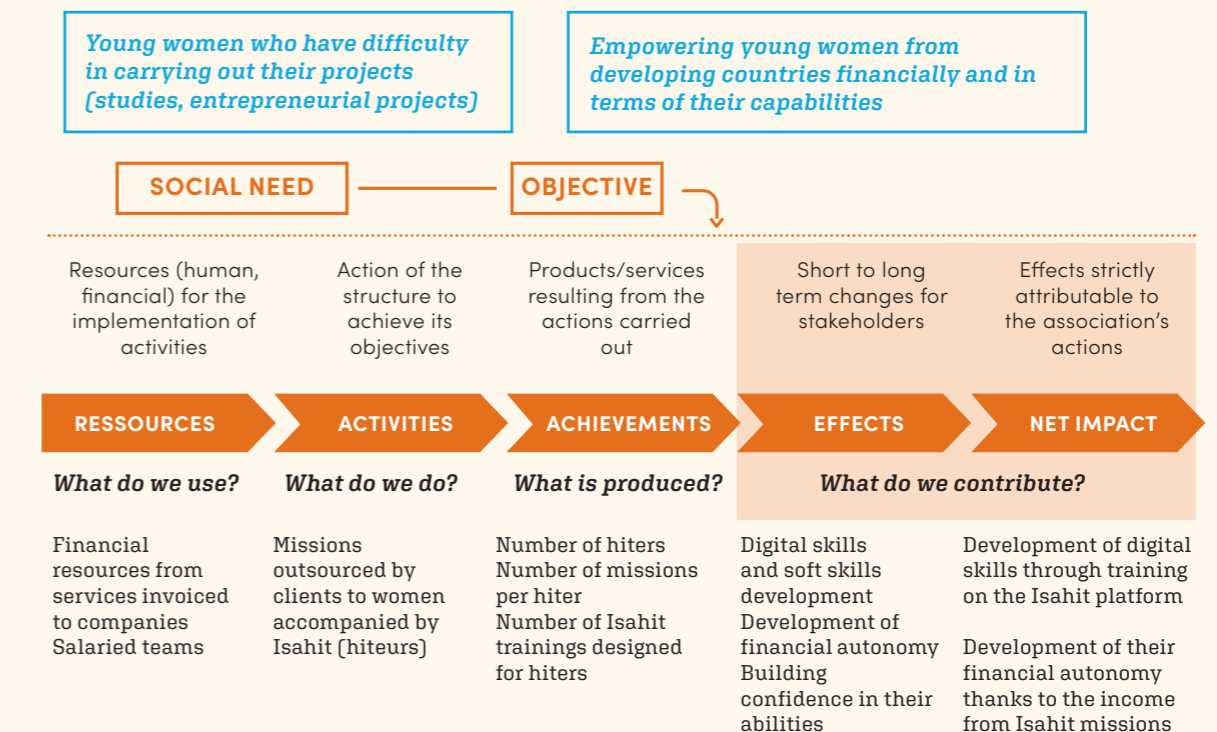
By concretely measuring these changes, they wish to guide decision-making based on the results data collected from beneficiaries, analyzed, and used in the strategic steering of the organization.

In both cases, this impact assessment is based on field analysis of the various stakeholders to help them further understand their impact and advise them in decision-making.

Their visions complement each other and are similar. In both cases, the process aims to understand, objectify, and report. Their goal is **overall to improve and develop the social impact of the company.**

Below is an example of the social impact value chain of the Isahit company (an inclusive company outside the AFIDBA program) which called on the specialized firm KIMSO:

The social impact value chain: one of the keys to impact measurement



Source: Analysis of Isahit value chain by KIMSO

Methodology: how to measure its impact?

Momar Fall, AFIDBA entrepreneur and general manager of La Case Solaire, which promotes access to energy and financial inclusion in Senegal, mentions the need to support entrepreneurs to master impact assessment tools: «We have an impact on the lives of the people we serve, access to energy allows us to ensure the production of farmers, to enable children to study, but we need to be able to demonstrate it, it is important to measure the impact, but we need support.

What tools? Various actors propose different impact assessment methodologies. Here are two examples: CERISE and Kimso. Created in 1998, CERISE is an association that works with actors of the inclusive ecosystem to co-create social standards and social assessment tools free of charge for all and offers consulting services. Kimso is a firm specialized in impact assessment, whose objective is to spread knowledge and provide actors with tools to empower them in their impact assessment process. Other tools are also available, such as the Global Impact Investing Network (GIIN) or the SDG Action Manager developed by B Lab and the UN Global Compact. It is up to each company to choose the method best suited to its needs (cost, time, etc.).

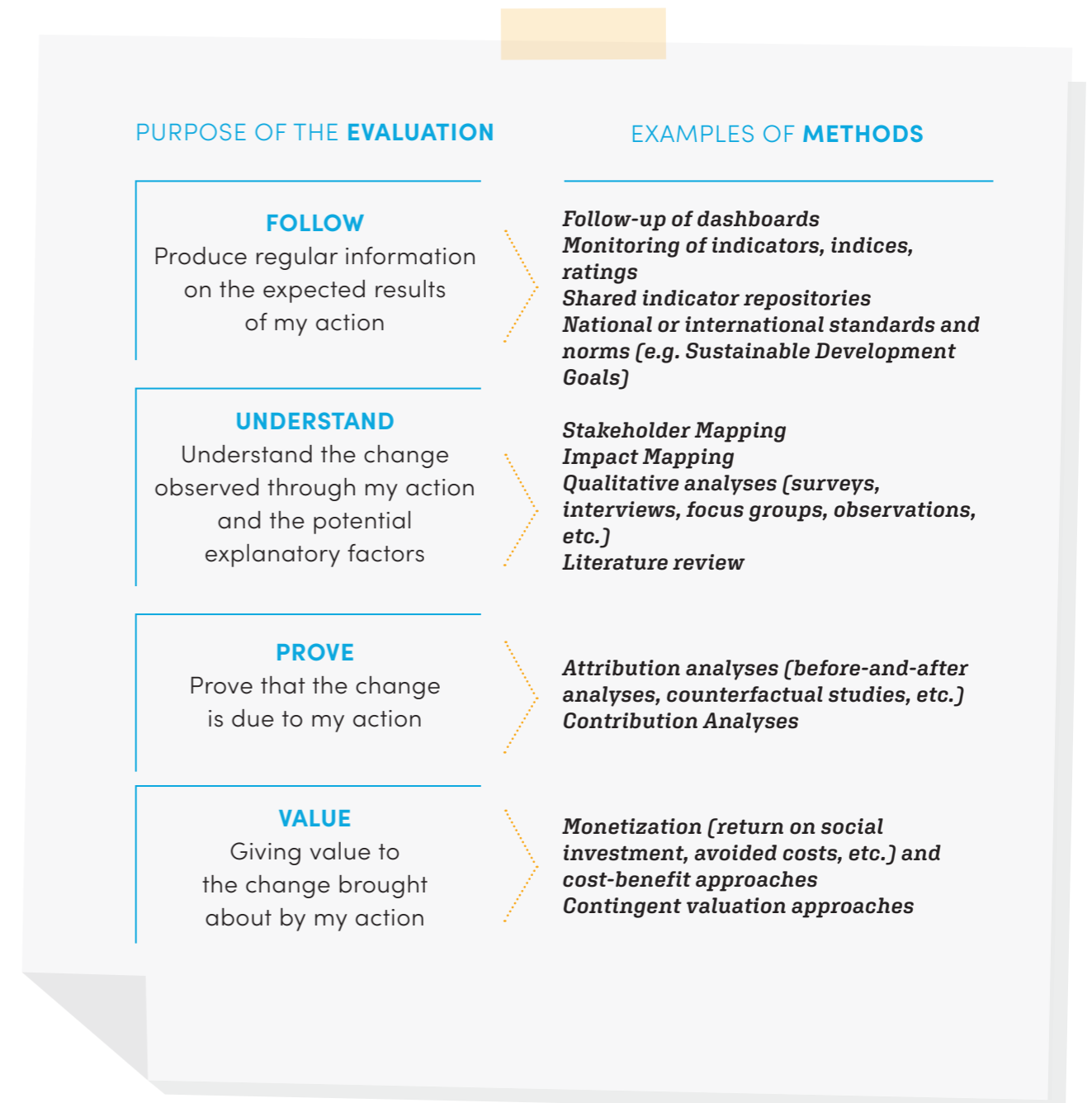
However, these tools are not always accessible, easy to use, and mastered by entrepreneurs, who may perceive them as challenging. In terms of figures, 11 contractors declare that they measure their impact on their beneficiaries. This is the majority of the contractors who answered the final evaluation questionnaire. Nine do not yet do so but would like to implement it soon.

More broadly, all AFIDBA entrepreneurs are aware of impacting target populations without actually measuring it. The challenge is, therefore to make these tools accessible. Moreover, as AVISE²⁸ reminds us, evaluation reveals a partial reality trend, and it must be admitted that not everything can be measured.

How to choose a method adapted to your company's resources and objectives?

Before choosing a method, Kimso and CERISE recommend that the company clarify its social/environmental mission. The impact it is looking for, the response to the social need it wishes to provide, and the resources at its disposal to achieve it must be clear. In addition to clarifying the social demand, the company must be clear about its evaluation: What is its purpose? What questions do they want the evaluation to address?

Evaluation methods classified by evaluative purpose Avisé, 2022



Inspired by:
Avisé, Fidarec, Improve (2021) Practical notebook «How to evaluate its impact? Methodological principles».⁴⁵
Stievenart, E., Pache, A-C, (2014) «Evaluating the social impact of a social enterprise: benchmarks», Recma, no. 331

The table below is a non-exhaustive list of existing tools contractors can use to assess their impact.

The choice of a tool is a means to an end, not an end in itself; these tools are all different, and their use varies according to the needs and activities of the company. However, they can be the first step for entrepreneurs who want to formalize their impact measurement.

There is no common standard for measuring social or environmental impact in the inclusive business and impact investment sector.

Examples of tools or methods (non-exhaustive list)

Impact measurement method or tool	Objective(s) and scope of action	Information collected (examples)	Indicators (number and type)	Resources	Access
SDG (sustainable development goals) action manager of the B Lab and the United Nations Global Compact	Self-assessment tool for companies to help them measure and manage their impact to meet the SDGs	The SDG Action Manager is divided into a "Core Module" that provides a starting point for users and then modules for each sustainable development goal, from Goal 1 to Goal 16.	The manager is based on the list of indicators underlying the 169 targets of the 17 SDGs, weighted towards quantifiable "impact" indicators.	https://www.unglobalcompact.org/take-action/sdg-action-manager	Free account creation
MetODD-SDG of CERISE	A tool for companies to measure their contribution to the UN Sustainable Development Goals. MetODD-SDG proposes a limited number of simple operational indicators adapted to most situations, organized in six categories, from the simplest to the most complex.	Information about the organization's reach (clients and products): "Number of unique people who are clients of the organization in the fiscal year"; affordability (price): "Average amount of loans disbursed by the organization in the fiscal year"; satisfaction: NPS, effort rate; change: "% of beneficiaries reporting an improvement in their standard of living"; impact (national macroeconomic indicators).	A list of standard indicators covering 73 Targets and 16 of the 17 SDGs, aligned with international standards, including the IRIS+ catalog of generally accepted performance indicators.	https://cerise-spm.org/metodd-sdg/	Free

Impact measurement method or tool	Objective(s) and scope of action	Information collected (examples)	Indicators (number and type)	Resources	Access
Social Business Scorecard (SBS) de CERISE	A self-assessment tool to enable social enterprises to confront practices considered fundamental to implementing their mission. SBS enables enterprises to generate data to monitor their activity, refine their social strategy, make informed decisions, strengthen their practices, and satisfy their beneficiaries.	Information about the day-to-day management practices of the social enterprise. Examples: "The organization responds to environmental issues through a formalized strategy."	53 social performance indicators contained in the questionnaire, which analyze the company's management practices	https://cerise-spm.org/sbs/ressources-sbs/	Free
VALOR'ESS of the UDES	Social impact measurement tool in an improvement approach for SSE companies. The main angles are: -	Development of knowledge, development of know-how, development of skills, improvement of well-being, development of the use of services, health, sustainable production, professional integration, development/maintenance of autonomy, reduction of inequalities, change of behavior, change of attitudes	3 types of indicators (impact, results, performance) 43 indicators divided into 13 social dimensions.	https://www.valoress-udes.fr/mesurer-votre-impact-social-presentation	Paying
IRIS+ of the GIIN	It is a method for investors to measure and manage their impact to achieve consistency between statements and performance and to provide clear benchmarks and practices.	Qualitative calculations and values focus on an investment's social, environmental, and financial performance.	An online catalog of IRIS measures, based on 5 dimensions (What, Who, How much, Contribution and Risk)	https://iris.thegiin.org/standards/	Free account creation and free catalog
SROI by the SROI Network (Social Value UK)	Designed for investors seeking to go to the end of the impact value chain through the calculation of an SROI, i.e., a social return on investment	Social, environmental and economic changes. They are converted into monetary values and sometimes into cost/benefit ratios		https://www.avise.org/sites/default/files/atoms/files/20140204/201105_Essec_GuideSROI.pdf	Free method

The SDG framework is a typical frame of reference that can prove interesting. Recognized by governments and a large number of actors, it brings together all impact entrepreneurs and investors.

However, this framework has some limitations. The first is that the SDGs are macro-level social goals at the national and international level - 169 targets and 284 indicators. In contrast, inclusive entrepreneurs focus on a few key micro-level indicators and the results of their activities. CERISE provides an interesting tool: MetODD-SDG (see table of tools).

Kimso qualifies the relevance of the use of the SDGs; they are indicators of achievement that do not capture the effects caused by the activity of the social enterprise.

Contributions & challenges of social impact measurement to inclusive business

Impact assessment is an aid to decision-making. Measuring impact must be an intention of the entrepreneur to enhance the value of a more operational approach adapted to the field. Therefore, it is necessary to identify the objectives and constraints specific to the field to ensure the relevance of the services proposed.

Measuring impact is a necessity for inclusive entrepreneurs and impact investors. By nature, they need to measure the impact of their activities or investments to identify the effectiveness of their social missions.³⁰

RECOMMENDATION 19 (FUNDERS)

Work to harmonize the evaluation tools of impact investors, funds, or business angels to make access to this type of financing more accessible for entrepreneurs

Examples of impact measurement contributions identified by ecosystem stakeholders

- ✓ Improve the inclusiveness of the business model
- ✓ Adjusting the search for profitability and social impact
- ✓ Increase the visibility of the inclusive business and its objectives
- ✓ Search for investors

Panel discussion #5 identified the main obstacles entrepreneurs face in measuring their impact. The first is human and logistical resources: measuring impact requires time to prepare and conduct interviews; it also requires trained human resources.

The second is language barriers. Sometimes, the impact evaluator does not speak the local language can create misunderstandings between the evaluator and the beneficiaries. A concrete example: making the difference between «what has changed for me» and «what do I gain.» Finally, despite possible funding, the cost of measuring impact is often high.

To face these challenges, the actors of panels #1 and #5 have identified some tips and best practices for entrepreneurs:

How do you collect and use the data?

In addition to determining the desired objectives internally, contractors need to clarify and justify their use of impact measurement to the populations targeted by the questionnaires; this favor inclusiveness, avoid unnecessary data collection, and increase response rates.

This data can be segmented and cross-referenced: old/new clients, client gender, rural/urban, satisfaction data, etc. In addition, it is necessary to consider the local context and to define a framework. Monitoring the impact evaluation can be done through a dashboard, which provides a vision of where the company is and how its objectives are evolving.

Collaborative work?

Entrepreneurs can also form partnerships: Kitambaa has set up an advisory board to draft an action learning project. It can also be interesting to talk to other companies in the same sector as you and who have more experience to get their observations and recommendations on this subject.

Negative impacts?

Often intended to attract investors, impact assessments rarely include negative impacts. However, identifying the negative effects caused by your company is the best way to reduce them and improve your impact.

Kimso's suggestions for contractors

- ✓ Define upstream its theory of change ('what you want to change for the stakeholders')
- ✓ Identify some indicators of achievement and impact to monitor and report on
- ✓ Collect only data that will be useful to show social impact and allow you to improve the action
- ✓ Avoid measuring everything at once and focus on a reduced perimeter (an activity, a stakeholder, etc.)
- ✓ Do not neglect the time needed to evaluate the social impact
- ✓ Be transparent about your approach
- ✓ Use tools and a collection method tailored to the target audience (the use of digital is not always relevant)

CERISE's suggestions for contractors

- ✓ Integrate the measurement of results progressively into the information and activity management system
- ✓ Connect data to valuable aspects of decision-making.
- ✓ Incentivize investors to invest in measuring the impact of entrepreneurs
- ✓ Support the development of local resources (e.g., SPM Pro Network)³¹ to make impact measurement more accessible

DIGITAL

its advantages and points of vigilance

Digital technology is a way to meet sustainable development goals. Indeed, mobile money (mobile payment or mobile bank account) helps improve financial inclusion. E-education solutions allow young people to become emancipated, online media and platforms encourage support for the democratic and civic transition, and optimized management of resources and uses³² promote environmental protection and support for the ecological and energy transition.

Mthuli Ncube, economist, and vice-president of the African Development Bank

highlights the important contribution of ICTs in the transformation of African economies³³:

«We have seen across Africa the emergence of potential and opportunity through technology-enabled entrepreneurship, especially among young people. ICT is playing an essential role in transforming African economies.»

Digital is about transforming business models through «(...) the implementation of platforms, virtual and integrated supply chains, financial innovation, automation, Big Data, and artificial intelligence».³⁴

What are the purposes of digital?

📢 *Introducing digital technology into the company has advantages for entrepreneurs, ranging from access to information (studies, resource persons), to access to financing (local or international financing network, mobile banking, etc.), to simplification of processes (inventories, customer-supplier relations, etc.).³⁵*

This is why, like the governments of the 4 AFIDBA countries that have made digitalization a priority and a factor of economic growth, the AFIDBA program has an important digital component, varying according to the needs of the business. Entrepreneurs, and more specifically AFIDBA entrepreneurs, have several digital tools at their disposal.

The panel discussions and interviews conducted with AFIDBA entrepreneurs yielded a non-exhaustive list of these different digital resources and their purpose according to the use made by inclusive entrepreneurs.

Goals	Contributions	Tools used	Examples AFIDBA
Commercial	Going beyond the local market Reach more customers and suppliers Supporting accountability	Online sales platform, WhatsApp	We Beber's activity is based on an e-commerce platform allowing Moroccan weavers to sell their work.
External communication	Increase the visibility of the company Forming networks of actors Reach more customers and suppliers Increase the visibility of Inclusive Business among institutional actors (Advocacy)	Websites and social networks	TAAG-AT has created a virtual and multi-sided online platform to connect the different employment actors. The platform has various interfaces, each dedicated to a type of exchange: TAAG-AT Academy and TAAG-AT Career.
Internal communication	Facilitate dialogue with target populations Strengthen inclusion and tailor its offerings based on potential returns from target populations Change quickly Reduce the difficulties related to distance	WhatsApp	Malaiika's garden passes a questionnaire via the parents' WhatsApp group, conducted on google form or written in physical form to all students. It gives elements of answers to improve educational practices.
Provide a service	Enable access to services that target populations lack	Online platform, mobile application	Le Manifeste is developing a digital library to make it available to people living in rural or isolated areas of Morocco. Thanks to the digital dimension, the entrepreneur is enhancing the Moroccan publishing market, which is currently declining. Its digital offer allows it to reach populations from areas where libraries and bookstores are scarce.

This digital dimension gives the entrepreneur more extensive means to **adapt to contexts and broaden his field of action with varied populations**. For the OECD, online platforms are a source of growth for SMEs embarking on digital business.

The impact on their productivity is even more important if the company is small. And yet today, according to the OECD, large companies are the ones to switch to online platforms in their working tools³⁶.

In Senegal, the Minister of Commerce and Small and Medium Enterprises (SMEs) launched in 2020 two national online platforms <https://ecommercesenegal.sn/> and <https://www.consommonslocal.net/infos-utiles/> that act as portals to identify e-commerce sites and facilitate the digitalization of entrepreneurs. They aim to promote local Senegalese products.

In the same idea of being a market facilitator, the Chomoka application aims to facilitate the financial inclusion of vulnerable populations by digitizing and developing its «marketplace» aspects. The application favors the functioning of the Village Savings and Credit Associations (VSCAs) despite the sanitary restrictions linked to the Covid-19 pandemic. CARE's use of this application consists in disseminating information and proposing new services

such as electrical vouchers, information on health services and the fight against violence against women, information on access to agricultural inputs and financial products/services, as well as on the means and places of access to hygiene articles and essential foodstuffs. Subsequently, the application aims to develop its role as an intermediary between institutions and low-income women³⁷.

In sum, digital technology can **contribute to innovation to knowledge sharing**, as in the case of the Manifesto, for the benefit of profitability and the social or environmental mission of the inclusive enterprise. (See table above).

Integrating the digital dimension into a company requires entrepreneurs to find the most appropriate use of digital technology for their businesses. A report by MasterCard's Center for Inclusive Growth (CFI)³⁴ on other geographies notes: «It is clear that digital acceleration is not taking hold everywhere. (...) not all smaller businesses are going digital.»

Can the use of digital exclude BoP populations?

 *The use of digital technology should never be at the expense of the inclusive dimension of the company. Entrepreneurs must pay special attention to the means available to BoP populations along the value chain to do so. This aspect was reflected in the selection of AFIDBA companies. The project was built around the digital and inclusive dimensions. From this perspective, having a Facebook page, for example, was sufficient to be selected.*

The Do4Africa platform, targeting innovations and Inclusive Businesses with a digital component, notes that today the most important factors in digital inclusion are the issues of infrastructure, coverage, affordability for all, and the need for learning. These issues were also highlighted by the stakeholders interviewed for this white paper. Several questions arise from this:

To what extent do the company's target populations have access to digital technology? What is the quality and cost of internet coverage in the company's areas of intervention?

Digital technology appears to be an accessible tool that continues to expand: in 2019, the planet had nearly 5 billion mobile and 3 billion internet users³². However, this accessibility is not always true for BoP populations. They do not always own smartphones or computers. The cost of digital technology and its place in the budget of a vulnerable household must also be considered. In addition, the countries where the AFIDBA program intervenes still have a large part of their territory poorly covered by the Internet.

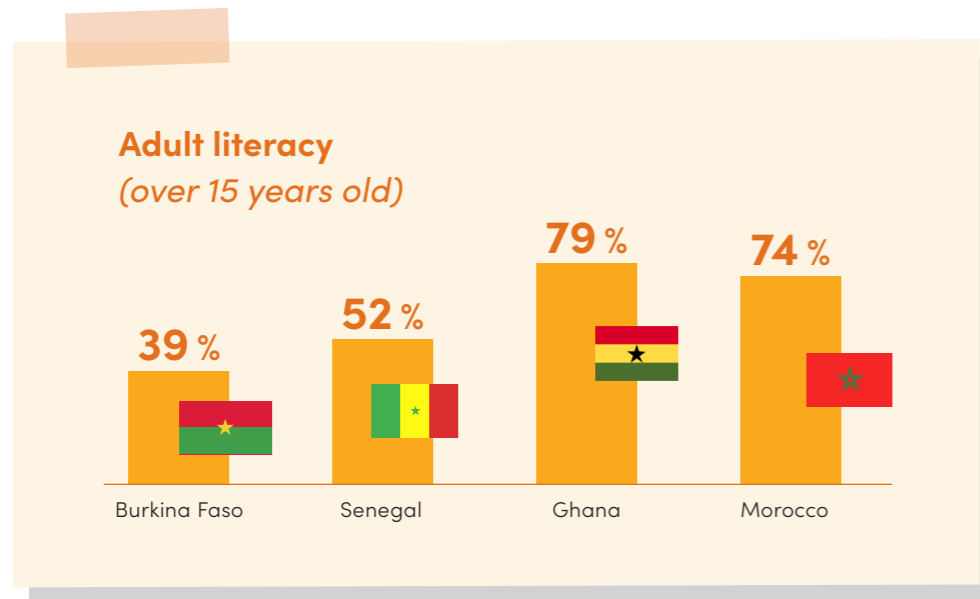
AFIDBA company GST Avicole, offering a practical application to easily manage the poultry activity of small and medium poultry farmers, was confronted with this problem.

The company specializes in poultry waste management and offers an online solution for farmers. However, these farmers live in areas without internet coverage. Therefore, the challenge for the company was to convert its software for computers into smartphone software that could be used without a connection.

And what digital tools do they have?

To overcome the lack of digital resources, there are several solutions available to entrepreneurs, such as using USSD codes that are compatible with older phones and work via SMS. In addition, entrepreneurs can and should sometimes develop support structures and training activities for digital tools for BoP populations.

Chifae, an inclusive company in the medical field, has set itself the mission of facilitating access to healthcare for individuals through a digital application. The company wants to set up relay points by creating partnerships with spaces equipped with smartphones or computers so that populations not equipped with these tools can benefit from these services in these places.



How does the literacy of the country of operation impact the company?

In addition, the illiteracy rate remains high among BoP populations. Once again, the entrepreneur must be adaptable in his use of digital technology. For example, depending on the context and the country, favor visual communication with little or no text.

Or, as noted by MasterCard³⁸ through its projects: do not go «all-digital» to support SMEs in training.

A lack of digital competence can also be observed within the company. This underlines the importance of internal ICT training.³⁶

Tips for Inclusive Entrepreneurs: Strengthen the digital inclusion of populations, especially BoP populations, through digital tool training.

Tips for contractors: Use USSD codes that are compatible with older phones and work via SMS.

Tips for entrepreneurs: Use visual communication with little text to reach illiterate populations

Mastercard also emphasizes the importance of digital to create a collaborative economy, including through online platforms used by Inclusive Business actors. This digitalization is a rich source of information, which can change the way the Inclusive Business ecosystem interacts³⁸. However, despite the initiative of the Do4Africa platform, there is no shared information repository and database. This lack echoes the need for investors to have access to data and information to perceive the risks of investing in businesses.³⁹

More resilient companies in the face of crises

Resilience factors and the pandemic example

The global Covid-19 pandemic revealed our dependence on complex value chains for essential goods, such as medicines and protective gear; in the face of such a shock, an inclusive company can more easily recover, having established shorter value chains and thus being able to relocate production to another part of the country or even change product types. In addition, having built strong partnerships in their supply chains and having involved workers in the co-construction of their businesses are also resilience factors.

This ability to bounce back allows the company not to replace one problem with another, not to lower its environmental standards, leading to more pollution of the local environment and more emissions, thus worsening the climate crisis, for example.

Innovation is also a key aspect of the resilience of an inclusive business. But, again, the pandemic has had varying impacts across industries.

Some have been severely affected (textile sectors, clothing production, etc.), and others have been able to accelerate their model (e-commerce). But overall, innovative Inclusive Businesses have been able to bounce back.

The use of digital, favored by the Inclusive Business sector, has allowed them to adapt and find new solutions to sustain their activities. At the time of the OECD's study* of SMEs in the online platform economy during COVID-19, online platforms have opened up new sales and supply channels for SMEs and facilitated their access to multiple types of digital networks that could be critical to the survival and expansion of existing and emerging SMEs – providing online sales, telecommuting capabilities and more.³⁶

Beyond digital, the crisis has revealed the need to be flexible in how the company is managed to face cash flow issues. It has also demonstrated the importance of **diversifying activities and revenue sources**.

* This study concerns the OECD countries (i.e. nearly thirty countries; all of Western Europe and North America, plus Japan, Australia, New Zealand, Korea and certain Central European countries (Czech Republic, Hungary, Poland) Chile, Slovenia, Israel, and Estonia)

GENDER EQUALITY TO MEET COVID⁴⁰

The health crisis has also severely impacted women, especially those working in the informal sector. Overrepresented in the informal sector, they have not been able to take advantage of government support, such as tax breaks or unemployment benefits, thus increasing gender inequalities. According to CARE, 740 million women have been affected by the crisis.

The UN Women and CARE thus highlight the importance of working for gender equality as a response to Covid-19.

Inclusive Businesses, and more specifically AFIDBA enterprises, can provide concrete solutions to these issues, such as formalizing women's activities, giving them access to benefits and training, etc. «If this opportunity is missed, the crisis will only reinforce existing inequalities and roll back decades of progress on justice and rights for women and girls. Without a strong gender focus in the policy response, the economic impact of COVID will ruin and cost lives. Recovery must prioritize gender equality, giving women equal opportunities and an equal voice,» reports Mareen Buschmann, CARE International UK's policy specialist on women's economic empowerment.⁴¹

The social role of Inclusive Business in crises

Inclusive businesses have a crucial role in African ecosystems in times of crisis. This makes it all the more important for the inclusive entrepreneur to think about the part they want to play in their business. **Flexible, adaptable, and better equipped to withstand shocks, they can be more responsive than the state.** This was observed in Senegal by the company Kitambaa, which provides access to menstrual hygiene kits, highlighting the lack of emergency response from the government on this issue during the Covid-19 crisis.

Like this start-up and in response to this institutional gap, inclusive businesses have stepped up their innovative social and environmental impact initiatives during the pandemic.

The first argument to be put forward is that it **gives BoP populations resources and stable business prospects**, especially for suppliers and distributors, improving their living conditions.

This will allow these populations to benefit from government initiatives in the event of crises, be they global, local, economic, or health-related.

Second, emphasize that because of their social mission and proximity to communities, inclusive businesses can adapt **to reach isolated populations** (e.g., training, adapting services and products, distribution to the last mile, etc.) or offer essential goods and services. Inclusive businesses offer BoP clients long-term access to these services and better quality.

Also, their knowledge of the needs of BoP populations allows them to point out to public authorities the gaps in their policies and thus propose solutions to fill them.

RECOMMENDATION 1 (MULTI-STAKEHOLDER)

Promote the social and environmental impacts of inclusive business to governments in AFIDBA countries through multi-stakeholder advocacy.

Another argument to explain to governments the social and environmental contribution of inclusive businesses is that the activities and services provided by a range of ecosystem organizations – for example, in the health sector, social services, and job placement – **mitigate the direct impacts of the crisis.** One example is the Ghanaian company Incas Diagnostics, which offers various types of affordable tests for infectious diseases. These tests (Yaws screening kit, an infectious skin and bone disease prevalent in sub-Saharan Africa, pregnancy test, drug detection test, sexually transmitted infection screening tests, etc.) are manufactured locally to make them accessible at the best price. With the Covid-19 crisis, the company has expanded its field of expertise to include antigenic tests. This is an excellent example of resilience, responsiveness, and adaptability.

Finally, some specific characteristics of inclusive business models increase an organization's ability to overcome challenges during a crisis. Examples include inclusive and participatory governance structures, embeddedness in communities, local economies, or mobilizing a range of mixed resources.

The COVID-19 health crisis underscores the value – indeed the necessity – of inclusive businesses, even if they too remain fragile. Considering the potential crises, now is the time for states to support further these sustainable and inclusive business models that yield social and environmental benefits – rather than profit at the expense of social justice, human rights, and the planet.

RECOMMENDATION

In the face of large-scale crises such as Covid-19, integrate actors of the inclusive ecosystem in institutional response plans.

« We wanted to take our part in the battle and adapt to Covid and make ourselves better known and demonstrate that in Africa too there is capacity,» Laud Anthony Basing, Incas Diagnostics, Ghana.»

03. Inclusive Business Ecosystem: challenges & opportunities

Inclusive entrepreneurs face many complex challenges on their own (see Figure 3), the most difficult one being how to stimulate their growth to move to another level of maturity and formalization. These challenges would be much easier with a more supportive ecosystem, more exchanges between different actors (public and private, governments, business accelerators, funders), and more or reinforced support structures such as incubators or entrepreneurial networks.

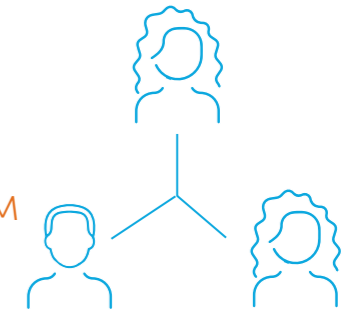
The AFIBDA program aims to help consolidate some weaknesses in this ecosystem through a tailored acceleration program, awareness-raising on IB among all stakeholders, and a hybrid financing mechanism combining an honorary loan and a grant (see the last section).

7 factors currently limit the success of this ecosystems: the legal framework is not sufficiently adapted, the lack of infrastructure, the lack of support services for business development, low access to financing, a limited qualified workforce, and a low cultural acceptance. These correlated factors can impact each other both positively and negatively.¹⁷

Here is a diagram that summarizes the challenges of the Inclusive Business ecosystem, which will be developed throughout this section.

«The entrepreneurial ecosystem is the operational set of factors that help companies perceive and take full advantage of their growth potential.»¹⁷

THE CHALLENGES OF THE INCLUSIVE BUSINESS ECOSYSTEM



GOVERNANCE

- Obtaining permits
- Contract enforcement
- Bankruptcy
- Payment of taxes
- Intellectual Property
- Settlement of operations
- Digital governance
- Immigration
- Clarity of rules
- Coordination of corporate policy
- Macroeconomic framework

FINANCE

- Pre-seed financing
- Venture capital financing
- Bank financing
- Financial markets
- Access to financing*

MARKET

- Equipment and inputs
- Public Procurement
- B2B
- Inequality and corruption
- Marketing
- Integration of innovation

HUMAN RESOURCES

- Core competencies
- Advanced skills
- Professional skills
- Job market
- Human resources within development structures*

CULTURE

- Personal development
- Community Support
- Network
- Female entrepreneurship

INFRASTRUCTURE

- Digital infrastructures
- Logistics
- Lack of telecommunication infrastructure in remote areas where BoPs live*

SUPPORT

- Support for growth
- Operational support
- R&B

Source: Adapted from I4policy SMALL BUSINESS ACTS AND STARTUP ACTS IN AFRICA, 2020

Common challenges of different ecosystems

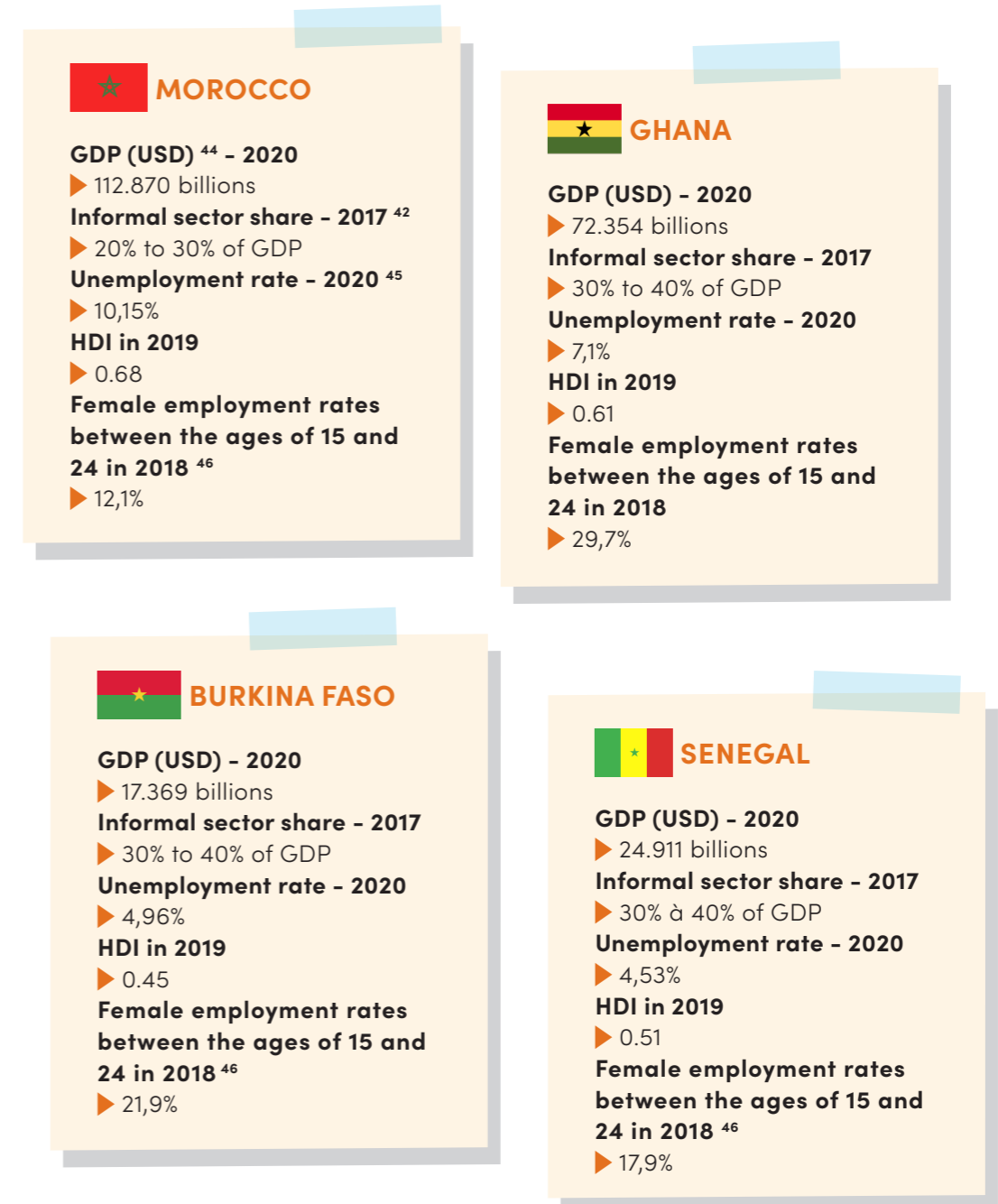
As compared to the 16 countries analyzed by the Impact France Movement in 2019, the AFIDBA program operates in four countries with a **high average regarding the maturity level of their inclusive and social ecosystem**, although there is still some progress to be made.

These four countries have many differences that include the macro-economic contexts and the realities on the ground. A quick analysis of a few economic indicators (Figure 2) allows us to see what areas are more propitious to the development of Inclusive Business.

For instance, as can be seen in the table below, Morocco is characterized by a high density of MSMEs (39.2 per 1,000 inhabitants), well above the average for the program's target countries, which reflects a dynamic economy with an entrepreneurial culture.⁴² This partly explains why Moroccan grows faster than Burkina Faso, for example, where the density of MSMEs is low (5.37 per 1,000 inhabitants). This proves that a country's economic development of countries has a direct impact on its local enterprises⁴³. Burkina Faso's GDP per capita was USD 775 in 2019, and the country ranks 182nd out of 189 countries in the world on the Human Development Index (HDI), while Morocco's GDP per capita in 2019 was USD 3230.

It should also be noted that the ecosystem varies within a given country: Afric'innov highlights that capital cities have an intense concentration of actors and initiatives while remote areas are less likely to be integrated into opportunity networks¹⁷. This trend is also found in AFIDBA companies, as most of them operate in the urban areas of their country of intervention.

Macroeconomic data for each country of intervention:



Source: World bank, OCDE and Mouvement Impact France

Infrastructure challenges

Infrastructure counts as another challenge for entrepreneurs in all four countries. Remote rural areas lack telecommunications infrastructure while costs are constantly increasing and market reach is reducing. Inclusive entrepreneurs must therefore strive to reach the most remote populations and make travel easier for all in these areas. Poor logistics and transportation infrastructure **increase the cost of the transport of goods**. In addition, access to electricity is a major obstacle to the development of activities.¹⁷

Challenges related to the human capital

Human capital is another major challenge faced by entrepreneurs, in addition to poor infrastructure. Some AFIDBA entrepreneurs mention BoP populations' lack of skills or knowledge that fits their needs, which **makes internal recruitment more complex**⁴⁷ from an inclusive perspective, whether they are consumers, employees or producers.

The benchmark index of entrepreneurial ecosystems in the world⁴⁸ confirms the words of these entrepreneurs: the quality of human resources is said to be a central limitation to entrepreneurship in West Africa. This encompasses the entire population and is not limited to BoP populations.

Moreover, the lack of financial means of BoP populations also impacts the commercial activities of inclusive businesses when this vulnerable group they are the customer base. As mentioned previously, the development of products and services also requires support (BoP awareness) and calibration to meet the needs of BoP populations, which calls for an initial investment. A few studies have been conducted on the subject revealing that inclusive entrepreneurs lack visibility on market issues.

GENDER-RELATED CHALLENGES

Over 24% of African women are entrepreneurs, representing 29% of entrepreneurs in Africa and 40% of entrepreneurs in the AFIDBA program, ultimately contributing to 5 to 7% of the continent's GDP. These figures place Africa as the world leader in female entrepreneurship, far ahead of North America, South East Asia and the Pacific (11%), Latin America and the Caribbean (17%), the Middle East (9%), and Europe and Central Asia (6%).⁴⁹

Behind these figures lie the real challenges of African women, who are certainly entrepreneurs but mainly for subsistence purposes, due to a lack of alternatives. Their businesses being of a smaller scale are not favored by investors and they have six times less capital⁵⁰. The challenging financial access is their main obstacle according to Roland Berger and the World Bank⁴⁹. In addition to not being supported by social, cultural, and legal norms, this keeps them in a very vulnerable situation⁴⁹.

Subsequently, African women entrepreneurs tend to make less profit due to a lack of investment. They have less access to networks, mentors, land, and many have to reconcile their entrepreneurial projects with their family life. The social norms attributed to women are very often linked to domestic work and family life, which means they must succeed in reconciling their professional careers with family life. 90% of their income is reinvested in their family or community, as compared to 30 to 40% for men⁵¹.

The division of labor is also gendered: **women are less represented in a decision-making position**, positions of high responsibility, or any so-called «male» environment such as security. They are mostly present in the informal sector and precarious jobs⁵².

These facts are reflected in the figures. Women represent more than 51% of the population and their contribution to development through entrepreneurship is still very low: in Burkina Faso, out of 51,580 formal businesses created in 2012, only 4,527 were managed by women (less than 9%). Also in Burkina Faso,⁵³ only 3.6% of women received vocational training in 2016, compared to a rate of 30% for men. This gender inequality curbs women's entrepreneurship in Africa.

Only Ghana is an exception, being one of the nine «locomotive» countries according to the «Readiness of Women entrepreneurship» index, with a higher level of women's banking than in Burkina Faso, Senegal or Morocco.

Panel #2 illustrates the need to have a clear intention to engage women. They are the heart of their community and, more broadly, at the core of gender equality in various aspects such as Human Resources policies or the social mission of inclusive companies.

Recommendation to all actors: Define a formal gender strategy through a written policy within the organization.

Remember that this gendered approach must not strictly reflect a positive discrimination; it must be balanced to consider the specific challenges faced by women, without creating any detrimental effect.

Recommendation 5 (for entrepreneurs): Raise awareness on gender issues and engage communities, specifically men and boys.

Recommendation to funders: Set up funding dedicated to women entrepreneurs.

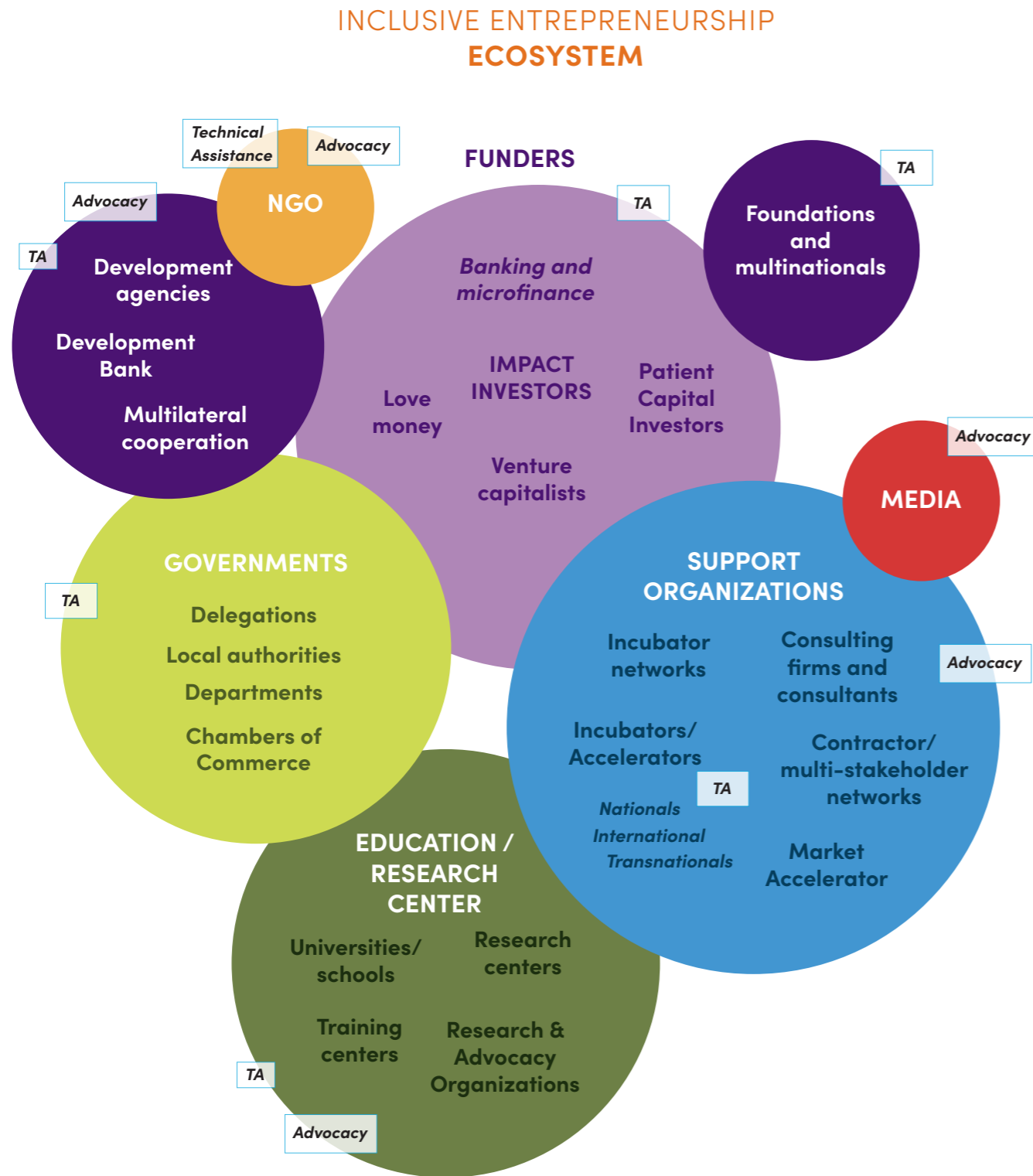
With this in mind, the DER* particularly supports women's entrepreneurship within the framework of the PAVIE** project: job creation, promotion of women's entrepreneurship, proposal of targeted technical and financial support, and support on the use of digital technology.

* General Delegation for Women and Youth Entrepreneurship in Senegal

** The Project to Support and Promote Entrepreneurial Initiatives by Women and Youth

Ecosystem actors

This diagram is an overview of the Inclusive Business ecosystem in the four AFIDBA countries, through the roles and interactions of its actors. The mapping was completed by a non-exhaustive list of actors mainly involved in the AFIDBA countries.



#1 FUNDERS

Development agencies: AFD, GIZ, UE
Multilateral cooperation: AFBD, World Bank

Details per country:

MOROCCO: Bidaya Labs (CCG), Souss Massa Initiative, Réseau Entreprendre Maroc (8 locations), Start Up Maroc, ADS/Mobadarates (15 locations), Endeavor Morocco, Make Sense Maroc, Maroc PME, Caisse Centrale de Garantie, Réseau Entreprendre Maroc, Al Amana, Crédit Agricole du Maroc, FIATOPE, and AFRIKWITY.

BURKINA FASO: Ougadougou Initiative, Bobo Dioulasso Initiative, Tenkodogo Initiative,

Initiative Plateau Central, Synergi Burkina, I&P, BAOBAB, Schneider Electric, OIKOCREDIT, SINERGI, L'OCCITANE, INITIATIVE FRANCE AU BURKINA FASO, Entrepreneurs of the world, Solidarity Development and Investment, First Micro Finance Agency, RCPB (Faitière des caisses populaires du Burkina), and CORIS BANK.

SENEGAL: Réseau Entreprendre Dakar, CTIC (Afric'innov), Teranga, I&P, Initiative Thies Project of inclusive and sustainable development of agribusiness in Senegal, ORABANK, MICROCRED, GROUPE SONATEL, Société Générale (SGBS), UM-PAMECAS, Danone Communities, TERANGA CAPITAL, OIKOCREDIT, GroFin, Fondation Grameen Crédit Agricole, Entrepreneurs du monde, Solidarité Internationale pour le Développement et l'Investissement (SIDI), and BABYLOAN.

GHANA: Adenia Partners, Advance Ghana, FARMABLE, INJARO AGRICULTURAL HOLDINGS, AgDevCo, MORINGA, INVESTISSEURS & PARTENAIRES (I&P), GroFin, Fondation Grameen, Crédit Agricole, Entrepreneurs du Monde (EDM), ACUMEN FUND, and REACH FOR CHANGE.

#2 TRAINING

Training institutions (universities, training centers, etc.), medias and multinational companies have not played an active role in the AFIDBA program, except for Orange and the IRD. Their role is therefore less developed in this white paper, but they still represent a significant part of the Inclusive Business ecosystem. Here are some examples:

Actors who contributed to the drafting of this white paper or to the AFIDBA program: IRD, HEC, and Social Change Academy.

Details per country:

GHANA: Catholic Institute of Business and Technology (CIBT), China Europe International Business School (CEIBS), University of Ghana Business School (UGBS), ASHESI University, and YALI Regional Leadership Center.

MOROCCO: MCISE (Moroccan Center for Innovation and Social Entrepreneurship), ESSEC Afrique, INCO Scholar, Faculty of Legal, the Faculty of Economic and Social Sciences of Hassan II University in Casablanca, EM Lyon Casablanca business school, Ashoka, Social Change Factory, and the YALI Regional Leadership Center.

SENEGAL: UCAD - Cheick Anta Diop University, CESAG of Dakar, Gaston Berger University (UGB) of Saint Louis, and the University of Thiès.

BURKINA FASO: University of Ouagadougou and the Ministry of Youth and Promotion of Youth Entrepreneurship.

#3 SUPPORT STRUCTURES

Details per country of national/transnational incubators:

BURKINA FASO: BeoogoLab, 2iE, Ouagalab, AFP PME, AKRI, CreaHub, Incub@UO, SIRA Labs, and Keolid.

GHANA: Ghana Tech Lab, Ghana Innovation Hub, ISPACE, Reach For Change, Impact Hub Accra, INCO Scholar, and MEST.
Networks: Social Enterprise Ghana, The African Network of Entrepreneurs (TANOE), and Ghana Think Foundation

MOROCCO: Impact Lab, Fikra, LaFactory, Cooperative of Solidarity Entrepreneurs El Jadida, Enactus, Solar Cluster, and Espace Bidaya.
Networks: MCISE (Moroccan Center for Innovation and Social Entrepreneurship), and Espace Marocain de l'Économie Sociale Solidaire et Environnementale (EMESSE).

SENEGAL: the National Union of Agricultural Cooperatives of Senegal (UNCAS), ENABLIS, Impact Hub Dakar, Jjokolabs Dakar, Jjiguene Tech Hub, IAM, and CTIC.
Networks: RACTES Senegal.

International entrepreneurial/multi-actor networks: Ashoka, SIBC, I4Policy, and RAESS.

Incubator networks: Afrilab, Afric'innov, Sahel innov, Make it-Africa, and TBHN.

Consultants on: IP, regulations, digital marketing, coaching and mentoring, impact measurement (Kimso, Cerise), scaling up.

A more detailed list of the government structures active in this ecosystem in the four countries can be found on page 62.

start-ups or cooperatives to support these models. In Senegal for example, a one-stop shop⁵⁴ has been set up to facilitate the administrative process for entrepreneurs.

However, if several countries in Africa have adopted «Start-up Acts» or SME laws such as the SSE orientation law in Senegal to foster economic development, the entrepreneurs that were interviewed agreed that this type of legislation does not fully meet the needs of IB: the legal environment is not specific to this entrepreneurship, laws are obsolete or lack incentives (subsidies, taxes) to create an impact. In addition, entrepreneurs point out that the legislation is more favorable to conventional businesses than to those trying to have a positive social impact.

They also deplore the lack of a legal framework that would specifically regulate social and inclusive businesses, and the lack of recognition of this particular form of enterprise in the eyes of public authorities.

Entrepreneurs also mentioned their poor access to clear information since laws and regulations often vary between government agencies. To address this, governments can set up online platforms, business centers and databases, while strengthening the dialogue and information exchange between agencies.

In this sense, setting up a **one-stop shop within governments** to centralize legislative and financial information and train entrepreneurs on existing administrative, environmental or health regulations would further help them comply with such laws and access international labels, as recently initiated in Senegal.

RECOMMENDATION 16 AFIDBA COUNTRIES

Generalize the implementation of online platforms for information sharing to facilitate entrepreneurs' paperwork.

RECOMMENDATION 7 AFIDBA COUNTRIES

Establish a legal definition or a specific legal status for Inclusive Business in the four AFIDBA countries based on objective and observable criteria.

State actors and the legislative framework

Legislation and public policies are a cornerstone of the inclusive business ecosystem. For instance, the tax framework influences the access to market and financing for inclusive businesses.

According to the guide of Challenges and Opportunities for Incubators in West Africa, governments largely support micro and subsistence enterprises, leaving aside growth entrepreneurship such as inclusive entrepreneurs. This reality is less prevalent in North Africa.

The policy tools governments may use to enhance the value of inclusive businesses are numerous: capacity building of entrepreneurs/human resources, access to finance and markets, the legislative and regulatory environment and infrastructure.¹⁷

But are state actors implementing policies in favor of the development of IB?

Yes, the governments of the 4 AFIDBA countries have taken up the subject of Inclusive Business and impact entrepreneurship, more generally, by dedicating or involving at least one department. They also implemented fiscal or commercial incentives for MSMEs,

What are the initiatives of state actors?

	BURKINA FASO	SENEGAL	MOROCCO	GHANA
Department	5 Ministries involved •The Ministry of Youth and Promotion of Youth Entrepreneurship, •The Ministry of Industry, Trade and Handicrafts, •The Ministry of Territorial Administration, Decentralization and Social Cohesion, •The Ministry of Agriculture and Food Security (MASA), The Ministry of Women, National Solidarity, Family and Humanitarian Action.	1 Ministry in charge of IB The Ministry of Microfinance and Social Economy 2 Ministries involved and 1 delegation	1 Ministry in charge of IB The Ministry of Tourism, Handicraft, Air Transport and Solidarity Economy with its Directorate of Social and Solidarity Economy 3 Ministries involved	3 Ministries involved Ministry of Trade and Industry (MOTI), Ministry of Manpower Development and Employment, Ministry of Gender and Social Protection. The National Entrepreneurship and Innovation Program (NEIP).
Legal framework	Indirect: a Start-up Act is being drafted.	The SSE orientation law voted in 2021 Indirect: Start-up Act / Law n°2000-01	1 framework law dedicated to the SSE is being drafted.	Indirect: a Start-up Act is being drafted.
Public Policy	No public policy on IB but 1 state program Training program for 10,000 youth organizations in social and solidarity entrepreneurship (PFOJESS).	1 public policy on IB Microfinance and Social Solidarity Economy Sector Policy Letter and Action Plan (2020-2024)	1 public policy on IB and 2 roadmaps -National Strategy for the Social and Solidarity Economy 2010-2020 -Regional Development Plans for the Social and Solidarity Economy (PDRESS) - Digital 2020 Plan	1 public policy on IB Ghana Social Enterprise Policy since 2018
National incentives	<ul style="list-style-type: none"> • Public procurement: Favorable measures for local MSMEs • Taxation: Measures favorable to MSMEs specialized in agriculture, livestock, handicrafts and ICT, cooperatives/ associations. • Investment: Informal Sector Support Fund (FASI), Women's Income Generating Activities Support Fund (FAARF), Youth Initiatives Support Fund (FAIJ). 	<ul style="list-style-type: none"> • Public procurement: Measures favorable to MSMEs, with a focus on operators who subcontract to local and community enterprises. • Taxation: Measures favorable to associations/cooperatives and MSMEs. • Investment: Measures favorable to MSMEs operating in priority sectors of the anti-poverty policy and MSMEs operating in priority development regions. National funds: funds from the General Delegation for Rapid Entrepreneurship of Women and Youth (DER). 	<ul style="list-style-type: none"> • Public procurement: Preferences are given to foreign operators who subcontract to local companies, MSMEs, cooperatives and self-employed entrepreneurs. • Taxation: Favorable measures for associations and cooperatives, and MSMEs in the agriculture, handicraft and training sectors. • Investment: Hassan II Fund, Support Fund for Entrepreneurship Financing, Hassan II Fund for Economic and Social Development, and the Innov Invest Fund. 	<ul style="list-style-type: none"> • Public procurement: Measures favorable to foreign companies that subcontract to local MSMEs and those that carry out joint ventures with local MSMEs. • Taxation: Favorable measures for young Ghanaian entrepreneurs under the age of 35 working in the sectors of industry, ICT, agribusiness, power generation, waste treatment, tourism and creative arts, horticulture and medicinal plant. • Investment: Young Enterprise Support Fund (YES) and the District Assembly Common Fund to support development projects.

The role of funders

Financial access and opportunities are the main obstacles to the development of Inclusive Business. Whether it is «love money» (family, friends), microfinance that offers small sums with high-interest rates, or banks that do not seek to invest in companies whose formal history is deemed insufficient, traditional funding models do not meet the needs of entrepreneurs. **Alternative tools** like venture capital funds, business angels, honorary loan mechanisms, and crowdfunding appear to be an adequate and effective solution for African businesses¹⁷.

Although such methods and financing instruments meant for inclusive businesses are still young, there are about fifteen funding structures in the AFIDBA countries (see table below) embodied by nine types of actors, including fund administrators (impact investors, venture capitalists, patient capitalists), who appear to be the most committed to financially supporting IB despite their small number.

The challenge is to bring them together to respond to the «missing middle», along with other financial operators who might be less active in the IB sector.⁴² The companies that find themselves in this missing middle seeking funding are not necessarily at an «early stage» as they are not all young. During this phase, which varies greatly, enterprises need equity capital (i.e. capital, or subsidies and debt) to exceed a critical size, which does not attract «traditional» financing or microfinance structures.

The role of funders is also essential to the scaling-up of SMEs between 300,000 and 3 million euros, a phase that seems too risky and not profitable enough to funders.⁵⁵

Financing Inclusive Business	Senegal	Ghana	Burkina Faso	Morocco
Public structure	1		1	4
Bank or private financial institutions	2	1	2	4
Microfinance institutions	4	1	3	2
Private companies	1		1	
Fund managers	3	6	2	
Foundations	1	1	1	
NGOs/Associations	2	4	1	1
Solidarity investment structures	1		1	
Participative platforms	1	1		1
Total	16	14	12	12

The **honorary loan** also appears to be an interesting tool. Intended to help young or small innovative companies, this tool is a zero-interest loan, without any personal guarantee from the beneficiary, which is adapted to the entrepreneur's capacities. This mechanism supports companies in their creation or consolidation phase. It is often used within the framework of entrepreneurial support, which makes it an individual and collective responsibility⁵⁶.

Even if the amounts remain relatively low (between 5 KE and 15KE on average), these loans play a significant role in supporting startups at an «early stage». The honorary loan is a personal loan, there is more dialogue with financiers, and they sometimes offer technical assistance⁵⁶.

It also has the advantage of not excluding anyone and being an effective lever for mobilizing other financing sources (banks, investments, and even grants). Although this mechanism is relatively new in Africa, the Observatory of Honorary Loans has identified 60 funds in 16 countries including Burkina Faso, Ghana, Senegal and Morocco. As noted in this report, one of the questions to be explored is to assess the extent to which this mechanism strengthens the pool of targets for investment funds, particularly impact funds⁵⁶.

Repayable advances share the criteria of the honorary loan (zero interest rate, no personal guarantee) but are granted to the company as a legal entity. They are also one of the tools for seed financing and 4 I&P member funds use repayable advances to prepare for investment in two of their programs⁵⁶.

In the acceleration phase, the financing needs for an inclusive company are significant. Investors can be banks, private and public funds or institutional players.

Discussion with Yoann Terrom, coordinator of the AFIDBA program

There is a financing gap for SMEs in Africa. Investment funds and banks are poorly equipped to finance businesses and especially inclusive businesses. These actors have long due diligence, which slows down companies as they cannot wait for a year before being funded.

Subsequently, business accelerators must be able to provide financial support. Although a program like AFIDBA is time-consuming entrepreneurs with no guarantee of financial support, it still prepares them to approach these funds (skills, business plan review, etc.).

Investors stress that they are increasingly attracted by the idea of supporting entrepreneurs committed to social, economic and environmental sustainability.

Moreover, they are looking for more efficient cooperation with support structures and entrepreneurs so that their needs are reflected in the support programs for entrepreneurs.

Under the AFIDBA program, entrepreneurs can apply for two types of funding, the second being more of a «boost». The first is a hybrid financing mechanism of the AFIDBA program (honorary loan and grant), based on a selection of entrepreneurs (find our selection criteria on page 25). This was offered as a continuation of the inclusive business acceleration program after a 4-week bootcamp and 6 months of training.

The second mechanism is a grant awarded to support the digitalization (e.g. website creation, social media campaigns, etc.). The grant is not paid directly to entrepreneurs, but to the service providers they picked for their respective digital projects.

RECOMMENDATION 17 STATES INCLUDING AFIDBA

Establish a continuum of financing based on investor coordination that allows companies to be funded at each phase of their development.

Support structures: Incubators

Initiated in Africa in the 2000s¹⁷, incubators are defined as entrepreneurial support structures (ESP).⁴² They help entrepreneurs with services such as the rental of well-equipped spaces, consulting, training, prototyping, events and networking. This is mainly how incubators alleviate the «entrepreneur's loneliness»¹⁷, who is keen to share experiences with other entrepreneurs and incubators. Optionally, incubators can also provide financial support.⁴² To maximize their support to business owners, these structures must be flexible and benevolent.

Incubators can have a general area of expertise, be specialized in one sector, like agribusiness, or target a specific audience, such as women. These structures can be associative, private or mixed, and are financed by their services and by the entrepreneurship support programs run by institutional donors. Very few incubators base their business model on equity participation⁵⁶. Their most common legal form is the non-profit association¹⁷. Finally, most incubators are individual entities, but some are «subsidiaries» of the same structure. This type of network is often supported by international organizations like MakeSense, Jokkolabs, or Pulse, for example.

RECOMMENDATION 11 DONORS

Choose a co-constructive approach with all national stakeholders in AFIDBA countries when designing development programs for businesses and the inclusive ecosystem.

The goal of incubators is to respond to a need for knowledge sharing best practices between incubators in different countries, or to facilitate the sharing of information on export for entrepreneurs, a rare service within individual incubators.

To promote innovative and competitive projects, many of these support structures pay great attention to the digital dimension of startups. Very few incubators specialize in inclusive business in each of the AFIDBA countries (see table below).

Note that while all incubators offer the same services, their maturity and expertise vary considerably among organizations.⁴²


For instance, Afric'innov (French-speaking organization) and Afrilab (English-speaking organization) federate and help incubators achieve their work. The Afric'innov label proposes a quality reference on the activity of incubators (support, professionalism, sustainability, etc.) to differentiate them.

Table: Support structures for inclusive business

Typology	Ghana	Senegal	Burkina Faso	Morocco
Number of support structures specialized in Inclusive business	3 ISPACE, InnoHub and Creativity Group	2 Makesense and Concree	1 La Fabrique	4 Moroccan Center for Innovation and Social Entrepreneurship (MCISE), INCO Scholar, Espace Bidaya and Impact Lab
Number of support structures with a portfolio of companies that can generate a strong social and environmental impact	15	10	11	11

Source: Mouvement Impact France and AFIDBA

The support system for entrepreneurship through incubators seems to be more developed in Ghana: community investment, strong collaboration with the public sector, networking, staff training...⁴²

 *Incubators foster the dialogue between funders and start-ups. The funders interviewed claimed to particularly appreciate this operating method as it allows them to cut the number of mediators.*

This role is also relevant with other actors such as large companies or development aid institutions¹⁷. Their expertise on-the-ground also allows them to be in touch with local actors like academic institutions, research centers, funders, etc.¹⁷ The professional training of employees of these incubators should be used as an example for companies to promote these support structures' own effective inclusive model.

About the AFIDBA incubators: Four local incubators and operational actors of the project

La Fabrique is specialized in social business in Burkina Faso. This incubator combines the identification of project leaders and the co-construction of sustainable businesses.


MakeSense is an international organization based in Senegal, which supports and provides tools for citizens, entrepreneurs and companies in project creation and development to build an inclusive and sustainable society.

Impact Lab is a Moroccan incubator that supports the transformation of startups, companies and public institutions to help them respond innovatively to their growth challenges in Africa.

Innohub is a business accelerator and impact investing platform that helps high-growth SMEs become sustainable, scalable and investment-ready.

Concree is a Senegalese start-up incubator that supports entrepreneurs from ideation to product-market fit. This structure also develops digital technologies for virtual and face-to-face coaching programs.

As seen above, the Inclusive Business ecosystem is highly resourceful. For the moment, the aspect that is still underdeveloped is the mutualization or the creation of bridges between actors (entrepreneurs, consumers, universities, incubators, etc.).

 *Incubator networks like Afric'innov and Afrilabs are working on this issue, primarily by strengthening the skills of the Inclusive Business ecosystem. They offer incubators a training space, share best practices, and disseminate information to help entrepreneurs identify and attune to trends. For instance, Afric'innov currently offers training on the topic of «social business».*

Focus on Afric'innov

Afric'innov (AI) strengthens the support structures (SA) that help innovative/independent entrepreneurs to develop their business in Africa

3 KEY PRINCIPLES BEHIND THE IA APPROACH



Based on the needs of the ICs: AI is structured as a consortium of member ICs. This allows AI to better understand the needs of the ICs and to propose appropriate solutions.



Community building: AI allows SAs to come together, share experiences, learn from each other and engage in a common dynamic, while benefiting from the visibility that AI can have with external stakeholders.



Testing before scaling: To ensure the relevance and effectiveness of its interventions, AI tested them in its first phase of implementation. This allowed AI to adjust its approach before offering its services more widely to other SAs.

AI IN NUMBERS

- **109 members** in 24 countries, representing ~1000 entrepreneurs supported each year
- **5 support structures have received the AI certification label** (in Benin, Burkina Faso, Mali, Morocco and Niger)
- More than 150 professionals from support structures have been **trained and certified** via e-learning solutions (since 2019)
- **20 professionals have received in-person training over several weeks** (since 2021)
- Online content
 - More than 50 hours of e-learning content on many topics, including some specific to social entrepreneurship
 - Over 250 tools and templates available online
- More than 100 structures integrated on the online management software; 40 of which use it regularly
- **31 companies** benefited from interest-free loans, for an average amount of €12.5K

Sources: Afric'Innov, Challenges and Opportunities for Incubators in West Africa; Afric'Innov website, AFD website, CARE France interview

The networks of actors (entrepreneurs, incubators, etc.) must work hand in hand with institutions. For example, the Senegal Youth consortium is working on the creation of a label that will support Inclusive Business. For the same purpose, Social Enterprise Ghana, a network specialized in capacity building, is participating in the drafting of the future Social Enterprise Policy, a Ghanaian startup act.

	BURKINA FASO	SENEGAL	MOROCCO	GHANA
Active network	1 active network: National Network for the Promotion of the Social Solidarity Economy of Burkina Faso (RENAPESS/BF)	1 local network: Network of actors and local authorities for the social and solidarity economy (RACTES)	3 active networks: •Moroccan Center for Innovation and Social Entrepreneurship (MCISE) •Morocco Impact •Moroccan Space of the Social, Solidarity and Environmental Economy	2 active networks: Social Enterprise Ghana (SE Ghana), Ghana Startup Network

RECOMMENDATION 9
(ALL STATES INCLUDING AFIDBA COUNTRIES)

Support the creation of exchange platforms between the different actors of the ecosystem (investors, incubators, companies, public authorities, development agencies, researchers...) to foster dialogue and a coordinated approach

Other actors called «market accelerators» play a role in developing a specific market through the reduction of barriers and the creation of a favorable ecosystem for the private sector. For instance, this was done by UOMA in the production market of decentralized energy in Uganda, where 62% of the population have no access to power.

Developing inclusive business models

UOMA the market accelerator

UOMA develops the market for decentralized energy production in Uganda, through the reduction of barriers to scale and the creation of an ecosystem favorable to private actors.

3 KEY PRINCIPLES GUIDING UOMA'S APPROACH NT L'APPROCHE D'UOMA



Research-driven: conducts rigorous and regular market assessments (published in an annual report), which are used to identify key bottlenecks and specific interventions to address them.



Ephemeral: UOMA's goal is to create a self-sustaining market that no longer needs the gas pedal; to do this, they define «tipping points» for each intervention, which once reached should allow the market to function autonomously.



Transparent: UOMA has an open-source philosophy that is reflected in the availability of each of their studies. This has allowed them to build credibility in this market, gain the trust of stakeholders and help coordinate them.

Zoom - Using «tipping points»

UOMA's theory of change is built around «tipping points» that define numerical targets to be achieved to make the market self-sustaining.

Tipping points» are defined for each theme they address (e.g., improving access to financing; better serving low-income communities), which then allow UOMA to implement specific interventions to achieve them.

This gives the accelerator a lot of consistency - between its mission, its goals, and its interventions.

Example of a tipping point

Target outcomes Mid Term	2018 Target	20%	40%	60%	80%	Tipping point
	Increased access to local debt finance	20% completion of market « tipping point »	3 term sheets from UG banks + first public bank deal over \$1 M	3 public banks deals over \$1M; first term sheets from non bank financial institutions	>10 Ugandan lenders with term sheets produced or deals completed; new risk mitigating facilities in place for lenders supporting >\$100M	>\$50M deals completed by Ugandan banks & non-bank FIs; new risk mitigating facilities in place for lenders supporting >\$250M



The ideal incubator for Inclusive Business

- ✓ Equipped with a coaching methodology and tools,
- ✓ Pooling of resources (prototyping laboratory for entrepreneurs)
- ✓ Versatile and multi-task (admin, consulting, etc.).
- ✓ Uses enhanced hybrid models (investment & support)
- ✓ Has a specialized look at target segments and sectors focused on expertise and support
- ✓ Mobilizes external experts to assist women entrepreneurs on highly technical subjects
- ✓ Promotes networking among entrepreneurs
- ✓ Provides long-term support and post-program follow-up
- ✓ Stives to be innovative
- ✓ Offers personalized individual support and workshops for exchanges or training

NB: these services and features do not have to apply to the same structure. Rather, this ideal description can be embodied jointly by a group of structures.

Development programs: Opportunities for support and new collaborations

How can development programs make IB become the future of entrepreneurship? What do we know about its ecosystem?

Among the support solutions NGOs and other international organizations may offer entrepreneurs for their growth, there is the **creation and strengthening of infrastructure** related to roads, energy, and water. Another category is **collaborating** with entrepreneurs to offer essential products and services for vulnerable populations, which would ultimately help contactors better seize of the deep challenges encountered at the BoP. Last but not least, development programs can facilitate access to funding and education related to IB for the poorest.

Several initiatives demonstrate the interest of institutional donors in IB, giving us a glimpse of how these programs fit in the ecosystem. For example, the project developed by GIZ (the German technical cooperation agency) consists of developing responsible and IB centers in Southeast Asia and Southern Africa to improve the living conditions of BoP populations⁵⁷. Similarly, the Dutch Ministry of Foreign Affairs has opened «Orange Corners» for the financial, educational and logistical support of young entrepreneurs engaged in social or environmental causes. In 2010, the Moroccan Center for Innovation and the Dutch Ministry of Foreign Affairs agreed to create “Orange Corners” in Rabat.⁵⁸

«Donors and development programs should support African entrepreneurs, enabling people to implement direct solutions for the problems encountered in their communities. This is the best way to accelerate the achievement of MDGs» says Momar FALL, from LA CASE SOLAIRE, Senegal.»

Development programs



GHANA

1 specialized program: AFIDBA.
+ A dozen international programs for Inclusive Business.



SENEGAL

2 specialized programs aimed at the social and solidarity economy: ENABEL's «Social and Community Economy Movement (MESOCC)» program and AFIDBA.



BURKINA FASO

1 specialized program: AFIDBA.
+ A dozen international programs for Inclusive Business.



MOROCCO

3 programs specifically focused on social business and the social and solidarity economy: the «MedUp» program, the EU's «SwitchMed» program, and the «AFIDBA» program.

AFIDBA Program Assessment

The **AFIDBA program is based on four pillars** that are part of the long-term construction of IB in each country. The first pillar is **acceleration** (i.e. personalized support within the 4 partner incubators in each country). The second pillar is an **innovative financing** system consisting of a loan and a grant. The third is an **awareness raising** through 56 workshops on IB. Finally, the fourth pillar is the **capacity building** of partner incubators to increase their skills.

Selection criteria:

AFIDBA entrepreneurs were selected based on several criteria, inclusive initiative being the primary one, and more specifically, the meaningful inclusion of vulnerable populations in their business model. The use of digital technology is another essential criterion.

The consideration of gender issues is also observed, in favor of companies led by women using a mixed governance and companies that offer goods or services for women.

This must all be based on a viable or potentially profitable business model for start-ups in the seed phase that have a potential for growth and scaling. In the end, the goal is for the selected entrepreneurs to be able to find investors through this program.

An innovative, both unique & multiple, program focused on inclusive business in africa



Learnings

The main success of AFIDBA is that all its stakeholders are pleased to be part of a program that supports inclusive business, which they feel is too rare in this emerging ecosystem. Stakeholders have identified the program's successes and remaining challenges.

Summary of Program successes and challenges:

Successes

- ✓ Coupling an IB acceleration program [rare] with a financial support (loan + grant)
- ✓ Launching a 5-week bootcamp followed by 6 months of acceleration
- ✓ Creating exchange spaces between numerous stakeholders (awareness raising, speed dating, etc.)
- ✓ Inclusion of external experts from various backgrounds (NGOs such as CARE or PPI, digital experts, etc.)
- ✓ Involvement and access to a diversity of actors within the consortium
- ✓ Adaptation of the acceleration curriculum to the health context (mixed face-to-face and virtual)
- ✓ Being flexible to the needs on the ground to achieve the objectives (reorientation of the awareness sessions, modification of the selection grids of the companies)
- ✓ Yearly improvement of the funding process and implementation of two-level accreditation committees (central and local)
- ✓ Accreditation of funds in the second year

Challenges

- ✓ High demand for human resources and low budget for incubators
- ✓ Need for more co-construction with incubators in the start-up phase
- ✓ Weak relationship between state actors or NGOs and entrepreneurs
- ✓ No outreach to BoP populations on entrepreneurship and digital technology
- ✓ Lack of networking between the entrepreneurs of the AFIDBA countries
- ✓ Lack of follow-up for post-acceleration companies (especially for entrepreneurs who did not receive funding)
- ✓ Physical and virtual meetings with all stakeholders / not enough regional exchanges, partly due to COVID-19

Recommendation: Focus on funding human resources for incubators to design development programs that include an accelerator curriculum.

The AFIDBA program is focused on a new and evolving subject, and its implementation required a significant coordination and gathering a large consortium of experts, in two languages. It was necessary to have a bigger co-construction phase than expected, involving a framing and appropriation of IB-related definitions, to identify the realities of each AFIDBA country at the outset.

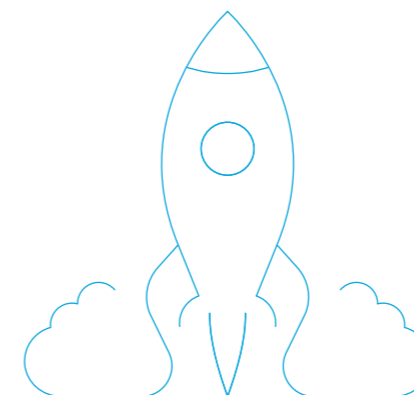
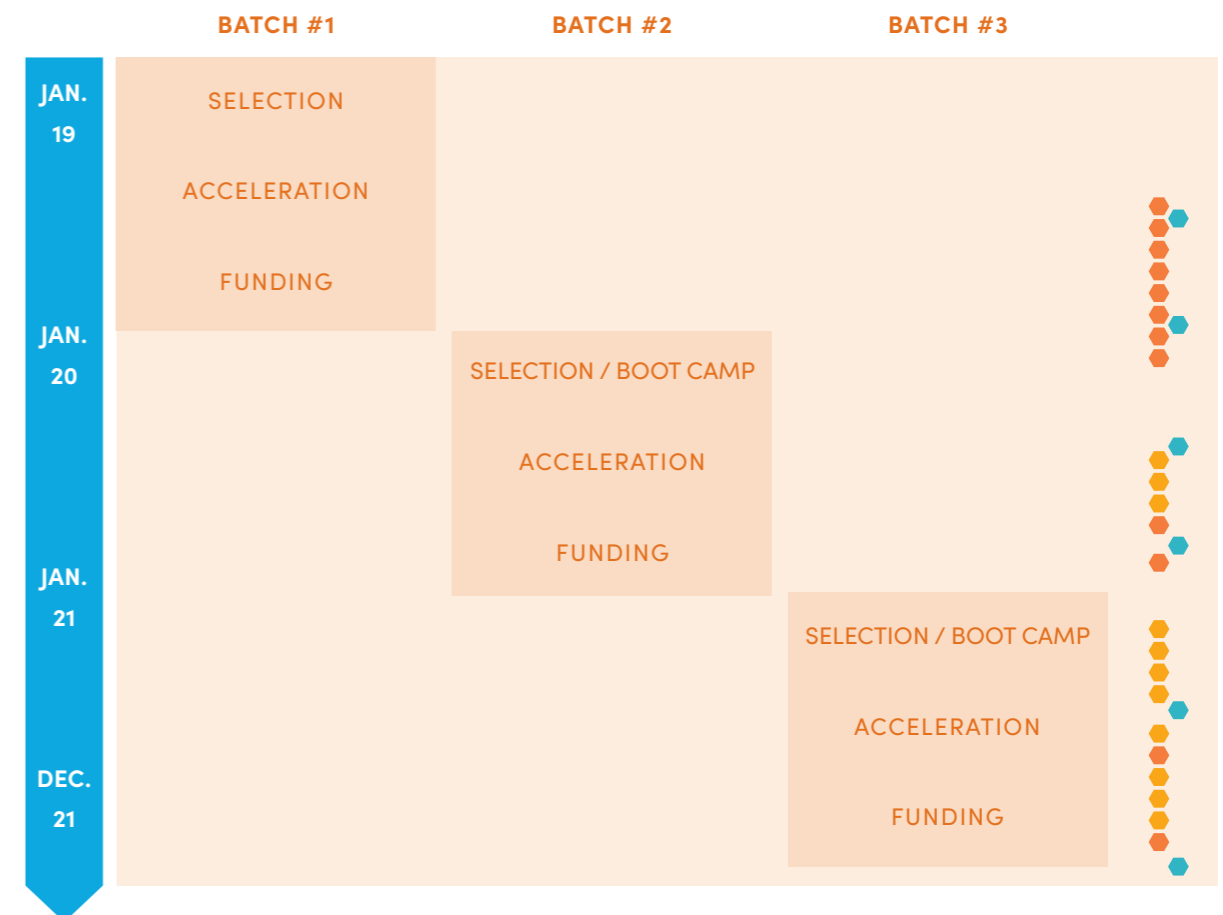
This is part of the **co-construction approach of local inclusive ecosystems**, which however ended up being hard to implement, especially because there was no specific budget. Furthermore, AFIDBA started with a single program of standard workshops for all incubators, each incubator having their specificities and methods. Hence, the program had to be redesigned to better meet the needs of entrepreneurs by giving more freedom to incubators.

Recommendation: Choose a co-constructive approach with all national stakeholders in AFIDBA countries when designing development programs for businesses and the inclusive ecosystem.

Another challenging question that came up was how to ensure that all local stakeholders co-construct a common curriculum. Co-construction and advocacy are not only to be done with legislators to protect the intellectual property of each incubator and so these structures can unite without jeopardizing their know-how, but also with all ecosystem actors to foster Inclusive Business and encourage collaboration in a competitive space.

ACCELERATION

FOCUS : What makes the accelerator curriculum for inclusive business different?



- Webinars ●
- Event / Demodays ●
- Steercos ●

CHARACTERISTICS OF AFIDBA:

Flexible durations: compared to classic acceleration programs, AFIDBA stands out for its dual focus on intensity offering a rapid acceleration and a very short program. The six-month acceleration and the five-week bootcamp seemed relevant to all AFIDBA companies regardless of their level of maturity.

However, some incubators emphasize the need to offer a post-program follow-up to companies, by extending the duration of the program, by providing for its renewal if necessary, or simply by setting up formalized individual support.

A diverse audience: The initial objective was to select inclusive companies that are at a development phase, but in practice, the level of maturity varied, depending on the cohorts. Cohort 2 includes company profiles with a higher level of maturity than the other two. This has an impact on the program being that entrepreneurs' expectations are not the same. For instance, a company in the prototyping phase is not yet able to evaluate its impact.

A focus on inclusive business: embedded in every phase of the AFIDBA program (initial selection, bootcamp, acceleration program and funding allocation), inclusiveness is not restricted to any specific module but instead, was presented as a broad way of perceiving business development via different ways throughout the program. AFIDBA wants to ensure that BoP populations are included in the company's value chain, even they become customers. The program also tailors impact measurement to its impact on BoP populations.

Adaptation: AFIDBA's flexibility allows incubators to come up with their own method, adapt to the needs of inclusive entrepreneurs, enrich their value propositions, and ensure a very close follow-up. Moreover, the companies being from various sectors, incubators must pay extra attention in adapting to each profile to offer tailored support. The flexibility of funders, the program and the teams is key to the spirit of AFIDBA.

A bootcamp: The implementation of a double action (acceleration and bootcamp) is rather rare. These bootcamps helped identify truly inclusive companies and validate entrepreneurs' commitments to create a positive social impact, beyond the analysis of their application. The bootcamp quickly provided a clear image of the business model, notably by mobilizing tools such as the social business model canvas.

Acceleration modules: they are adapted to entrepreneurs (depending on the maturity of their company, their field, etc.). For example, La Fabrique set up a highly personalized online approach in this sense, offering group workshops when similar needs are identified between entrepreneurs. In Morocco, Impact Lab has also brought in experts specific to the needs of inclusive start-ups.

A large area of intervention: it is a multi-country program. Even if there were fewer regional exchanges than at the local level, they allow for interesting synergies for the start-ups. Having a stronger regional synergy dynamic between entrepreneurs is a great contribution to the program.

In other terms, the AFIDBA program is like traditional acceleration programs: establishing a growth strategy, using entrepreneurial tools (design thinking, roadmap) to diagnose companies, or supporting companies on how to prepare for or seek investments (a very popular module among entrepreneurs).

Learnings from the structure of the Acceleration program:

The four local incubators worked independently, using different working methods. The following goes over their practices to highlight the learnings of AFIDBA business acceleration, with examples.

METHODOLOGY

- **Combining collective and individual support** to provide individualized solutions and encourage the sharing of experience between entrepreneurs. Personalized support goes deeper into getting to know entrepreneurs and find best ways to support them in the implementation of their business model. Collective support allows for a meaningful exchange between the entrepreneurs.

Example: InnoHub offered numerous group workshops at the beginning. Their methodology adjusted to the diagnosis of companies, as the incubator was taking in their uniqueness. For this program, Innohub dedicated 70% of their work to individualized coaching and 30% to group work.

- **Common training modules & essential sessions for exchange**

While individualized coaching allows entrepreneurs to have tailored solutions, the common exercises allow them to share ideas and experiences. It is best to divide them into groups to avoid a «classroom» effect.

Example: Impact Lab favors small group training and workshops, which gives participants more room for exchange.

AFIDBA started off with a program mainly structured by the coordinator and common workshop templates for all the incubators. This was redesigned to meet their needs better and give them more freedom on group modules.

CONTENT

• Module options

Companies' assessment takes place at the beginning, halfway through the course, and at the end. The first evaluation at the beginning of the course allowed us to define the needs and achievements of each entrepreneur and calibrate the most relevant training modules.

• Capacity building

Some start-ups lack accounting skills. This aspect will be necessary in the perspective of scaling up. Others have questions about specific legal aspects. Here again, they will need to strengthen their skills.

• Defining inclusive business

It is important to clearly define Inclusive Business and its model so entrepreneurs can adopt said concepts and relate to it. In this purpose, we should start with a simplified definition to be illustrated and adapted to local contexts.

Example: Concree and Makesense conducted modules on defining a business model, BoP populations, and the difference between social and inclusive business, to help entrepreneurs learn on ways to enhance their inclusiveness.

• Choosing methods that fit the context of working with BoP populations (for companies)

• Having follow-ups suiting the company's maturity level (for incubators)

Example: If the company is still at a brainstorming phase, the incubator can help get in touch with potential customers. If the business is already developed, the support would be more focused on enhancing the marketing strategy, for example.

• Suggesting a module on social/environmental impact measurement (with an assessment format)

• Considering cross-sectional topics: for example, the use of digital tools

Example: Innohub conducted a workshop on digital tools and BoP populations as part of the bootcamp, and a module on «Digital and Management Skills for Entrepreneurs» during the acceleration curriculum.

• Raising awareness on climate and gender

These topics were tackled through awareness sessions: one on climate change with the «mural on climate change» tool that was developed by the AFIDBA program coordination team, which was divided into small groups; and another awareness using the CARE gender equality framework through sessions for the entire ecosystem of each country.

There are two schools of thought in terms of gender inclusion. Some think a module should be wholly dedicated to gender, while others do not find it necessary. Another option is to have a cross-sectional gender approach across the program. Having an open dialogue with inclusive entrepreneurs on the underlying issues of sustainable development is important. This gives business owners the keys to inclusiveness, particularly regarding the climate, social and economic disruptions their businesses could experience.

Example: At Makesense, entrepreneurs had the opportunity to discuss issues related to climate.

TOOLS

• Using the Canvas business model

It allows entrepreneurs to work in a practical way be more inclusive by identifying areas where inclusiveness takes place within the value chain. This model has been adapted by Concrée.

The Inclusive Business Model Canvas



The Lean Business Canvas is another interesting model that similarly positions the created value and helps companies learn more about who their customers are and who benefits from their services or products.

What are the learnings from the awareness cycle regarding ecosystem actors and the capacity building of incubators?

Beyond the acceleration program, one of the other pillars of AFIDBA is the sensitization of all the actors of the inclusive business ecosystem.

This awareness-raising was carried out by the four local incubators in the program's four countries of intervention. CARE France and Positive Planet International acted as technical partners to co-organize and facilitate these workshops with the incubators.

Numbers of awareness workshops



The initial objective of these awareness modules was more precisely to reach BoP populations by raising their awareness of entrepreneurship, digital technologies, etc. Due to the health situation and the initial focus on defining IB, the awareness-raising sessions were delayed and reoriented. The target of these modules was extended to all the actors of the ecosystem (financiers, NGOs, local authorities, incubators, etc.). The objectives were to make the program known, popularize Inclusive Business among the general public and public authorities, perpetuate the inclusive approach of entrepreneurs, and call for more collaboration within the ecosystem.

In addition, outreach has also been designed around four approaches:

- a local approach (micro-entrepreneurs, women, the informal sector, youth, and rural areas),
- an intermediate approach (AFIDBA beneficiaries, social entrepreneurs with a digital presence, and incubators),
- a sub-national approach (entrepreneurs, incubators, public and private actors, the civil society),
- and a regional approach (AFIDBA entrepreneurs and incubators, regional networks of entrepreneurs, and international organizations).

In 2019: 10 workshops on 10 topics + focus: local face-to-face workshops and dissemination of concepts.

In 2020: 18 webinars + 10 workshops (face-to-face meetings) on 4 topics and 10 modules. 50 experts were mobilized + focus on multi-partner discussions.

In 2021: 16 webinars, 6 workshops, 3 themes and 10 topics discussed. In total,

350 people were reached and 35 experts were mobilized + focus on multi-partner meetings.

These sessions addressed the implications of the pandemic for entrepreneurs in 2020, highlighting the resiliency of inclusive businesses.

Here are some of the figures from the workshops held in 2020:

- For example, the modules on the concepts of social and Inclusive Business allowed more than 50% of the participants surveyed to increase their knowledge of the sector's issues.
- During the modules on strengthening the engagement of entrepreneurs with BoP populations, 48% of respondents said they wish to start working in social and inclusive business.

These awareness-raising workshops are a central part of the AFIDBA project. They publicize the program, but above all, they allow to promote the very definition of Inclusive Business by showing that the economic aspect can be associated with a social mission. Moreover, they helped address common issues suffered by actors. The various initial targets have eventually mostly been actors of the IB sector.

While some of these awareness events were organized in person, most were conducted online, creating a gap between registrants and participants (up to 50% of registrants). Nonetheless, speakers and participants came from various countries and it was easier to call on experts from different backgrounds.

Capacity building

Capacity building helped establish legitimacy and make partners of the consortium grow about the Inclusive Business, especially its definition, and discuss the climate-related questions.

The formats tested in 2020 and 2021 to compensate for the lack of face-to-face meetings (speed dating, networking, small virtual workshops, etc.) successfully facilitated our exchanges. One of the recommendations mentioned by MakeSense is to connect further the acceleration program, these sessions, and awareness-raising.

What are the specificities and learnings of accessing funding in this program?

Discussion with Yoann Terrom, AFIDBA program coordinator

Access to financing is one of the pillars of the AFIDBA program. It consists of loans of honor and a grant of €540K in total, allowing the development of an innovative solution to meet the acceleration of these companies. It is mainly aimed at young companies in the early stage.

This financing has an educational purpose. It introduces young entrepreneurs to the financial circuit, in addition to teaching them how to build a relationship of accountability with other institutions. This collaboration will be repeated if institutions work with banks or investment funds.

Repayment flexibility is also one of the strengths of the program. Some AFIDBA entrepreneurs have asked for a short delay in repayment, which would have not been possible dealing with banks or investment funds. The AFIDBA program coordination opts for dialogue, in favor of a pragmatic approach. The repayment rate of batch 1 entrepreneurs is 90%, which allows for increased funding of batch 3.

However, there are some limitations to this funding access. The first issue is the relationship between the amount allocated and the main objective of scaling up. As mentioned by AFIDBA entrepreneurs in the interviews, this amount is not sufficient for a scale-up. The difficulty in providing larger funds is also related to the fact that the AFIDBA fund was not large enough; however, providing more funds was not the desired approach. Another limitation is that the project's legal framework is too fragile, should the entrepreneurs not be able to repay. The maturity level of AFIDBA companies is yet to serve as a guarantee against this risk. But this is an intentional aspect of the program: to provide less financing for each company to fund more companies. However, the selection is complex and risky given their maturity level, and the risk of creating an injustice in the event that the program does not suit the funded companies.

Finally, the application is pervasive and the business plan is hard to understand. However, the process was improved over the years to make it easier for entrepreneurs. Also, AFD's AML/CFT process can be administratively dense, but this last aspect was improved throughout the program, partly by reducing intermediaries in the request for supporting documents and by using communication tools like WhatsApp to be more in touch with entrepreneurs.

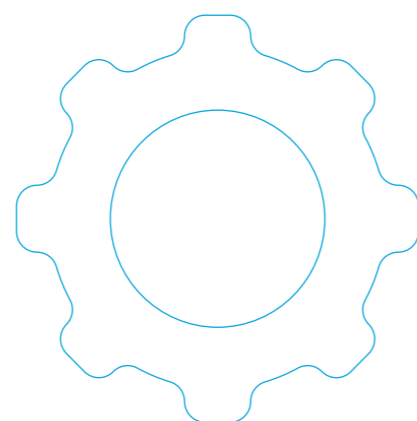
CONSORTIUM CAPACITY BUILDING

ACHIEVEMENTS

- Trainings on inclusive business performed by CARE
- Cross-countries online workshops
 - Climate collages: raising awareness about climate change
 - Impact assessment workshops: moderated by KiMSO
 - Networking Events: 1 to launch the batch 3 acceleration phase; 1 gathering 15+ entrepreneurs from all countries
- Capacity building of the consortium to shed light on inclusive business, impact measurement, gender issues and SDGs
- Capacity to adapt to the COVID context
- Collaboration on program management
 - Launching event
 - Weekly POs meetings
 - Monthly Directors calls

LESSONS LEARNED

- Difficulties in co-construction, especially given the impossibility to get together
- Need to have a dedicated budget line and better definition of what's expected by all partners ahead of start of the program
- Lack of collective cross-country initiatives



Learnings from the AFIDBA funding mechanism

In total, funds of 566,230 € will have supported 29 entrepreneurs over 3 years.
The accreditation process has three phases:

PROCESS OVERVIEW

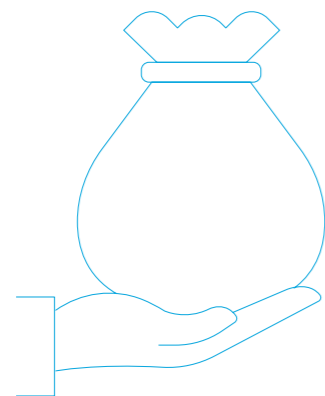


Phase 1: Auditing candidates with a simplified report (see template) highlighting:

- The contractor’s ability to repay
- The project’s level of maturity
- The potential for scaling up
- Funds that match the candidate’s needs

Phase 2: Refining the process

- Adopt and promote a «best in batch» approach to contractors (effective for batches 2 and 3)
- Ensure the adequacy of the needs and the financing by having at least one oral exchange with the contractor and the analyst-auditor
- Have two levels of funding committees (one at the international level with all stakeholders and one at the local level)



Consult a local expert for this purpose—in the framework of AFIDBA, this was done with I&P Conseil...who mobilized experts in financing (knowledge of the target and the financing tool), which was implemented from the second batch onwards..

AFIDBA’s funding analysis grid

The objectives of this grid are to formulate an opinion on the robustness and competitiveness of this company and to formalize a recommendation on granting.



This grid is supported by a non-financial grid and a diagnosis of the company’s social model; the objective is to go beyond a purely financial analysis. The financial aspect has the same weight as the social mission of these companies.

Opportunities

As a result of these learnings, the incubators agree on the major steps that should be included in an inclusive accelerator program in the four AFIDBA countries. This includes the recommended approach, tools, and type of module.

These non-comprehensive phases are located at the beginning, midpoint, and end of the acceleration program. They are complemented by training modules, meetings, and coaching sessions throughout the program.

The three central phases of business support by incubators:



Note: these phases vary according to the companies' progress and main focus. Depending on what stage they are in, companies will not have the same needs (i.e., a company at a prototyping phase vs. an already mature company). For example, the main focus of a company in its prototyping phase will be to work on stabilizing the product.

Required steps in an acceleration curriculum:

- **Diagnosis and immersion in the company:** immersion in the company's work enables incubators to identify new work areas (as they do not always have a look up-close) and clarify the company's objectives and level of inclusiveness.
- **At the beginning,** it will be necessary to take stock of the entrepreneur's needs and nature. This will be conducive to the measurement of impact. It will also be required to focus on gender, social and environmental issues.
- **The phase regarding the definition of a company's strategy** is also key to advising it efficiently (development strategy, distribution strategy, etc.) while considering vulnerable populations.
- **It is essential to have planning** so that the entrepreneurs can have a mid to long-term vision. This is done in the program's first month via a collective format.
- **At mid-term and at the end of the program,** companies must be evaluated but also give their own assessment of what has been achieved. They must deliver their future lines of work and prepare for investment meetings.

Outline of an inclusive acceleration training program for local incubators (non-exhaustive list):

1. Bootcamp & Group Training with sharing and networking modules:

- Module 1: «Defining inclusive business & the inclusive business model»
- Module 2: «Application: The value proposition in your inclusive business model and strategies», or how to adapt company methods while including BoP populations.

- Module 3: «Building partnerships for a viable financial model»

2. Cross-cutting modules:

- Measuring social/environmental impact (with a proposed «assessment» format)
- Sustainable development with a focus on environmental and climate issues
- Digital inclusion
- Gender: gender can be seen either as a module in itself, as a cross-cutting topic throughout the program, or both.

- Investor relations: we can add support for the preparation of a financing file for an inclusive program if it offers financing or contacts with investors.

3. Individual modules to be developed for personalized support (e.g., accounting, legal aspects, marketing, innovation)

RECOMMENDATION

Build an inclusive acceleration training program for local incubators.

RECOMMENDATION

Capitalize on multi-country programs such as AFIDBA to develop exchanges between actors from different countries

Note that the program's implementation time was relatively short (two and a half years) and the ecosystem awareness aspect had to be revised, partly due to the global health situation.

04. Twenty-five recommendations for stakeholders

This white paper has identified challenges and opportunities for each stakeholder in the ecosystem (entrepreneurs, institutional actors, investors, and incubators) to make constructive recommendations for inclusive entrepreneurship. In consultation with these stakeholders, our recommendations reflect the four primary needs of inclusive businesses: **encouraging, informing, investing, and implementing.**⁵⁹

The main recommendation is to make IB more popular while clarifying its scopes, for example, by legally defining IB or giving it a status in the countries of intervention so that all actors grow a sense of being part of the inclusive entrepreneurship movement.

This requires better knowledge and better sharing of this knowledge by the actors on this subject, which may be achieved through a sharing platform that analyzes, measures, and values the social and environmental effects of these atypical companies. The goal is for all actors to be informed of the needs that may concern

- the structuring and strengthening of their ecosystem (e.g., capacity, networking, infrastructure),
- the facilitation of financial levers for entrepreneurs, and especially women entrepreneurs, and
- investments (networking with investors or institutional donors via incubators, implementing state tax measures, or supporting all impact investors that reach out to these entrepreneurs).

We might add the consideration of inclusion levers such as gender issues, one of the features of an inclusive enterprise. This could require public policies, defining an in-house strategy on gender, or putting in place a financial support for women's entrepreneurship.

Finally, both entrepreneurs and actors of inclusive companies must also learn and master new technologies, and meet their sustainability goals.

Multi-stakeholder recommendations



RECOMMENDATION 1 (MULTI-STAKEHOLDER) : *Promote the social and environmental impacts of inclusive business to the governments of AFIDBA countries through multi-stakeholder advocacy*

This recommendation applies mainly to the networks of entrepreneurs and incubators, but it will only be fully efficient if it is followed jointly by all actors.

- Ensure greater visibility to inclusive entrepreneurship in each country and raise awareness among all stakeholders;
- Create a framework for dialogue and cooperation through actions, such as i4Policy with a highly participatory methodology⁶⁰, or inter-NGO advocacy to federate actors and take action at the macro-level of the targeted country (see following recommendations for detailed actions);
- Suggest indicators to measure the social and environmental contribution of the targeted companies to their country's SDGs through multi-stakeholder collaboration and under the leadership of academic researchers;
- Raise large-scale awareness of these impacts, embodied by influential regional actors;
- Segment the targets of both corporate and advocacy actions to increase their effectiveness.



RECOMMENDATION 2 (MULTI-STAKEHOLDER) : *Constantly seek new ways to measure the viability of inclusive businesses and their complementarity with other mechanisms (government actions, associations, etc.) where entrepreneurs contribute to their country's SDGs*

- Conduct more studies such as the Impact France Movement's maps, or this white paper, to help build a qualitative and quantitative database
- Include two components in these future studies on "start-up acts": inclusive entrepreneurship and women's entrepreneurship
- Delve deeper into the challenges faced by the ecosystem actors and conduct studies that will substantiate the triple impact of inclusive companies (people, profit, planet) and the support structures partnering with NGOs or research* centers.

* This remains complex, so measuring one of the impacts (social/environmental) is a first step (see more details of existing global approaches in part 2.1 page 39)

Recommendations for inclusive entrepreneurs



RECOMMENDATION 3 (ENTREPRENEURS) :

Promote and enhance hybrid financing (public and private) of the company

- Integrate mixed financing into the company's business model in key risk-taking phases (e.g.: launching of a new product, significant growth, etc.) to finance impact studies, social marketing, and the implementation of targeted social or environmental actions (e.g.: gender awareness)
- Leverage technical assistance from various funders, institutional donors, and incubators or other market facilitators to fund the inclusive aspects of BoP market access comprehensively (see page 19 on the issue of value and risk sharing)
- Partner with local associations, NGOs and other SSE actors to seek funding through donor calls for projects.



RECOMMENDATION 4 (ENTREPRENEURS) :

Define an in-house gender strategy to be formalized in a written policy

- Support women employees through training, mentoring and coaching to build their skills and confidence;
- Involve employees in decision-making and share the company's vision so they can align with it, for instance by offering meetings to include their feedback in the company's strategy;
- Collaborate with local associations that work with women for their empowerment such as CARE's Village Savings and Credit Associations (VSCAs);
- Integrate specific indicators into your strategy.

Note that recommendation #4 can be applied by all actors in the inclusive entrepreneurial ecosystem.



RECOMMENDATION 5 (ENTREPRENEURS) :

Raise awareness and engage communities on gender issues, especially men and boys

- Implement a «Husband Day» to raise awareness and educate men about their wives' work. These days consist of inviting the spouses of women workers to the workplace. Offer meetings and a tour of the premises, for instance. The goal is to establish a dialogue with the husbands and make them aware of their wives' workload. For example, this type of initiative was organized by the company Faso Attiéké on Women's Rights Day, December 5, 2020.
- Valuing women's work and communicating around female role models or entrepreneurs to alleviate barriers to female entrepreneurship with the support of other actors.
- Involve men, as they often have an influence on women's decision to start a business, which makes men essential actors in awareness raising.

Note that recommendation #5 can be applied by all actors in the inclusive entrepreneurial ecosystem.



RECOMMENDATION 6 (ENTREPRENEURS) :

Strengthen the digital inclusion of populations, particularly BoP populations, by facilitating access to digital services

- Create and facilitate the access to training opportunities:

i4Policy recommends teacher training, after-school programs for young children, internships and apprenticeships, and student assessment. Special attention can be given to students to increase their engagement in the private sector.⁶¹

The Impact France Movement offers a unique training program, accessible in several African countries, with high-level speakers and students, to deliver accredited diplomas that are recognized and supported by SIB reference actors.⁶²
 - Make universal digital communication using images and simple pictograms for all segments of the population to understand.
- Low access to basic education and the lack of digital skills reduce the possibility of finding qualified human resources.

For Institutional Actors

These recommendations are aimed at a heterogeneous group of actors divided in two groups: the «**AFIDBA states**»* that are capable of structuring laws for the development of IB, and **the states that have a donor role**, intervening with both adequate regulations for investors and public financing. However, we must stress the importance for these states to co-construct these legislative frameworks with the other actors as well.

We specify which actors each recommendation is particularly meant for.



RECOMMENDATION 7 (AFIDBA COUNTRY STATES) :

Define a legal definition status for Inclusive Business in the four AFIDBA countries based on objective and observable criteria

Start-up acts or SSE framework laws in the four countries do not include a definition of inclusive entrepreneurship

- This specific legal status must reflect a harmonized vision of the common features of Inclusive Business. The goal is to precisely target beneficiaries of such legislation and policies. This would prevent specifically IB-related advantages and regulations from being used by other companies⁶³.
- Consolidate the existing definition of «social business» and, in a second phase, associate or extend said definition to the concept of inclusive entrepreneurship. The goal is to federate entrepreneurs, start-ups and SMEs that have a social or environmental component and that include vulnerable populations in their core business, in favor of a large inclusive business movement.

Recommendation #7 is drawn from the learnings related to the «Start-up act», a transversal legislative instrument aiming at stimulating and developing SMEs⁶³ which indirectly and partially includes these companies.



RECOMMENDATION 8 (STATES, INCLUDING AFIDBA COUNTRIES) :

Create incentives that promote investors' funding and other donors to engage in impact investing.

- Promote brainstorming to identify ways of financing Inclusive Business, particularly on adapting the already-existing actions of local development banks in cooperation with the World Bank or other development banks.
- Encourage funding models that target funding support for women and rural populations.⁶⁴



RECOMMENDATION 9 (STATES, INCLUDING AFIDBA COUNTRIES) :

Support the creation of exchange platforms between the different ecosystem actors to foster dialogue and a coordinated approach (including investors, incubators, companies, public authorities, development agencies, researchers, etc.)

- This platform would create a space for information and knowledge sharing on the role of each actor within the ecosystem. It would also allow for a common advocacy action (see the first recommendation)

Examples of already-existing IB-oriented platforms:

- **GIZ** : inclusivebusiness.net is an online platform that helps entrepreneurs learn all about IB through training and networking. It also offers expertise and impact experiences. However, GIZ remains an initiative of Northern countries and also counts multinationals.
- **the Nourishing Africa Hub** : <https://nourishingafrica.com/> is more specialized in that its members are socially inclusive enterprises working in the agriculture sector. The hub offers its members a wide range of services from advertising to capacity building and networking.

Incubators are relevant intermediaries for international organizations.

These support structures could work with the governments to establish certifications and standards that would differentiate eco-companies from conventional companies, thus helping them strengthen their market access capacities⁶⁵.

The government also needs to collaborate with private IB actors like trade unions or other business networks. Exchanging with trade unions could benefit the government in grasping the needs of green businesses, and ultimately ensure an accurate and transparent information sharing on regulations⁶⁵ pertaining to their relationship.

* Burkina Faso, Ghana, Morocco and Senegal



RECOMMENDATION 10 (DONORS) :

Capitalize on multi-country programs such as AFIDBA to develop exchanges between actors from different countries

- Cross-reference the learnings of institutional donors* and disseminating the cross-learnings of these agencies would be a great way to connect multiple actors in different countries.
- Develop regional or multi-country programs and enhance cross-learning. Program actors strongly value these opportunities to exchange with one another. Within the framework of AFIDBA, a regional workshop was conducted in 2020.
- Support the scale-up in a different country: Inclusive entrepreneurs also need to scale up to a regional level. For this purpose, there must be a better access to market information or information about potential administrative constraints for establishing an office. Nevertheless, these services are currently not provided by incubators.



RECOMMENDATION 11 (DONORS) :

Choose a co-constructive approach with all national stakeholders in AFIDBA countries when designing development programs for businesses and the inclusive ecosystem.

- Plan meet-ups for peers (e.g. between incubators) and for actors who are less likely to interact (e.g. entrepreneurs and NGOs)
- Organize half-day meet-ups for scoping with all program stakeholders to create a common culture on IB.

Overall, the collaboration between stakeholders must be valued at the time of the program's drafting, to offer a support program that is most tailored to the needs of inclusive companies while keeping a true spirit of partnership.



RECOMMENDATION 12 (AFIDBA STATE AND DONORS) :

Continuously promote the establishment of economic infrastructure (e.g., roads) that facilitate the circulation of goods and services and the market access for the poorest.

- These physical and service facilities are a key factor in «pro-poor» growth. They reduce costs by removing bottlenecks⁶⁶ and facilitate market access.
- Include these infrastructures in a territorial and holistic approach, considering land management as well as resilience to climate change - two challenges for BoP populations.
 - Place sustainability and inclusiveness of the poorest at the heart of infrastructure investments according to each country's priorities.
 - Establish investment guarantee systems (public and private) with donor funding.

For instance, the Swedish agency promoted the securing of telecom infrastructure (MTN) by supporting the development of local businesses in Uganda.



RECOMMENDATION 13 (AFIDBA COUNTRIES) :

Establish specific national incentives to value the social mission of inclusive companies.

In each of the AFIDBA countries, incentives for MSMEs are based on the public market, taxation and investment (see appendix for details). However, these incentives could be more tailored to Inclusive Business and further emphasize:

- Gender
- Digitalization
- The inclusion of BoP and other vulnerable populations
- The reduction of the burden faced by inclusive entrepreneurs via taxation or targeted exemptions
- Reviewing local import policies and lowering taxes on some products
- Formalizing contracts related to inclusive businesses and protecting the framework of their fundraising.

These suggestions on tax incentives are even more important as the tax burden is the greatest difficulty identified by entrepreneurs. According to the Impact France Movement in Burkina Faso, 84.6% said that tax pressure remains their major difficulty.⁶⁶

* Example of institutional programs: AFD with grow for Africa, Afric'innov, AFIDBA and its Inclusive and Social Business pole support both SMEs and help actors of the inclusive business ecosystem. The Dutch Ministry of Foreign Affairs with its Orange Corners supports incubators in Africa in 16 countries, the Austrian cooperation supports multi-actor programs to strengthen social entrepreneurship - via Ashoka etc.



RECOMMENDATION 14 (AFIDBA STATES) :

Establish public policies that empower women and promote women's entrepreneurship.

Several interesting examples already exist in African countries:

- The Start-up Act in the DRC has a very strong female entrepreneurial component
- In Burkina Faso, specific funds and specialized products for women are offered by financial institutions
- In Senegal, 15% of public contracts are awarded to recognized women-owned SMEs under the Small Business Act

The state also has a role to play in the fight against gender inequality, particularly in entrepreneurship. Women, whether they are entrepreneurs or employees, cannot act alone in the face of social obstacles and cultural norms. Eradicating gender inequalities cannot be done without removing all discrimination in the law or without incentives to be more gender-inclusive or without publicly supporting women's entrepreneurship.

- Public policies can also enhance the value of women's businesses, giving them access to training, supporting the creation of networks of women entrepreneurs and business nurseries, or putting in place social protection measures in their favor.⁴²
- This political will can also be translated into financial incentives for hiring women in decision-making positions, other fiscal measures, or the establishment of quotas within companies.
- A public policy in favor of women's financial inclusion (which could concern all financial services as well as the deconcentrated representations of the States). This policy would remove one of the main barriers to women's empowerment and entrepreneurship.
- Ensure that the loans (microcredit) or other financing requested by women entrepreneurs actually benefit the applicants, for the development of their activity.
- This can be done by including menstrual hygiene in the Covid-19 recovery plan, as Kitambaa's advocacy with the Senegalese government has done. Kitambaa was able to involve many stakeholders and obtain subsidies for BoP populations. It is important to identify the right contacts, such as line ministries.



RECOMMENDATION 15 (DONORS) :

Développer des programmes spécifiques à l'entrepreneuriat des femmes basés sur les trois axes suivants

- Strengthening women's capacity to act, in other words, increase women's skills and legitimacy by giving them access to professional training, for example. In Burkina Faso, the Ragusi company offers training to women, particularly in the organic cultivation of shea butter. It also promotes literacy.
- Promoting equitable relationships, among other things, to diminish or even eradicate the existing relationships of domination between women and men. In the same vein, to promote relationships of interdependence and mutual support so that both can ultimately be equal.
- Supporting structural changes; by working with local actors (governments, religious authorities); to change the cultural norms. In this sense, the Kitambaa company solicits Senegalese authorities to implement public policies on menstrual hygiene. Faso Attieké is negotiating for women to buy land.
- Ensure that the loans (microcredit) or other financing requested by women entrepreneurs benefit the applicants, for the development of their activity.



RECOMMENDATION 16 (STATE AFIDBA) :

Generalize the implementation of online platforms for information sharing to facilitate entrepreneurs' paperwork

- Digitizing procedures and making it possible through a one-stop-shop⁶⁷ to access title deeds, contract for different forms of energy, obtain permits, etc. would reduce financial costs for entrepreneurs and encourage them to engage in new activities.*
- Training entrepreneurs on administrative, environmental, social and medical regulations would also facilitate procedures

Beyond these administrative steps, these platforms can:

- Promote access to information about funding opportunities, networks of actors and support for inclusive entrepreneurs.
- Help connect people to capitalize on and advocate for Inclusive Business.

Even if the Impact France Movement⁶⁸ notes that these administrative formalities are less and less pressing, in practice, AFIDBA entrepreneurs report that this generalization would be beneficial.

* What is a «one-stop shop»? This expression refers to a system that centralizes all administrative procedures. The one-stop shop acts as an intermediary and coordinates the different administrations involved.



RECOMMENDATION 17 (STATES INCLUDING AFIDBA) :

Establish a continuum of financing based on investor coordination that allows companies to be funded at each stage of their growth.

Inclusive businesses need access to financing at all stages of their growth. This is particularly true at the beginning of their journey – when funding is scarce, preventing them from testing their products and innovations⁴² –. However, there are tools for each type of actor (see examples below). Linking them together can create a continuum of possible choices in financing entrepreneurs.

- Governments could develop a «financing inclusive entrepreneurship» action plan around a community of practice (banks, investors, incubators, entrepreneurs, networks of actors) to support a % of inclusive businesses and impact the SDGs at a macro level⁶⁹
- Governments could also create a fund dedicated to inclusive entrepreneurship. They could coordinate with incubators in their respective countries, which would prepare candidate inclusive businesses. This would be one of their possible funding options.

The targeting of public funds to specific aspects of enterprises exists, as in Nigeria. For example, the Tradermoni Scheme there is aimed at micro-enterprises in the handicraft sector.



RECOMMENDATION 18 (DONORS) :

Proactively integrate business impact assessment into programs.

- Create a dialogue so that donors, incubators, and entrepreneurs agree on the definition and method(s) of impact assessment to be used.
- Popularize the concepts of impact and evaluation, encouraging incubators to:
 - Make several modules of collective and individual support;
 - Prompt investors to mention their impact expectations in their evaluation grids.

For funders



RECOMMENDATION 19 (FUNDERS) :

Work to harmonize the evaluation tools of impact investors, funds, or business angels to make this type of financing more accessible for entrepreneurs

- Analyze the level of harmonization that will make it possible to respect the specificities of each company, its objective and precise impact, and at the same time simplify and pool the objectives, indicators, and methodologies of the evaluation tools.
- Set standards for credits that include this social/environmental impact assessment. Another simple but high-impact initiative is to include a mapping of financial institutions that provide loans for SMEs.

To go further:

- Contribute to the harmonization of investors' impact measurement tools or define minimum common criteria in dialogue with actors and platforms of impact and evaluation funders
- Simplify the selection grids for inclusive companies to access seed funding (see the AFIDBA program review for an example of a simplified grid).

There is currently no standard evaluation tool for all investors, even if some benchmarks exist. Instead, each one has its grid, which is complex for entrepreneurs.



RECOMMENDATION 20 (FINANCIALS) :

Facilitate funding access by offering a continuum of solutions for companies at each stage of their growth. (see also recommendations 17 and 18)

- Create a culture of impact, not only based on job creation, common to all actors, be they companies, donors, impact investments or even conventional investments.
- Facilitate cooperation between actors to move towards this continuum by creating a dialogue where states and donors participate as much as other local actors.
- Ensure that actors offering grants, loans, or accelerator cycles work with banks and investors to inform and prepare entrepreneurs for available financing.
- Increase the number of «investable» companies by ensuring that they:
 - Clearly define their needs and missions
 - Master financial models and their business plans
- Increase the number of seed funding vehicles made available by international donors (e.g. AFIDBA loan & grant funding, or support via the Social & Inclusive Business Camp)
- Bring these multi-stakeholder initiatives together to contribute to the continuum.
- Increase the number of impact investors for these types of companies.

The total development finance gap in Africa is estimated to be at least US\$100 billion per year until 2030. Today, approximately US\$8 billion is invested in African impact investing⁷⁰



RECOMMENDATION 21 (FUNDERS) :

Combine capacity building and funding as a standard feature of acceleration programs

- Increase SMEs' access to bank financing, reducing the risk that this entails for financial institutions. This requires strengthening the financial management skills of entrepreneurs. It also involves guarantee funds (coverage in case of non-repayment of loans, state credits), and an extension of the collateral field (car, equipment, gold, etc.)⁷¹
- Set up grants on tools for inclusive businesses: digital grants, changing legal status, gender inclusion, or defining and measuring impact. These scholarships help build the capacity of the company.

In the framework of AFIDBA, the digital grant was given following the evaluation of a project submitted by the entrepreneur. This initiative allows testing and innovation on a small scale. It was welcomed by the entrepreneurs because, in addition to being very accessible (reimbursement on the invoice), it obliges them to qualify a need.

For support structures

(incubators, acceleration programs, etc.)



RECOMMENDATION 22 (INCUBATOR NETWORKS) :

Emphasize inclusive entrepreneurship in incubator networks

- Integrate a curriculum dedicated to inclusive enterprises in the training courses that Afric'innov or Social Enterprise Ghana offer to incubators
- Support the inclusion of gender issues: This training program could have a gender component of two hours of training or a cross-cutting part like the one developed by Ashoka with the support of CARE, The Visionary Program.
- Encourage their members to clearly state the term «Inclusive Business» in programs when they focus on social and/or environmental impact and inclusion of vulnerable populations
- Encourage ownership of 2 or 3 SDGs to describe its contribution to Inclusive Business.

These networks of actors federate and act to raise awareness of their members' problems and multiply the impact of entrepreneurship. However, they do not sufficiently integrate the inclusive dimension. The above recommendations aim to remedy this.

- Faced with the difficulties of financing startups at the seed stage, grants and soft loans can be a solution for entrepreneurs who do not have access to financing. The objective is to allow entrepreneurs to build and test better solutions, both more socially and environmentally innovative.



RECOMMENDATION 23 (INCUBATORS) :

Facilitate entrepreneurs' access to impact assessment tools adapted to their needs and challenges

- AFIDBA entrepreneurs measuring their impact are rare. This is mainly due to a lack of expertise in local incubators and information about the tools they might have to measure their impact. Therefore, the objective is to demystify impact assessment, showing its accessibility to entrepreneurs and their limitations.
- Support structures could therefore place more emphasis on impact measurement in their programs by raising awareness of the methods and the benefits of this practice for the company through application in conjunction with external partners, specialized in these subjects, for example.



RECOMMENDATION 24 (INCUBATORS) : *Become the facilitator of entrepreneurs and funders in a more systematic form*

- Build the capacity of local banks to evaluate business plans with an inclusive lens and thus bring these startups closer to investment funds, facilitate crowdfunding, or train staff to accompany startups and allow them to access the maximum number of programs and incentives.⁷²
- Advising entrepreneurs in their interactions with funders to help them with their administrative procedures or pitch. Indeed, the files to obtain financing represent a certain amount of work. Therefore, we must allocate more resources and increase the number of entrepreneurs to present to investors because they do not have the personal means to finance a business creation.
- Faced with the difficulties of financing startups at the seed stage, grants and soft loans can be a solution for entrepreneurs who do not have access to financing. The objective is to allow entrepreneurs to build and test better solutions, both socially and environmentally innovative.



RECOMMENDATION 25 : *Focus on funding human resources for incubators to design development programs that include an accelerator curriculum*

As a reminder, each AFIDBA incubator has an average of ten employees; the number of start-ups accelerated simultaneously can be as high as 30.

- Training the human resources of incubators and making them more professional is an essential activity of platforms like Afric’innov or Afrilab.
- Recruiting: the players interviewed for this white paper emphasized the lack of human resources within the support structures. It is, therefore, necessary to develop the financing of new positions within incubators. This would allow more time to be dedicated to each entrepreneur and thus better respond to their specific needs.

Conclusion

In this white paper, we presented the AFIDBA program, whose goal is to contribute to the sustainable economic development of the African continent and, more specifically, to promote inclusive and digital entrepreneurship in 4 countries: Burkina Faso, Ghana, Morocco, and Senegal. Because of their inclusiveness, 60 AFIDBA start-ups (15 in Senegal, 17 in Morocco, 15 in Ghana and 14 in Burkina Faso) out of the 944 that applied are supporting the integration of the most vulnerable populations, those who do not have access to basic goods and services such as health, education, electricity, employment and other, into their value chains, as consumers, producers or distributors.

We have defined, detailed, and popularized the four pillars on which this program is based, part of the long-term construction of Inclusive Business in each country. The first pillar is **acceleration**, i.e., personalized support within the four partner incubators in each country. The second is an **innovative financing system** consisting of an honorary loan and a grant of €540,000 to develop a hybrid financing solution for the acceleration of these companies. The third pillar is about **raising awareness** through 56 workshops on Inclusive Business for all the players in the ecosystem to support the appropriation, or even the localization, and the spread of this concept. Finally, the last pillar is **capacity building**, which allows the partner incubators to increase their skills. The overall goal of this program is to help these mostly innovative companies become sustainable and prepare for their scaling up.

Inclusive Business tackles the current issues facing our societies in general. But this program is a way to overcome the limitations of Western capitalist models (of negative externalities) that are based on profit maximization and often responsible for climate disruption, social and gender inequalities, and the exploitation of human rights. Conversely, this model **maximizes the positive externalities of business models**. Inclusive Business intends to be a futuristic contributor to entrepreneurship that allows the integration of social, local, and environmental aspects into business. It **proposes sustainable and inclusive models**.

However, like any emerging model that is yet to be **defined universally and whose mechanisms are constantly evolving, Inclusive Business has its limitations**. We also detail them in this white paper. Thus, the structures that promote this form of entrepreneurship regularly struggle against a lack of means (human and financial), an unclear legal framework, a lack of administrative support, various on-the-ground challenges, and little to no post-program follow-up. Hence the drafting of a list of recommendations to conclude this white paper with advice for support structures, inclusive entrepreneurs, and financial donors to better define, promote, inform about, invest in, and implement Inclusive Business.

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