

# THE REPORT Kaduna 2020

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# State Profile | Interview

## Nasir Ahmad El-Rufai

Governor, Kaduna State

### To what extent has Kaduna's progress in facilitating business procedures translated to inward investment?

Kaduna's performance in the World Bank's ease of doing business index has been instrumental in attracting investors. Since 2015 Kaduna has secured investments in excess of \$800m. Singaporean agri-business firm Olam International has invested \$150m in poultry facilities, while the African Industries Group is investing \$600m to build a steel plant that is currently under construction.

The state has attracted many other small and domestic investments in the tens of millions of dollars. In total, companies have committed to investing nearly \$2.1bn over the next

two years. We hope that both local and foreign investors will continue to recognise Kaduna as the preferred destination for investment in Nigeria.

### How did Kaduna improve its internally generated revenue (IGR), and what strategies are being deployed to achieve the IGR goal of N50bn in 2020?

Covid-19 drastically reduced business activity and therefore affected our tax collection capabilities, but we are still optimistic that we will achieve our 2020 target. This is because the state has made considerable efforts to streamline the tax collection process, making it more business friendly, transparent and efficient. These measures have already been successful: IGR doubled from N13bn in 2015

to N26bn in 2017, and we collected N44bn in taxes in 2019.

One way this was achieved was through legislation enacted in 2015 that simplified the tax process by ensuring businesses only pay taxes to one agency, the Kaduna Investment Promotion Agency. We also collect all taxes electronically. These measures significantly increased our tax revenue without raising taxes themselves. In fact, we lowered tax rates to encourage businesses to invest and waived numerous taxes for small businesses in light of the pandemic.

### Into which priority sectors is Kaduna seeking to attract investment?

Given our competitive agricultural advantages and vast arable land, one

priority sector for investment is agriculture, as well as agri-business and agro-industry. The state is the largest producer of maize, ginger, soya beans and tomatoes in the country, as well as the second-largest producer of rice. Our focus is not only on improving farmers' productivity, but on making Kaduna a base for processing plants and other agri-businesses. Mining is another key sector, as Kaduna is home to large reserves of minerals, gold, nickel, iron ore and rare metals.

### What are the state's most pressing infrastructure projects?

We developed an infrastructure master plan for the state that kicked off in June 2019 in recognition of its social and physical infrastructure

deficits. It focuses on the development of three major cities in which 60% of the state's population lives: Zaria, Kafanchan and Kaduna. One of the key goals we hope to accomplish is to improve connectivity between Kaduna and Abuja so that people can work in the capital but live in Kaduna at a fraction of the cost.

Alongside the ongoing development of physical infrastructure, we are investing in social projects focused on education and health care, and are on the path to achieving universal health coverage for every citizen of Kaduna. Through upgrades in housing, transport, energy systems, green spaces and recreational centres, we will create jobs, improve the welfare of our citizens and make the cost of doing business even lower. The idea

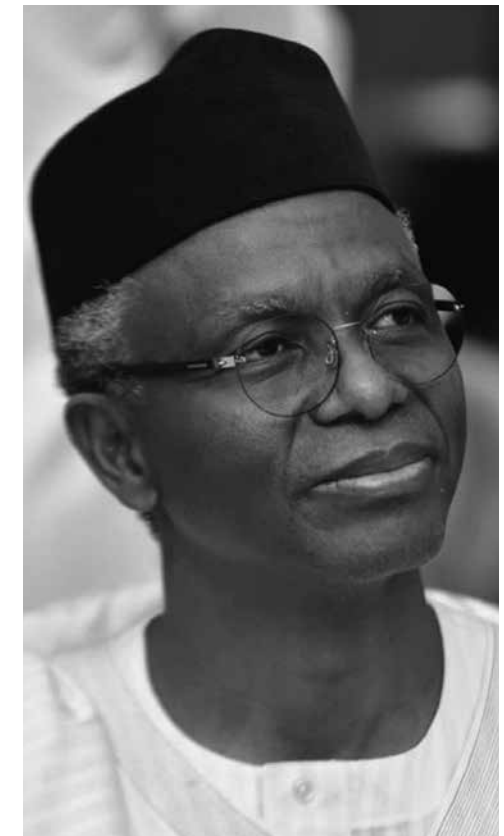
is to generate not only favourable investment conditions, but favourable living conditions: you can conduct business in Kaduna while having time for leisure and living a good life.

### How is the state responding to international investors' concerns about safety and security?

The most important thing to highlight is that insecurity affects a very small part of Kaduna State. Second, security is one of our main priorities, thus we are collaborating closely with federal security agencies to contribute resources and assist in making our state as safe as possible. Kaduna is investing in both the technology and personnel side of security. For example, we put into place an initiative that uses young

people based in communities to provide local intelligence. Other measures include the purchase of radio frequency trackers and drones for surveillance, as well as installing cameras and street lighting throughout metropolitan areas. We are also building a forensic laboratory to support local security agencies in their evidence-gathering activities.

In situations where an investment location is distant from the main cities – as is the case with Olam – we provide 24/7 security protection to ensure businesses can operate without concerns. Investors can be confident that we will do our best to prioritise their safety; we work closely with businesses on this issue and are willing to provide whatever assistance is required to meet their needs.



# State Profile | Overview

**HISTORY:** The history of the state of Kaduna dates back to 1912, when the capital city of Kaduna was founded by British colonial ruler Lord Frederick Lugard on the largely uninhabited plains of Zaria. The city and state are named after the river Kaduna, one of the two major tributaries of the Niger River that feeds into the plains. The river's name itself most likely derives from the Hausa word Kadduna, meaning crocodiles. Throughout its colonial and early post-colonial history, the state served as the political and administrative centre of the north. As a result, it quickly became an important hub of commerce, media, industry and trade, as well as a major academic centre with many tertiary educational institutions, earning the state the nickname The Centre of Learning. The boundaries of modern-day Kaduna were determined in 1987, when it was divided into Katsina State and Kaduna State. Kaduna contains the

traditional emirate of Zaria, which dates back to the 11th century. Evidence of one of the oldest African civilisations was uncovered in the town of Nok in southern Kaduna, in the form of terracotta sculptures dating back to 1500 BCE.

**DEMOGRAPHICS:** The Kaduna State Bureau of Statistics estimated the population of the state at 8.9m and growing at a rate of 2.5% per year as of 2020, making Kaduna the third-most populous state in Nigeria. If population growth continues to follow this trend, the state is projected to have over 21m inhabitants by 2050. Kaduna is multi-cultural and multi-religious; it is home to over 60 different ethnic groups, with the Hausa/Fulani and Gbagyi the most populous among them. While Islam is the dominant religion, there is a significant Christian minority, largely in the south. Kaduna has a young population, with 43% of the state's

inhabitants aged 14 or younger, and just 3% over the age of 65.

**GEOGRAPHY:** Located in north-central Nigeria, Kaduna has a land area of over 42,000 sq km. It is bordered by the states of Zamfara, Katsina and Kano to the north; Bauchi and Plateau to the east; Nasarawa to the south; and Niger to the west. Abuja Federal Capital Territory also borders Kaduna to the south-west. A number of natural resources can be found within the state's borders, including deposits of iron ore, gemstones, granite, gold and marble.

**CLIMATE:** The state has a tropical climate with dry and wet seasons, and an average annual temperature of around 25°C. The wet season runs from April to October and peaks in July and August. With its accommodating climate and large tracts of arable land, much of Kaduna is conducive to agricultural



# State Profile | Overview

cultivation. The state's major crops include sorghum, ginger, tomatoes, rice, millet and maize.

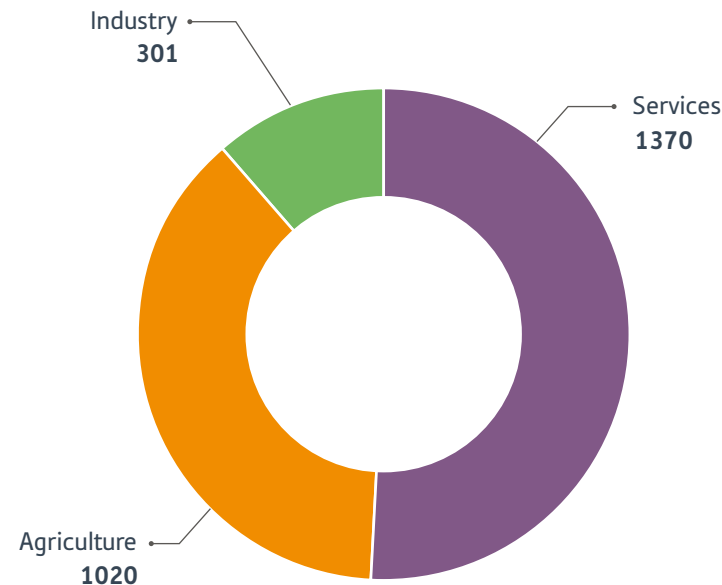
## STRUCTURE & GOVERNANCE:

Executive powers are vested with the governor, a position currently held by Nasir Ahmad El-Rufai, who is currently serving his second term. Governor El-Rufai leads with Deputy Governor Hadiza Sabuwe Balarabe, who was elected in 2019. The governor chairs the State Executive Council, which is composed of the deputy governor and 14 commissioners who also serve as state ministers with their own portfolios. A 34-member unicameral legislature, the Kaduna House of Assembly, is presided over by the speaker. Kaduna State is governed at the local level via 23 local government areas (LGAs): Birnin Gwari, Chikun, Giwa, Igabi, Ikara, Jaba, Jema'a, Kachia, Kaduna North, Kaduna South, Kagarko, Kajuru, Kaura, Kauru, Kubau, Kudan, Lere, Makarfi, Sabon Gari, Sanga, Soba, Zangon Kataf and Zaria.

**ECONOMIC PERFORMANCE:** According to the latest figures from the National Bureau of Statistics, which released findings of its 2013-17 research into state-level GDP in 2019, Kaduna had a nominal GDP of N2.69trn as of 2017, ranking the state as the 10th-largest economy in the country. Services and agriculture make up the bulk of GDP, accounting for N1.37trn

and N1.02trn, respectively, with the industrial sector contributing N301bn. While Kaduna's GDP accounts for 2.4% of national GDP, the state's agricultural output accounts for 4.3% of total agricultural output. Kaduna also handles a disproportionately large share of oil refining, with the Kaduna Refinery accounting for 18.6% of total refinery output in 2017. Meanwhile, automobile manufacturing in the state accounts for 5.8% of national output, and is anticipated to increase significantly once the Dangote-Peugeot assembly plant is operational (see Manufacturing & Industry section).

State GDP composition, 2017 (N bn)



Kaduna's GDP per capita is estimated to be \$2004 in 2020, an increase on the \$1820 measured in 2018. GDP grew at 1.9% in 2018 and is expected to decline by 1% in 2020 as the state struggles with the impact of the Covid-19 pandemic. Despite its strong performance in attracting investment and boosting internally generated revenue, the pandemic and the sharp reduction in oil prices are likely to have a significant impact on the short-term economic performance of the state, largely due to Kaduna's reliance on federal allocations of oil revenue. According to credit ratings agency Fitch, approximately 50% of Kaduna's N100bn operating revenue at end-2019 depended on federal transfers, which are set to decline by more than 40% in 2020 as a result of the oil price drop.

# State Profile | Analysis

## Setting the Foundation

**MASTER PLAN:** In 2018 Governor El-Rufai presented the Kaduna State Infrastructure Master Plan (KADIMP) 2018-50 as the long-term strategy towards coordinated and purposeful infrastructure development in the state. The plan lays out interventions in the key sectors of transportation, housing, education, health, water and sanitation, and agriculture. The total projected expenditures under

KADIMP amount to N20trn for the 2018-50 period. KADIMP builds on the Kaduna Master Plan of 1967, which was updated in 2010. The plan aims to ensure that Kaduna becomes a role model for Nigeria's urban development by 2050, as it leverages its strategic location in the northern urban corridor.

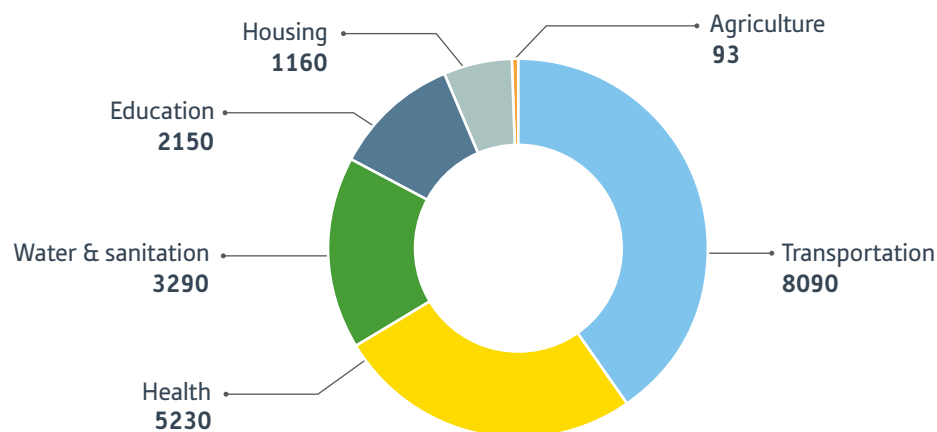
**STATE DEVELOPMENT PLAN (SDP):** The SDP was presented in 2016 as a

medium-term programme with the theme "Delivering on Jobs, Social Justice and Prosperity". The goal of the SDP, which runs through 2020, is to achieve inclusive economic growth and socio-economic transformation for substantial improvements in quality of life through higher productivity and competitiveness. The SDP set an investment target of more than N800bn over the five-year period for public-private partnerships in agro-allied industries, railways and road transport, hospitality and retail. In addition, public expenditure over the period was estimated at N638.7bn. In the first year of the plan Kaduna implemented administrative reforms to improve the effectiveness of the state, such as reducing the number of ministries, departments and agencies from 24 to 13, and opening a one-stop shop for investors with the Kaduna Investment Promotion Agency.

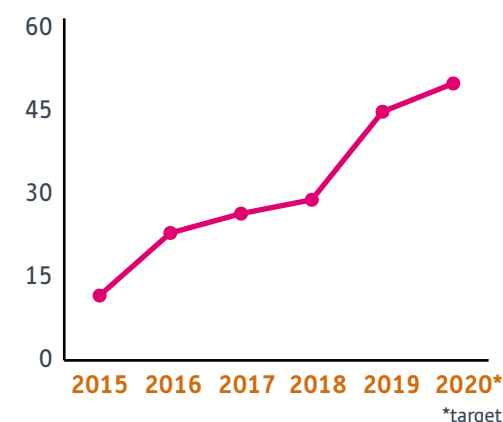
As both the KADIMP and SDP require increased revenue to facilitate

government expenditure, Kaduna recognised the importance of boosting internally generated revenue (IGR). Therefore, the Kaduna Internal Revenue Service (KADIRS) was created, and a codified and consolidated tax code was introduced. KADIRS has made significant progress expanding the tax base and collecting IGR through both tax and non-tax means, with IGR nearly quadrupling from N11.7bn in 2015 to N44.9bn as of 2019.

**KADIMP projected infrastructure expenditure for 2018-50 (N bn)**



**Internally generated revenue, 2015-20 (N bn)**





## Doing Business in Kaduna

The El-Rufai administration has always prioritised improving the state’s ease of doing business, initiating legislation including the Public Procurement Law, the Geographic Information Service Law, the Civil Procedure Bill, the Kaduna State Road Authority Bill and the Kaduna Metropolitan Transport Authority Bill. The administration also created an Ease of Doing Business Committee, uniting agencies like the Kaduna Geographic Information Service (KADGIS), the Kaduna State Urban Planning and Development Authority (KASUPDA), the Kaduna State Environmental Protection Authority, the Kaduna State Internal Revenue Service, the Ministry of Business Innovation and Technology, and the Kaduna Investment Promotion Agency (KADIPA).

These efforts led to tangible results, with Kaduna recognised as the most-improved state in the World

Bank’s “Doing Business in Nigeria 2018” report. The World Bank commended Kaduna for digitising the state’s land registry, and creating an electronic platform for company incorporation and issuing construction permits. Kaduna did not just record improvements in several categories, but became the top-ranked state in registering property and enforcing contracts. KASUPDA was able to meet its goal of delivering building permits in under a month by attracting new engineers and architects to work for the state, vastly improving the speed and quality of its approval process.

KADGIS, the land registry agency, has also been instrumental in achieving many of the ease of doing business targets. Through a combination of simplifying requirements and fees, and a large-scale digitisation of maps and records, KADGIS reduced the time to

register property by two months and cut costs by a third, placing Kaduna far ahead of any other state in terms of the ease of registering property. As a result, Kaduna jumped 19 spots to rank as the 5th-easiest state to start a business in Nigeria in 2018. That year it only took entrepreneurs 13 days to perform all the necessary administrative measures, as opposed to 28 days in 2010.

**KADIPA:** The creation of KADIPA as a one-stop investment centre has also resulted in a significant improvement to doing business. In addition to simplifying administrative procedures, KADIPA also promotes, facilitates and coordinates investment through public-

private partnerships, privatisation and commercialisation. Under Executive Secretary Umma Aboki, the agency has organised roadshows, sourced financing to support investment and assisted in capacity building. KADIPA also encourages linkages between corporate investors and small and medium-sized entities for sustainable economic development. As the coordinating agency on ease of doing business reforms, KADIPA works closely with other key service delivery agencies to create a better business environment. Since its establishment KADIPA has directly facilitated the investment of more than 50 foreign and domestic companies.

### Kaduna’s ease of doing business ranking, selected metrics (out of 36 Nigerian states)

	2010	2014	2018
Enforcing contracts	5	3	1
Registering property	22	31	1
Dealing with construction permits	29	18	17
Starting a business	10	24	5

# Agriculture | Overview



Kaduna's economy is primarily agricultural. The sector employs more than 42% of the workforce across 1.3m households, most of whom are small-scale farmers. Major crops include maize, yam, rice, guinea corn, soya bean and peanuts. As the country's number-one producer of maize, the

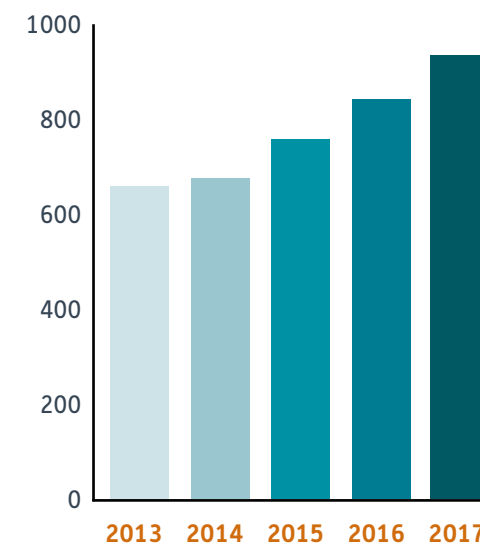
state produced 22% of all maize consumed in Nigeria as of 2017, and 10% of peanuts. Many cash crops are also cultivated, including ginger, shea butter and tobacco. Most agricultural output remains in raw form, but recent years have seen increased investment in value-added production. There

are a number of important agro-processing plants in Kaduna making dairy products, soft drinks, flour, groundnut oil and cigarettes. There has been significant growth in crop and livestock production in recent years, both rising by approximately 42% between 2013 and 2017.

The state Ministry of Agriculture and Forestry oversees Kaduna's agricultural policy. Under the El-Rufai administration, the focus of the ministry has been to boost private sector involvement, with policies such as eliminating government fertiliser distribution, and a liberalised seed policy seeking to enable the entrance of more private actors. Other policies underlying the agricultural transformation agenda include increasing access to land and financing, creating agri-business entrepreneurship centres, revising the Land Use Act to enable easier access for investors and rapidly

expanding irrigation facilities. The State Development Plan 2016-20 outlined some of the main challenges facing the sector, including the predominance of smallholder farms, the high cost of credit, limited irrigation, inadequate storage facilities and poor

**Value of crop production, 2013-17** (N bn)



# Agriculture | Overview

organisation among cooperative associations. To address some of the infrastructure deficit in the sector, the Kaduna State Infrastructure Master Plan 2018-50 aims for a total investment outlay of N93bn for six silos and 23 processing facilities – one in each local government area (LGA).

**TOMATOES:** Kaduna is the largest tomato producer in Nigeria, cultivating almost 800,000 tonnes of tomatoes valued at N7.2bn, and providing tomatoes to some 5m customers in the state and beyond. There is estimated potential of over 1m tonnes of output in the dry season and 666,000 tonnes in the wet season. Tomato cultivation employs approximately 73,500 male and 8500 female farmers.



**RICE:** The state is one of the largest producers of rice in the country, providing over one-fifth (22%) of Nigeria's total output. Kaduna is the third-largest state in terms of rice producers to population, and consequently a large number of small-to medium-scale rice millers have sprung up over time.

**SOYA BEAN:** Meanwhile, Kaduna produces 27% of the country's soya bean, making it the second-largest producer after Benue State. According to the Kaduna Investment Promotion Agency (KADIPA), production stood at 61,552 tonnes in 2014, with six medium-sized oil mills processing the beans and providing 1500 direct jobs. Some 5000 additional people were employed by smaller mills.

**GINGER:** Southern Kaduna is the largest producer of ginger in Nigeria, with cultivation in the Kachia, Jabba, Jama'a and Kagarko LGAs. Farmers harvested 724,000 tonnes of ginger in 2017.

# Agriculture | Interview

## Mira Mehta

CEO, Tomato Jos

### How would you describe Kaduna's investment climate for agri-business entrepreneurs?

When we were looking for a permanent home for Tomato Jos and a place where we could expand operations both in terms of farming and food processing, we assessed opportunities in many states across northern Nigeria. The government of Kaduna showed a clear commitment to facilitating private investment, even though Tomato Jos is a relatively small company. Indeed, Kaduna State is working hard to attract high-quality investors and businesses that state officials think will thrive.

Importantly, moving goods and services is one of the most significant costs associated with doing business

in Nigeria. From an infrastructure standpoint, Kaduna has a relatively strong road network. Officials are working to improve logistics and transportation even more, with the state linking our site to the main road in the area via an access road.

### Where do you see the greatest opportunities for agri-business in Kaduna?

There are significant opportunities in the state for agri-businesses that are looking to improve farmers' productivity in multiple value chains, with crops such as maize, ginger, sesame, soy, chilli, pepper and spices having high potential. The key to unlocking this potential is to find a market and understand from an agronomic point-of-view the factors that drive

yields, such as irrigation, fertilisers, seed genetics, pest resistance and integrated pest management.

Developing related protocols will help farmers increase their productivity, enhance the quality of the product they are growing and link their product with buyers. We are doing this by working with farmers to grow higher yields under contract so that we know we can offtake the full amount once it is ready to go. This is important to the cultivation and processing of tomatoes, as they are a very perishable crop that requires much more precision in the timing of how and when you bring your fruits to the factory for processing. When yields and productivity are increased, the amount that a farmer can earn per hectare rises as well.



## Investing in Agro-industry

Kaduna is actively seeking to attract investors to the agriculture sector, promoting a number of opportunities. KADIPA has identified about 2.45m ha of uncultivated land with abundant water resources to support commercial farming, livestock and fishery businesses, and welcomes investors to take advantage of the agricultural potential of the state.

**TOMATOES:** The tomato industry is one of the most attractive segments for investors due to the favourable climate, skilled manpower – the state possesses a number of agricultural colleges and agriculture faculties at nationally reputed universities – and federal legislation, most significantly measures limiting tomato paste imports.

Since the implementation of reforms aimed at improving the ease of doing

business in the state, a number of domestic and international companies have invested in processing plants. In 2019 GBfoods, the Spanish multinational food producer which markets Gino tomato paste in tins and sachets in Nigeria, established a processing plant that has a capacity of 30 tonnes per day. The company sources the tomatoes from a 30-ha pilot farm where it experiments with 15 different varieties. The farm has demonstrated an average yield of 40 to 50 tonnes per ha.

In 2020 Tomato Jos, another company seeking to add value to the tomato industry, raised \$4.2m in a Series A investment round. The start-up works with smallholder farms and will use the funds to fully transition into processing and distributing tomato products amid local supply-demand gaps.

**RICE:** Rice cultivation and processing is also poised for expansion, with the federal government providing a number of incentives in recent years to boost domestic production in order to diminish the reliance on imported rice. With food security and self-sufficiency becoming even more important amid

the Covid-19 pandemic and associated trade disruptions, further support to rice producers is likely.

**SOYA BEAN:** As soya beans are an important component of poultry feed, there is potential for expansion in this crop segment, given the



# Agriculture | Analysis

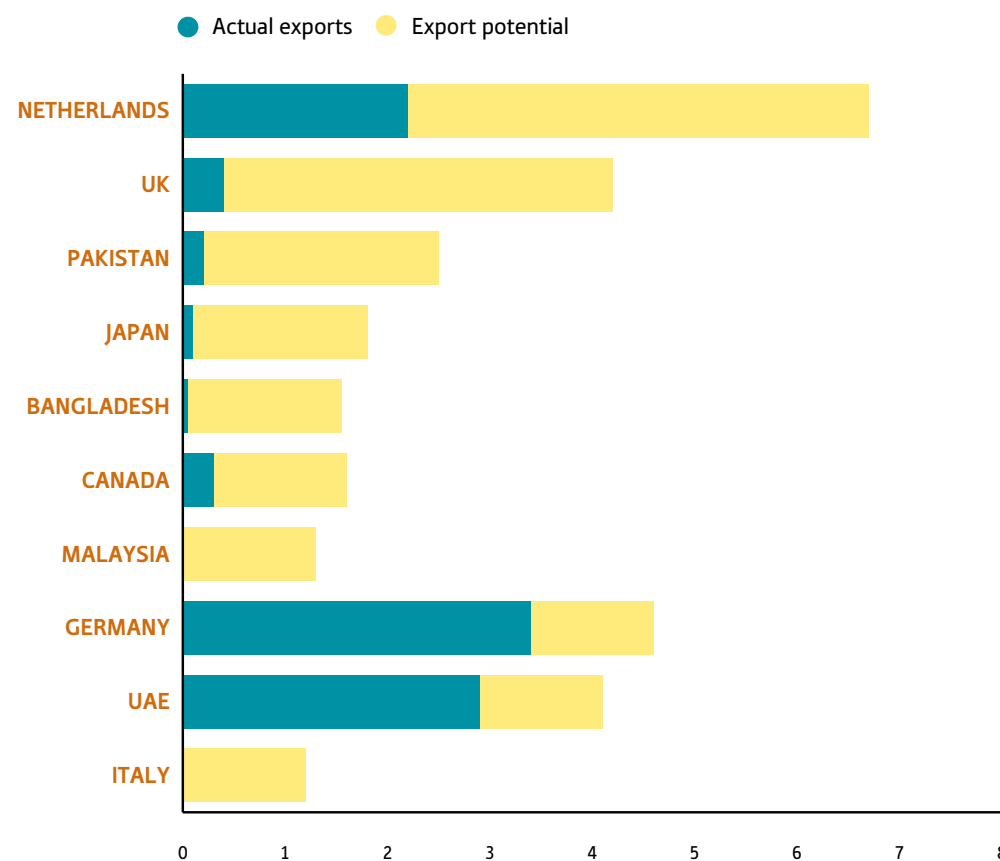
significant growth in the poultry industry in recent years. As the largest destination for soya bean producers in the north, Kaduna is set to become an important player across the soya bean value chain. Recognising this potential, the Singapore-based multinational agriculture company Olam commissioned a hatchery and feed mill project in Chikun in 2017 and has continued to invest in projects in Kaduna. The Olam poultry facility – sourcing over 75,000 tonnes of soya bean and 150,000 tonnes of maize from local farmers – is the largest in West Africa and has encouraged more farmers to take up growing the crops.

**GINGER:** KADIPA estimates that further investments in ginger production and processing could lead to an additional 5000 direct and indirect jobs. A large proportion of farmers in the southern part of the state are producing ginger, with land and labour widely available. However, the segment requires further capital investment in processing plants.

In response to these infrastructure needs, in 2019 Kaduna began collaborating with the federal government and the World Bank on a project to establish a ginger hub in the state. The \$200m Agro-Processing, Productivity Enhancement and Livelihood Improvement Support Project will see a new processing plant and the revival of the Kachia ginger factory, a moribund state-owned facility, by 2023. A ginger aggregation centre at Assako, near Kachia, has already been set up. The site has a storage capacity of 75,000 tonnes and includes a ginger cleaning facility.

The Nigerian Export Promotion Council (NEPC) identifies ginger as a key export product with great potential. In July 2018 the NEPC estimated that the Dutch market alone could provide an additional \$4.5m in export earnings for the country in 2021, with further export earnings to be found in the UK (\$3.8m), Pakistan (\$2.3m), Japan (\$1.7m) and Bangladesh (\$1.5m).

Markets with the largest untapped potential for Nigerian ginger exports as of 2018 (\$ m)



## Mukul Mathur

Country Head, Olam Nigeria

### How does Kaduna State support firms looking to make agri-business investments?

The decision to look at Kaduna for our poultry feed and chicken hatchery investment was based on a number of factors. On the business side these included easy access to soya bean and corn, and the great potential for local poultry and egg consumption in the north, as Kaduna is a strategic gateway to the rest of the region. Another important factor was the state government's welcoming approach to investors. The assistance they gave by identifying the land, and providing basic infrastructure, power and land clearance was extremely helpful, and our project was a great fit within the state's plan for a larger industrial food processing zone.

Although we have the ability to source raw materials from elsewhere in Nigeria, the state government encouraged us to tap into local farmer groups. This has worked well for us, as sourcing materials closer to our plant has brought down transport costs. With poultry farmers operating on a just-in-time basis, being close to the market is key.

### Where do you see opportunities for poultry and other food production to scale up?

As economies develop, the consumption of protein tends to as well. Poultry and egg consumption across Nigeria – and the north, in particular – is much lower than the global average, but we anticipate that this will continue to grow significantly in

the coming years. The production of poultry products in Kaduna holds enormous potential, though we have not yet scratched the surface. We play a two-fold role in the development of poultry and egg production by providing high-quality feed and day-old chicks, and we believe our plant offering these two inputs will further drive growth.

As Kaduna is located in the heart of the country's food basket, it can become a major grower and exporter of fresh food and grain products, and a food processing centre as well. With further investment in basic infrastructure such as roads, power and storage, and the development of the agro-industrial processing zone, we will see many more agri-businesses settle in the state and take off.



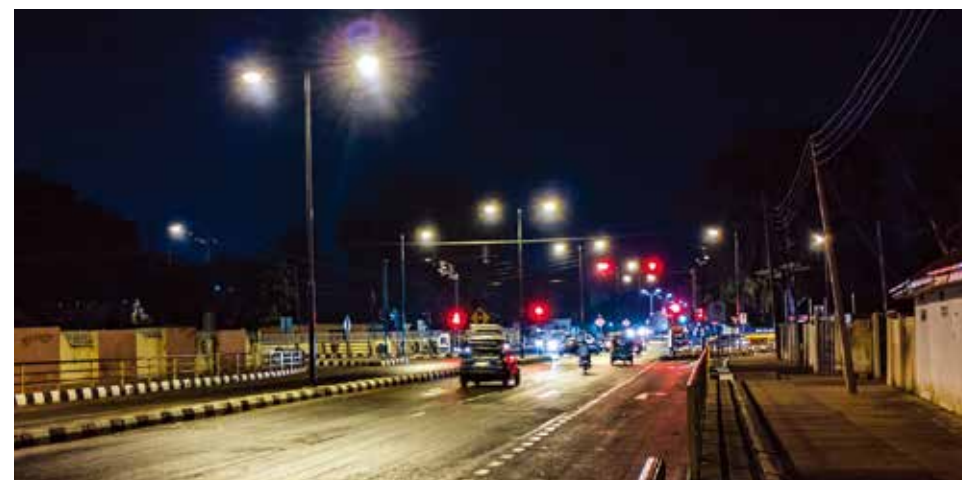
# Energy & Power | Overview

**POWER:** National reforms leading to the unbundling and privatisation of Nigeria's Power Holding Company in 2013 resulted in the creation of the privately owned distribution firm Kaduna Electric, which is licensed to supply power in the state. At the same time the Kaduna Power Supply Company (KAPSCO), fully owned by the Kaduna government, was created to undertake energy initiatives in areas where significant supply gaps remain. KAPSCO has spearheaded a number of projects to supply power to rural communities and industrial sites such as the Green Economic Zone in Maraban Jos, Damau Household Milk Farm in Kubau, and the state's two largest water treatment plants in Malali and Zaria.

**ELECTRIFICATION:** The bi-annual Kaduna State General Household Survey indicates that access to electrification has increased significantly in recent years. In 2017, 75.4% of households responded

that they were connected to the grid, an increase of 6.7 percentage points compared to two years prior. Improvements were also recorded for access to other utilities, with the proportion of households lacking drainage falling from 58.6% to 46.8% over the same period. Nevertheless, a large electrification gap remains, and KAPSCO and the Kaduna Investment Promotion Agency (KADIPA) are actively pursuing private sector partnerships to overcome challenges.

**GAS:** In March 2017 the federal government awarded a contract to build a 614-km-long gas line to bring gas to the cities of Ajaokuta, Kaduna and Kano. The project was kicked off by the Nigerian National Petroleum Company (NNPC) on June 30, 2020. The route is considered the start of a line that could go north through the Sahara Desert and on to Spain, giving Nigeria access to European markets for its natural gas. The project, which will have the capacity



to transport 2.2bn cu feet of gas per day, facilitates the development of three independent power producers in Abuja (with capacity of 1350 MW), Kaduna (900 MW) and Kano (1350 MW), as well as the development of gas-based industries along its corridor and beyond.

**REFINERY:** Kaduna is home to one of the four refineries owned by the NNPC. The NNPC subsidiary Kaduna Refining and Petrochemical Company (KRPC) operates the refinery, which

has an installed capacity of 110,000 barrels per stream day. The refinery, which has been fully operational since 1988, is capable of producing fuels for use as liquefied petroleum gas, premium motor spirit, automotive gas oil, diesel oil, kerosene and fuel oil. It also makes lubricating oils and waxes. In recent years the KRPC has been unable to utilise its capacity and recorded net losses. The NNPC is planning to turn the KRPC profitable through investments in rehabilitation, re-engineering and upgrading.



## Developing Solar Energy



The government of Kaduna identified renewable energy as an important source to tap into as part of its strategy to close the electricity gap, with the state actively pursuing partnerships with the private sector. To achieve rural electrification objectives, Kaduna has been developing a portfolio of projects with financially sound off-takers, and is utilising a mix of public and private finance in a process led by KAPSCO.

Solar provides the best opportunities out of all renewable energy options, as the state has abundant sun and particularly high levels of radiation in Rigachikun and neighbouring areas. Kaduna aims to generate 50-300 MW of solar energy in three local government areas, which KADIPA estimates would provide 1000 direct and 5000 indirect jobs.

KADIPA has already attracted a number of solar companies to the state. These include Anjeed Kafanchan Solar, a subsidiary

of Anjeed Innova Group of India, which has signed a power purchase agreement (PPA) with the Nigeria Bulk Electricity Trading Company (NBETC) for their 100-MW solar plant situated in Kaduna State; Quaint Abiba, a US-based energy company which has agreed to a similar PPA with the NBETC for a 50-MW project in Kaduna; and India-based Skipper Seil, which is also building a 100-MW plant in addition to agreeing to the production of electricity transformers and accessories for Kaduna.

Another domestic firm driving the shift to solar power is Blue Camel Energy, which has set up a solar academy in Kaduna. The company's production plant and training academy is based in the Kakuri industrial area, where it has been delivering trained personnel for the deployment of solar solutions, cultivating entrepreneurs and equipping project developers. The plant has the capacity to assemble over 10,000 units of solar products per year, while the academy is capable of offering energy entrepreneurship training to some 3000 young adults annually.

### Number of customers of electricity distributors in Kaduna by segment

	2015	2020E	2025F	2030F	2035F	2040F
Residential	380,354	549,069	839,008	1,262,462	1,376,424	1,478,643
Commercial	68,028	93,701	122,160	164,106	215,669	284,668
Industry	4,855	6491	8135	10,603	13,648	17,795
Special	3,707	4958	6213	8096	10,418	13,582
Light	1825	2450	3075	3888	4730	5709

# Manufacturing & Industry | Overview



The manufacturing industry, which was an important part of Kaduna's economy in the 1970s, has seen a steady decline in the decades since. The El-Rufai administration has been keen to kick-start light manufacturing, particularly in the agro-allied industries, and expand activity in the solid minerals sector, which it believes holds the potential to become a key driver of the economy. The Kaduna State Development Plan identified more than 80 commercial and manufacturing industries in the state,

including textiles, aluminium, dairy products, toiletries and petroleum products. However, industry and manufacturing remain comparatively small components of the economy, contributing around 10% to the state's GDP. The government is counting on new private sector investments and a restructuring of state-owned enterprises to revive the sector.

**TEXTILES:** Kaduna was one of the main sites of the once-thriving Nigerian textiles industry. Declining infrastructure, erratic electricity, smuggling of cheaper textiles and inflationary pressures brought about by the rise of the oil industry combined to erode the strength of the industry. Textile manufacturing continues to be the largest segment of the sector in the state, but between 2013 and 2017 the industry only generated N35bn-N85bn in annual revenue, equal to 2-4% of the state's GDP.

In recent years the federal and state governments have provided major incentives for investors which, combined with Kaduna's general infrastructural improvements, could result in a sustainable revival. In 2019 the Central Bank of Nigeria (CBN) announced a N100bn injection with the aim of creating 2m jobs in the northern states, and state and federal ministries are set to collaborate on achieving self-sufficiency in cotton production and textile materials by 2022. In addition, the CBN restricted access to foreign exchange for all forms of textile materials – an intervention sparked by the \$4bn spent annually on imported textiles and clothing in the hope that this measure would spur industrial development through import substitution.

A number of domestic and international textile companies have already expressed interest

# Manufacturing & Industry | Overview



in establishing projects in Kaduna. In October 2019 the federal government launched the DICON-SUR Corporate Wears Nigeria garment factory, which produces uniforms for the armed forces and other security agencies. The project is set to create 1000 jobs by 2021. Two months later Governor El-Rufai received a delegation from Kimona Manufacturers of South Africa to discuss their plans for garment manufacturing in Kaduna. Dutch textiles company Vlisco has also proposed creating a 400-ha textiles park in Kaduna, which would bring cotton farming, spinning, weaving, printing and garmenting to the state and create as many as 200,000 jobs.

## **AUTOMOBILE MANUFACTURING:**

Kaduna has hosted the Peugeot Automobile Nigeria assembly plant since 1972. The company, previously a joint venture of Peugeot and the federal government, was privatised in 2006. In recent years production

has been in decline, but the National Automotive Industry Development Plan (NAIDP) is aiming to revive the industry nation-wide through investment promotion, infrastructural development, improved standards and skills, and market development. Furthermore, the National Automotive Design and Development Council is currently working towards the construction of three public-private partnership-led automotive industrial parks, one of which will be housed in Kaduna.

In June 2018 the PSA Group declared its intention to restart assembly

operations in Kaduna in the first quarter of 2019. Aliko Dangote will be the majority owner, while the French auto firm will retain a 10% stake in the venture, which will launch with \$10m of equity and \$5m of working capital. The investors intend to import parts to assemble the Peugeot 301 sedan and sell the cars chiefly in northern Nigeria, beginning with 3500 units in the first year of production and scaling up to 10,000 vehicles annually. The estimated investment value at completion is N1.9bn, with construction set to wrap up in November 2020 and trial production to begin in December.

## **Manufacturing GDP, selected segments (N m)**

	2013	2014	2015	2016	2017
Motor vehicles & assembly	1562	5644	3582	941	3477
Food, beverages & tobacco	32,968	21,788	30,046	35,281	66,259
Textiles, apparel & footwear	81,479	85,759	55,812	36,322	81,149
Oil refining	146,885	88,417	36,957	69,596	39,405
Total manufacturing	299,963	247,274	173,112	196,210	255,151

# Manufacturing & Industry | Interview

## Alok Gupta

Group Managing Director, African Industries

### Where do you see the greatest potential for investment and development in Kaduna?

Kaduna has quickly emerged as an attractive destination for investment due to its ease of doing business. There are always obstacles when looking at a new project in a particular state, such as land acquisition issues, community-related challenges and a lack of supporting infrastructure. However, in all of these regards, Kaduna has provided support for investors to achieve their objectives. Through the Kaduna State Investment Promotion Agency and Kadinvest, the state has encouraged investment in a range of sectors.

We expect a significant number of allied industries to develop in the

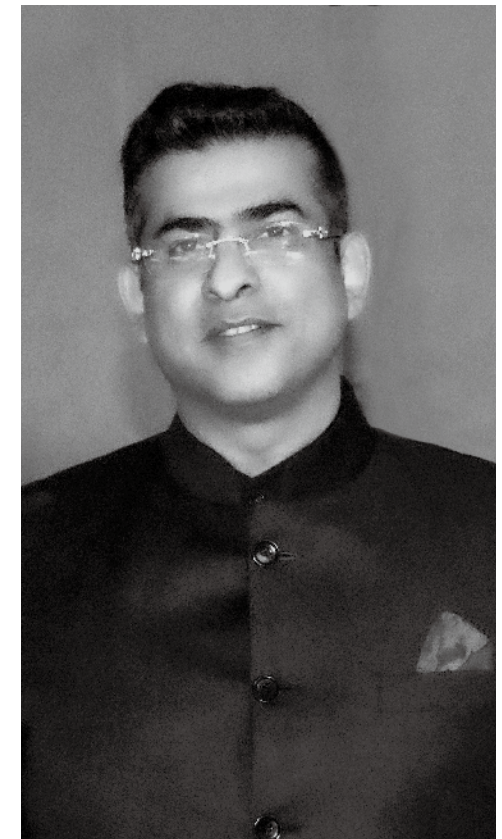
region as a result of our project, including financial institutions, security services, telecommunications, health care and hospitality. There is also a lot of opportunity for the agriculture, power and mining sectors to grow.

### How do you assess the quality of mineral resources in Kaduna, and what scope is there for further exploration and exploitation?

Kaduna, like Nigeria as a whole, has substantial untapped mineral deposits. Most mining activity is small-scale and informal, which generates less value. With the formation of parastatal entities such as the Kaduna Mining Development Company and partnerships with private firms like ours, Kaduna is leading the way in the expansion of the mining sector.

Large-scale exploration is required to uncover the state's full mineral potential, but it is clear that there are various minerals besides iron ore that are ready for exploitation in Kaduna.

Our project will involve mining the available iron ore to produce direct reduced iron (DRI), which will be used to produce high-quality steel and help reduce reliance on imports. At \$600m, the project represents the largest non-oil foreign direct investment in the country, which could encourage other mining industries to explore similar projects in the future. The project will also result in foreign currency savings through import substitution and will add to foreign exchange reserves when we begin exporting DRI to other countries in West Africa.





Kaduna State is endowed with significant quantities and varieties of mineral resources, with deposits in all 23 local government areas (LGAs). There are at least 85 mineral exploration licences, 40 quarry licences, 15 mining leases and three small-scale mining leases active within the state. Some of the mineral resources in Kaduna that are available in commercial quantities include gemstones, industrial minerals, gold, cassiterite, tantalite,

wolframite, columbite, manganese, molybdenum, lithium and nickel. However, most of the resources have remained underexplored and unexploited: the mining and quarrying industries contributed less than 1% to state GDP between 2013 and 2017.

**REGULATIONS & AGENCIES:** In order to promote activity in the sector, Kaduna provided regulatory clarity and a number of incentives in the Kaduna Land Use Regulations Act of 2017. The legislation is meant to ensure transparency and equity in the processing and execution of all land-related applications and transactions. The Kaduna State Geographic Information Service expedites all land-related processes and transactions, while the Kaduna Mining and Development Company (KMDC) is the umbrella body that oversees mining activities in the state. Confirming a renewed focus on the sector, the KMDC

was awarded N150m for the 2020 budgetary year. Of that total, N40m was reserved for the acquisition and maintenance of mineral titles, N60m went towards mineral exploration, N40m was provided for building a mineral processing plant and buying a centre, and the remaining N10m was reserved for formalising and extending services to artisanal and small-scale operators.

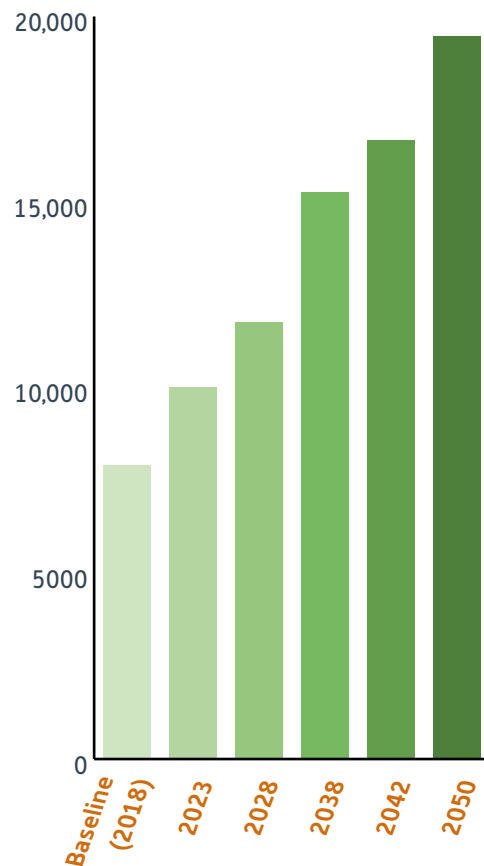
**GOLD:** There is one major gold mining operation in Kaduna at Kakini Hills, situated within the Birnin-Gwari LGA and operated by African Allied Mining. The company discovered a large gold placer deposit with potential reef-style deposits underneath laterite-capped hills in an area of 14 sq km, with grades of up to 4.5 grams per tonne. Additionally, there is an undetermined number of small-scale and artisanal gold miners in the state, operating in the informal sector. The national Presidential

Artisanal Gold Mining Development Initiative, which began deploying safer and more efficient mining and processing technologies at artisanal mining locations across the country in early 2020, will eventually benefit this segment in Kaduna after pilot projects in other states are completed.

**IRON ORE:** Another major mining project is slated to take off in the final quarter of 2020, when African Natural Resources and Mines – an African Industries Group company – will inaugurate the first phase of its steel plant. The project will involve iron ore mining – 5.4m tonnes per annum – and the beneficiating, pelletising and transforming of the raw material will turn into reduced iron. The \$600m project is expected to bring around 3500 jobs to the state and provide steel for local industrial and construction projects, with potential for export to other countries in the region.

# Transport & Logistics | Overview

State and local government road targets, 2018-50 (km)



Kaduna has a strategic location close to the Federal Capital Territory, linking Abuja with the rest of the northern states. As a result, Kaduna has served as an important trading hub that is connected to the rest of the country by rail and road.

**ROADS:** Key road connections include the Kaduna-Abuja road, which links the state to the southern parts of Nigeria, and the Kaduna-Zaria-Kano and Kaduna-Saminaka-Jos roads, which connect to the north and middle belt, respectively.

The state has about 9500 km of roads, consisting of about 1600 km of federal roads, 2200 km of state roads and 5700 km of local roads. According to the Kaduna State Infrastructure Master Plan 2018-50 (KADIMP), most state government roads that connect major towns with local government

headquarters are fair condition, while local government roads are in a deteriorated state and require significant rehabilitation. KADIMP estimates that a total of N8.1trn (N245bn annually) will be required to address the renovation, construction and expansion of roads in order to ensure adequate transport infrastructure in the state.

Access to good roads has already been increasing, according to figures from the bi-annual Kaduna General Household Surveys. In 2015, 66.2% of households reported that they had access to good roads, rising to 76.8% in 2017.

**RAILWAYS:** Kaduna has long been an important hub in the country's narrow railway gauge network, serving as a junction for the Kano-Lagos Western Line and the Eastern Line. Construction

on a 186-km standard gauge rail link connecting Abuja to Kaduna was completed in 2014 and inaugurated in July 2016, with passenger services operating between the two cities since that year. As of 2019, 80,000 passengers were transported on the service every month. The China Civil and Engineering Construction Company (CCECC) led the construction of the line – one of the first standard gauge railway modernisation projects undertaken in the country. The project required an estimated investment of \$876m, \$500m of which was funded by a concessionary loan from the Export-Import Bank of China.

The Abuja-Kaduna line is part of a larger project connecting Lagos to Kano. Progress on this rail modernisation project is well under way, with work commencing on the key \$1.53bn,

# Transport & Logistics | Overview

156-km double-track Lagos-Ibadan link in 2017 and the CCECC completing the track laying for the project in April 2020. Eventually, the rail lines passing through Kaduna are to be extended to other northern states and beyond, connecting Nigeria to the Niger Republic, Cameroon and Chad.

**DRY PORTS:** Kaduna is likely to benefit greatly from upgrading existing inland container depots (ICDs) to a dry port that can accommodate 5000 containers and could employ up to 6000 people. This provides Kaduna with a key link to global supply chains. According to the Nigerian Shippers’

Council, Kaduna was one of seven approved locations for the ICDs and container freight stations, which were concessioned to private sector operators by the ICD Implementation Committee of the federal Ministry of Transport. The Kaduna ICD was inaugurated by President Muhammadu Buhari on January 4, 2018. During the inauguration, President Buhari told local media that the ICD was “the first proper inland dry port to be completed among the seven earmarked for various parts of the country”.

The ICD is managed by Kaduna Inland Dry Port (KIDP), a subsidiary of Inland Containers Nigeria Limited (ICNL). The ICNL is a fully local organisation incorporated in 1980 to provide port services to the hinterland through its two bonded terminals in Kano and Kaduna. Since the Kaduna terminal was upgraded to a dry port, it has been operating as a port of origin for exports and a port of destination

for imports from the hinterland and landlocked neighbouring countries, such as Niger Republic and Chad. The KIDP is the first of its kind in Nigeria equipped to handle more than 29,000 containers per annum.

**OPPORTUNITIES FOR INVESTMENT:** As the government continues to seek private sector support for its infrastructure agenda, there are several opportunities for investors in the transport and logistics sector.

The Kaduna Investment Promotion Agency has identified some key focus areas, including the expansion and maintenance of existing road infrastructure on a public-private partnership basis; the construction of light rail infrastructure across the state on a build-operate-transfer basis; the establishment of mass transit systems across the state; the provision of logistics and haulage services; and the provision of airport cargo services.



# Construction & Real Estate | Overview



Sustained population growth and rapid urbanisation rates have resulted in serious housing shortages and an increased strain on existing social and physical infrastructure in Kaduna State. In order to address these issues, a large number of infrastructure and real estate construction projects have been undertaken in recent years.

**PUBLIC INSTITUTIONS:** The Kaduna State Urban Planning and Development Authority, under the supervision of the Ministry of Housing and Urban Development, is charged with carrying out urban planning and development

control within designated urban areas of the state. Kaduna Geographical Information Services was set up in 2017 in order to provide the state with a modern and efficient land administration, backed by automated systems; it has achieved significant success in reducing the financial and administrative costs involved in securing land titles (see Doing Business in Kaduna). The Kaduna State Roads Agency, also established in 2017, is responsible for the construction, upgrading, maintenance and rehabilitation of roads; setting technical and other standards for roads and ensuring their implementation across the

state; the coordination of feasibility and road design studies; and initiating and taking part in traffic studies and research.

**KADUNA URBAN RENEWAL PROJECT:** Governor El-Rufai announced the Kaduna Urban Renewal Project (KURP) in mid-2019 to address the most immediate needs faced by Kaduna City, initially, and ultimately those faced by the other major cities of Zaria and Kafanchan. According to the project's research, Kaduna will undergo high urbanisation, resulting in 55-68% of the state's total population living in the urban centre by 2050. If these estimates are accurate, 7m-8m

## Registering property in Kaduna State

	Procedures (number)	Time (days)	Cost (% of property value)
2010	11	112	13.6
2014	12	112	13.8
2018	8	44	9.5

Table source: World Bank "Doing Business in Nigeria 2018" report



# Construction & Real Estate | Overview

people could be living in the four most urban local government areas in the state – Kaduna North, Kaduna South, Chikun and Igabi – by the middle of the century.

The KURP was presented as an “accelerated, coordinated, integrated and sustainable urban renewal project” that would bring about a high standard of living by focusing on 14 components. Key focus areas include transport infrastructure improvements, particularly through the integration of technology such as solar street lights along the roads and accommodation for fibre-optic cables; an expansion of the mass transit system; and the provision of affordable housing. Parks, recreational centres, malls, waste management facilities and neighbourhood centres will be constructed or upgraded as part of efforts to make urban areas more liveable. While the project has seen rapid implementation, there has been some criticism from residents

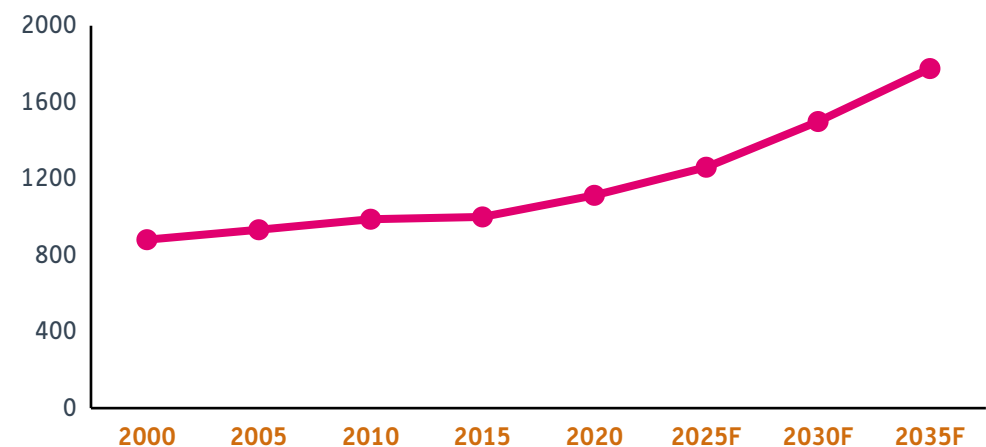
following the demolition of a number of houses, market stalls and other buildings that did not hold the correct certificates of occupancy.

**PRIVATE SECTOR:** The government has partnered with a number of private sector companies for the implementation of the programme, chief among them the China Civil Engineering Construction Corporation (CCECC). As of July 2020 the CCECC was handling 18 urban renewal road projects, with 12 of them on track for completion by the end of 2020. The CCECC is also leading the construction of Galaxy Mall, a N3.9bn project that will provide space for a major anchor tenant, three cinemas, six restaurants, 48 shops and over 360 car parking stalls, as well as the Kajuru Model Market. The civil works for both of these major retail spaces are set to be completed by the end of 2020.

**HOUSING & REAL ESTATE:** To close the housing deficit, the Kaduna

Infrastructure Master Plan has targeted the construction of 5000 housing units per year over the 2018-50 period for a total investment of N1.16trn (N35bn annually). The State Development Plan 2016-20, for its part, covers 20,000 of the required mass housing units spread across 11 locations in Kaduna, three in Kafanchan and five in Zaria. Government involvement extends to providing basic site and service infrastructure in those locations in order to create a conducive environment for private developers – particularly those that can provide cost-effective social housing for the poor and civil servants. To date, a number of local private developers – including Family Homes, Rapidac, Triple A, NuruSiraj, Rhyno Ng, Tayjee, Maurice and Ummhi International – have started building housing units in locations such as Millennium City, Kamazou, Sobawa, Rigachikun,

Population of Kaduna City, 2000-35F (000)



# Construction & Real Estate | Overview

Ungwan Tanko, Buwaya and the Eastern Bypass.

**EXISTING STOCK:** Well-serviced modern housing is concentrated in public and private estates in the low-density government reservation areas, but there is a lack of privately owned housing with access to adequate infrastructure, water supply

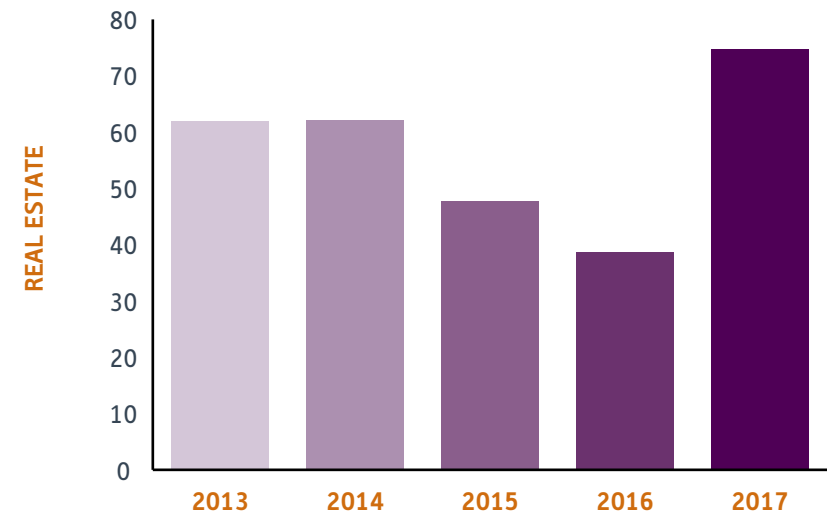
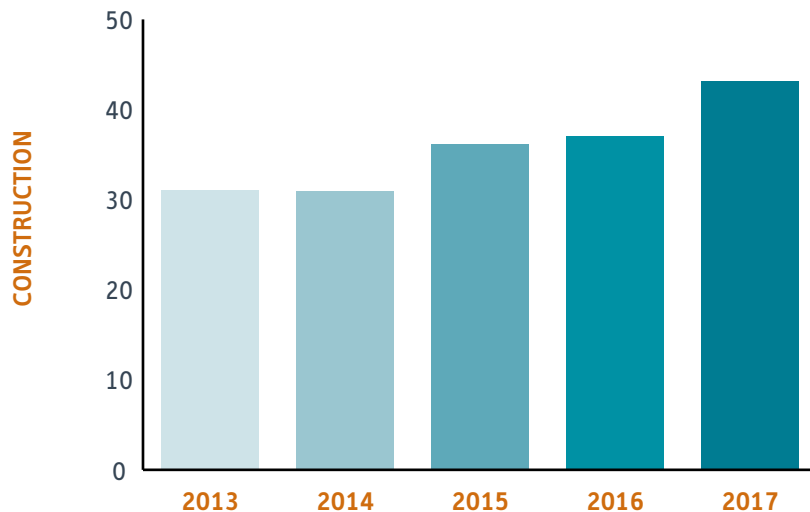
and electricity in the medium- and high-density urban areas. In terms of the types of available housing, single rooms make up a plurality of the existing units, at 48.7%; flats account for 30.7%; bungalows make up 8.9%; and other types of units 11.7%.

**MORTGAGING:** To facilitate the government's housing policy,

the Kaduna State Mortgage and Foreclosure Authority was established in 2017, making Kaduna the first state in the country to pass a mortgage and foreclosure law and set up a state-level authority in line with federal affordable housing plans. The authority regulates mortgages and foreclosures, and is tasked with enforcing the new law, which contains

a key provision that requires any mortgage and foreclosure litigation to be completed within 180 days. Given Kaduna's proactive mortgaging measures, the Nigeria Mortgage Refinance Company and the FHA Mortgage Bank signed an agreement with Kaduna State to allow for financing of N3bn worth of mortgages at single-digit interest rates.

Construction & real estate contribution to state GDP, 2013-17 (N bn)



# Retail & E-Commerce | Overview



Retail in Kaduna is characterised by a large informal segment, with few malls and multinational retail outlets. In the 1960s and 1970s, however, Kaduna had several organised retail outlets, with international chains present in the state and across Nigeria, but the sector underwent significant decline. The collapse of the manufacturing sector and the concomitant shrinking of the middle class led to a return to traditional retail structures by the 1990s. While other parts of Nigeria, and in particular Lagos State, have seen an influx of high-end malls in recent decades, developments in Kaduna have lagged behind, with the lower purchasing power of the population and security concerns providing major obstacles. However, this trend has reversed in recent years with improvements in the security situation and business environment, infrastructure upgrades and economic growth

providing opportunities for more formalised retail once again. Commuting from Kaduna City to the Federal Capital Territory has become much more feasible for civil servants and professionals since the direct high-speed rail link was established in 2016, fuelling the growth of an urban middle class in Kaduna as housing costs continue to rise in nearby Abuja.

**GALAXY MALL:** The most significant large-scale retail project to emerge in recent years is the Galaxy Shopping Mall. A partnership between Kaduna State and UACN Property Development Company saw construction work on the complex begin in 2016, but the initial plan was abandoned. In August 2019 Kaduna structured a new project, this time a N3.9bn public-private partnership between the state government, the United Bank for Africa and private company

# Retail & E-Commerce | Overview

Amsalco. The groundbreaking occurred that same month, with the China Civil Engineering Construction Corporation leading the build. Civil works are on track for completion by end-2020, with the 4-ha project providing 7491 sq meters of leasable space, allowing for one major anchor

tenant, 48 line shops, a grocery store chain, six restaurants, a cinema with three screens and 360 parking spots.

**MARKETS:** The Kaduna Markets Development and Management Company (KMDMC), a private business incorporated in 1990,

has been working with the state government on the implementation of some of the Kaduna Urban Renewal Plan (see Construction section) by constructing, developing and upgrading many commercial centres across the state. As of mid-2020 the KMDMC was managing 20 projects including malls, markets, neighbourhood centres and a public square in several cities in Kaduna, with 80% of the projects funded privately on a public-private partnership basis. To attract tenants and traders for some of the market complexes, the KMDMC arranged for access to Sterling Bank's non-interest banking window. The partnership will allow traders with little capital to arrange mortgages by making a 10% deposit and paying off the remaining 90% in seven annual instalments.

**E-COMMERCE:** There is significant potential for e-commerce expansion in Kaduna, as the state benefits from a very young and digitally connected

population (see ICT section). Major Nigerian e-commerce portals such as market leader Jumia and payments solutions are available to residents. Local entrepreneurs are also entering the space: Kada Mall, which was established in 2015, is the first homegrown e-commerce platform in the state. As a local online mall, the platform aims to provide a faster delivery service than competitors, giving local vendors an opportunity to showcase their products to Kaduna residents. With a number of digital skills development programmes concluded or in the works, along with major investments in physical telecoms infrastructure on the horizon, Kaduna is poised to emerge as an ICT hub in the north, which is likely to lead to further innovation. As in other parts of Nigeria, the lockdown resulting from the Covid-19 pandemic has already provided further momentum for e-commerce to displace a share of traditional retail.





**SECTOR SIZE:** The total value of the information and communications sector grew by 39% between 2013 and 2017, accounting for 18.8% of state GDP that year at a value of N506.5bn. Part of the increase was due to remarkable growth in broadcasting, motion pictures, sound recording and music production – segments which more than doubled from a combined value of N55.4bn in 2013 to N121.6bn in 2017. However, the dominant segment remains telecommunications, which alone

contributed 14.2% to state GDP in 2017, the latest data available.

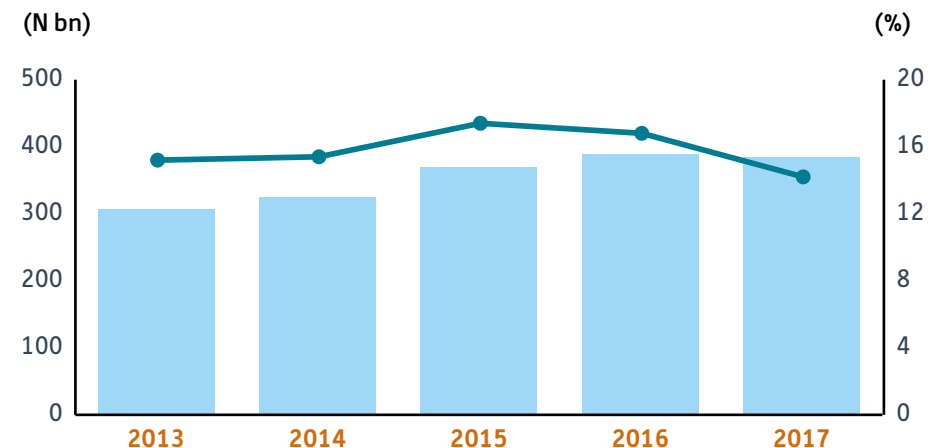
**SUBSCRIPTIONS:** Kaduna had 8,521,187 mobile phone subscribers in the first quarter of 2020, according to the National Bureau of Statistics – roughly equal to the population of the state. This figure represented a 4.9% growth rate compared to the 8,124,544 subscribers in the fourth quarter of 2019, and year-on-year growth of 11%. The number of internet subscribers lagged slightly behind, with 6,423,089 subscriptions. However, internet penetration is rapidly catching up, with year-on-year growth of 22% in the first quarter of 2020 – representing over 1m additional mobile internet subscriptions – and quarter-on-quarter growth of nearly 12%. Operators active in the state include 9mobile, Airtel, Glo and MTN.

**BROADBAND:** Due to its location, distant from the most advanced

fibre-optic networks in Lagos, Port Harcourt and, to a lesser extent, Abuja, Kaduna has struggled to achieve fast, widespread broadband access. In May 2020, in part driven by the increased demand for fast internet during the Covid-19 lockdown, Governor El-Rufai took an important step towards attracting telecoms operators as the first governor to fully waive right of way (RoW) charges for

telecommunications companies. The move followed a proposed policy strategy by the federal government, which called on states to reduce RoW charges to N145 per meter. High RoW charges used to make up as much as 70% of the cost of deploying broadband infrastructure, providing a strong deterrent for companies to invest. It is expected that this move will make Kaduna a more competitive destination for future investment.

**Telecommunications contribution to state GDP, 2013-17**



# ICT | Analysis

## Start-up Ecosystem & ICT Centres



In addition to expanding physical IT and telecoms infrastructure, various public, private and academic institutions have taken the lead to build ICT centres, establish entrepreneurship programmes and launch start-up accelerator initiatives to strengthen human capital and promote digital entrepreneurship. The foundations for Kaduna to emerge as an ICT hub in the country were laid years ago, but the Covid-19 pandemic has provided extra momentum in 2020.

**ICT CENTRES:** CoLAB, established in 2016, is one of the first innovation centres in the state and all of northern Nigeria. Since its inception, it has provided a coworking space, incubation for start-ups, mentorship

programmes and ICT skills training. CoLAB has also generated revenue from designing and building software systems and products. Founder Sanusi Ismaila told local media in May 2020 that the Covid-19 pandemic has increased demand for their products, and he expects the oil price crash to further drive the development of a Nigerian IT industry. Kaduna ICT Hub, launched in 2017, is another example of a space where entrepreneurs and software developers have received support. In May 2020 the state-sponsored institution provided financial support to student Dalhatu Usman for the development of a portable ventilator to be used in the fight against Covid-19.

**JOB CREATION:** ICT has also been deployed to fight unemployment, with the Click-On Kaduna programme – supported by the Rockefeller Foundation’s Digital

Jobs in Africa initiative and the World Bank – as a major success story. The programme used digital technology to promote innovation, provide digital skills training and create a platform for employment. The pilot programme, started in 2018, reached some important milestones. Of the 150 pilot participants, 128 completed 411 pilot jobs and earned over \$4110, with Click-On Kaduna participants earning more than \$50,000 in the year since its inception. Other initiatives include the Kaduna Digital Entrepreneurship Incubation Programme; the WACOM-sponsored Virtual Training on Remote Jobs project; the Kaduna Start-up and Entrepreneurship Programme, borne out of a collaboration between the Kaduna state government, the Bank of Industry and Kaduna Business School; and most recently an initiative that will see 75,000 Kaduna citizens trained in IT skills by the National Information Technology Development Agency.



As of 2018 there were six federal and one state-owned tertiary health care facilities, 32 secondary health care facilities and 1068 primary health clinics in Kaduna. The State Primary Health Care Development Agency (SPHCDA) oversees the primary health care system and is working on strengthening community linkages to health service delivery. The Kaduna State Infrastructure Master Plan 2018-50 recognised that the existing facilities are insufficient to take care of the health needs of over 8m people living in Kaduna State, and estimated that a total investment outlay of N5.23trn will be required to close the health infrastructure gap over the period. As a result, health was one of the sectors that received the largest increase in budgetary allocations in the 2020 state budget, up 165% from N11.4bn to N30.3bn.

**PRIVATE SECTOR:** Kaduna has committed to establishing a framework to attract private

investment in health care development. One example of a successful private initiative is the multi-year partnership with General Electric (GE) Healthcare, which was signed with the Kaduna State Ministry of Health in 2016 to expand primary and referral care services, and build capacity at 255 primary health care centres and 23 secondary hospitals across the state. Under the agreement, GE committed to providing medical technology and technical and clinical training courses for health care workers.

**COVID-19:** Like the rest of Nigeria and countries worldwide, Kaduna was impacted by the Covid-19

pandemic, and Governor El-Rufai was the first recorded case of the virus in the state. With Deputy Governor Hadiza Balarabe – a doctor and public health expert – temporarily in charge, Kaduna was more prepared than most states to tackle the crisis. On March 25, three days before it was announced Governor El-Rufai had the virus, Kaduna became the first state in Nigeria to initiate a lockdown. The primary objective was to limit the number of cases in order to prevent the health system from being overwhelmed. By all measures, the state succeeded in containing the spread while ensuring that the economic impact on the most vulnerable inhabitants was limited.

### Health facility infrastructure targets

	Baseline (2018)	2023	2028	2038	2042	2050
Primary	1068	1152	1222	1362	1446	1530
Secondary	32	32	40	55	62	69
Tertiary	1	2	3	4	5	6

# Health | Interview

## Dr Hadiza Balarabe

Deputy Governor, Kaduna State

### What has been your experience with Covid-19 in Kaduna?

Collaborating with groups both within and outside the state has been very important to our response. By sharing ideas, information and experience, we were able to strengthen our strategies to contain the spread of the virus, and teamwork between different sectors meant that we could make firm decisions.

The lockdown period took a significant toll on the lives of lower-income and vulnerable citizens. We sought to provide them with relief to cushion the effects of the pandemic, but accessing robust and reliable data for these demographics was a challenge. We have created a social register that will provide us with a realistic

overview of the state's health care needs to enable us to effectively plan for the provision of services. Further, the Coalition Against Covid-19, a private sector-led organisation operating across Nigeria, has donated medical supplies and food to Kaduna. Some food donations were given to lower-income and vulnerable groups, aiding our containment of the virus.

### How can Kaduna strengthen its health care system?

Since 2015 the government has been implementing a delivery plan to strengthen the system by focusing on staffing, equipment and essential medicines. In September 2017 we formed partnerships with organisations across a number of specialisations – including maternal health,

child health and non-communicable diseases – to create an all-inclusive memorandum of understanding to improve primary health services. These partnerships achieved positive results: immunisations rose from 41% in the last quarter of 2017 to 75% in the final quarter of 2019.

Lighting is also an issue impeding access to services, particularly at night. We have partnered with the UK Department for International Development to bring 24-hour lighting to 34 of our primary health care facilities, which resulted in a 25% increase in service access. Our plan for 2021 is to equip the remaining 221 clinics with around-the-clock solar lighting.

*An extended version of this interview can be found on the [OBG website](#).*





# Education | Overview



**PRIMARY & SECONDARY:** The latest figures from the annual school census conducted by the Kaduna State Bureau of Statistics show that there were 4264 primary schools in 2017, up by 67 since 2016; 31 science and technical schools, up by seven; 429 junior secondary schools, up by eight; and 339 senior secondary schools, also up by eight. Private schools accounted for 26% of all primary schools. Despite the large number of schools, an educational infrastructure gap remains. The Kaduna State Infrastructure Master Plan 2018-50 estimates that the renovation, expansion and equipment required will necessitate an investment of N2.15trn over the period. Kaduna expanded its budget for education significantly in 2020, from N16bn in 2019 to N22.7bn.

**HIGHER EDUCATION:** Kaduna has a large number and variety of tertiary institutions, including the Nigerian Institute of Transport Technology, the

Nigerian College of Aviation Technology and the Ahmadu Bello University, with all three located in Zaria. State-run tertiary institutions include Kaduna State University, the Kaduna State College of Education in Gidan Waya, Nuhu Bamalli Polytechnic in Zaria, the Kaduna State College of Nursing and Midwifery in Kafanchan, and the Shehu Idris College of Health Sciences and Technology in Makarfi. There are also 12 business apprenticeship training centres, as well as 23 women training centres, with one in every local government area.

**REFORMS:** The sector is undergoing major reforms in an effort to improve access to and the quality of education at all levels. This is underpinned by

the education sector policy, while improvement of regulation of specific aspects is guided by various boards, including the State Universal Basic Education Board, the Kaduna State Quality Assurance Board, the Kaduna State Teachers Service Board and the Kaduna State Private Schools Board.

**KNOWLEDGE CITY:** To maintain Kaduna's status as a centre for quality education, the EI-Rufai administration plans to establish a knowledge city for private investors interested in setting up educational institutions. The site of the proposed city is located within an existing cluster of institutions: the National Teachers' Institute, the Petroleum Training Institute and the National Open University of Nigeria.

## Educational facility infrastructure targets

	Baseline (2018)	2023	2028	2038	2042	2050
Primary & secondary	4536	5500	6200	7100	8200	9000
Tertiary	3	3	4	4	5	6

# Outlook



With considerable improvement in the business environment and progress on a comprehensive infrastructure development agenda well under way, Kaduna has transformed into one of the most investment-friendly states in Nigeria. Its attractiveness was underscored in 2020 when Kaduna emerged as the state with the highest foreign direct investment for the first six months of the year, attracting \$2.61bn for more than half the total value of FDI into Nigeria.

**COVID-19:** Despite Kaduna's remarkable achievements on improving internally generated revenue and attracting private sector partners to help fund the ambitious projects under the Kaduna Infrastructure Master Plan, the state remains vulnerable to global and national macroeconomic developments. The Covid-19 pandemic and the oil price decline are likely to cause some short-term pain and might necessitate pivots to adapt to new economic realities. Increased expenses to provide relief to individuals and businesses facing financial distress, combined with a likely reduction in tax receipts and a potential decline in federal allocations, could negatively impact the state's debt profile and delay some of its planned infrastructure investment. Nevertheless, Kaduna State has already demonstrated resilience in the face of the pandemic: the public health response under the leadership of Deputy

Governor Dr Balarabe has been lauded as one of the fastest and most effective in the country. Meanwhile, key infrastructure upgrades under the Kaduna Urban Renewal Plan proceeded throughout the first half of 2020 with few delays.

## **SECTORAL GROWTH PROSPECTS:**

Kaduna holds strong growth potential in sectors that are poised to remain essential and could even benefit from post-pandemic refocusing amid a new low-oil-price environment. Food security – already a national priority – has only become more important, and Kaduna is one of the states best prepared to ramp up the production of essential food products such as grains, poultry and tomatoes. The nascent ICT sector, which has been buoyed by recent investment in digital skills and is likely to benefit from future investment in digital infrastructure, is also expected

to see accelerated growth as a consequence of Covid-19. Other sectors such as manufacturing, mining and industry – which had begun to benefit from recently completed national and local infrastructure projects such as gas pipelines, railway expansion and an improved power grid – are likely to remain attractive to investors. The outlook for the retail, construction and real estate, health and education sectors is more mixed. Urbanisation in Kaduna and Abuja and the significant lack of retail, housing and entertainment facilities still provides a lot of opportunity for developers, but the pace of development will hinge on the government's ability to continue to provide basic infrastructure and maintain a conducive business environment. Lastly, the pandemic has highlighted the need for further investment in health and education, while also providing challenges to the financing of planned major upgrades.

