

Enabling Digital Prosperity for All



# STARTUP Country Guide 2023

THE FEDERAL REPUBLIC OF NIGERIA

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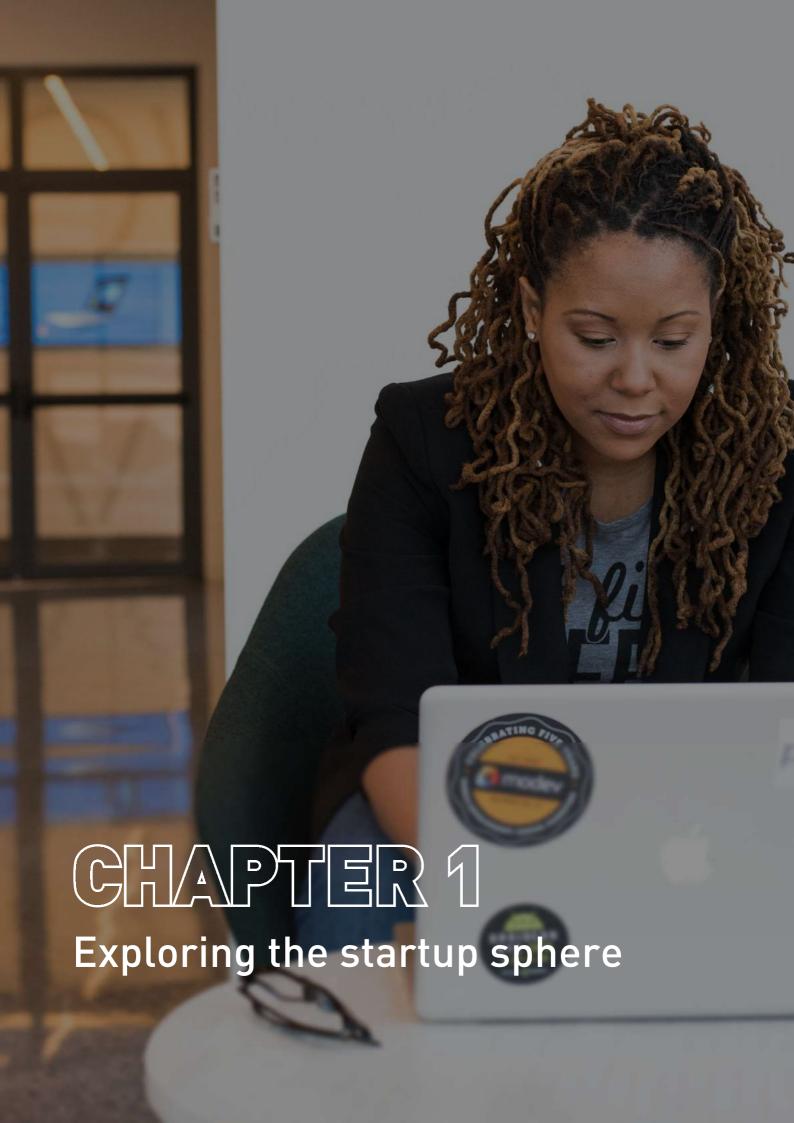
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## I. The Nigerian entrepreneurial ecosystem

The Nigerian startup ecosystem has emerged as a beacon of innovation, with Nigerian startups securing 28.4% of Africa's total funded ventures and receiving 29.3% of the continent's total investments in 2022, according to the African Tech Startups Funding Report by Disrupt Africa. Over the last five (5) years, the ecosystem has grown significantly, with startups like Flutterwave raising USD 250 million and others such as Moove, ThriveAgric, Reliance Health, and Bamboo making substantial strides in various sectors including FinTech, agriculture, health, education, and energy. Despite persisting challenges like limited funding access and regulatory complexities, the ecosystem remains resilient, driven by a burgeoning middle class and a growing number of internet users, making Nigeria a prominent hub for startups and a promising ground for both local and international investors.



## 1. Startup definition

In the realm of entrepreneurship, a startup is an innovative venture with the potential for high growth, driven by technology and characterized by having a functional prototype and a scalable, repeatable business model. Startups are founded to explore creative ideas, often centered around technology, and to capitalize on emerging market opportunities. In the context of Nigeria's legal framework, a more specific definition for a startup has been introduced through the 2022 <u>Nigeria Startup Act</u>. A startup is eligible for labeling under this Act, where:

- a) It is registered as a Limited Liability Company (LLC) under the Companies and Allied Matters Act, and has been in existence for a period not more than 10 years from the date of incorporation.
- **b)** Its objects are development, production, innovation, improvement, and commercialization of a digital technology innovative product or process.
- c) It is a holder or repository of a product or process of digital technology, or the owner or author of a registered software.
- **d)** It has at least one-third local shareholding held by one or more Nigerians as founder or cofounder of the startup.
- e) In the case of a sole proprietorship or partnership, it satisfies the conditions set out in in bullets (b), (c) and (d).



## 2. Promising sectors in Nigeria

Nigeria's expanding startup landscape harnesses its robust strengths, driven by a swiftly expanding population and a surging demand for groundbreaking solutions. Fintech, EdTech, HealthTech, and AgriTech are emblematic sectors that harmonize seamlessly with Nigeria's economic growth trajectory, creating fertile ground for startups to thrive and make a meaningful impact on these dynamic industries.



#### Fintech

Flutterwave is a leading African digital payments company that helps businesses and individuals accept and make payments across Africa. It provides a variety of payment solutions, including online and offline payments, card payments, mobile money payments, and bank transfers. Flutterwave is available in over 30 African countries and is used by over 1 million businesses.



#### Edtech

uLesson is a Nigerian online learning platform that provides interactive video lessons and guizzes for secondary school students. The platform is aligned with the Nigerian curriculum and covers a range of subjects, including math, physics, chemistry, and biology. uLesson has been praised for its innovative use of technology to make education more accessible and affordable for students in Nigeria.



#### Agritech

ThriveAgric is a Nigerian agricultural technology company that provides smallholder farmers with access to credit, inputs, and extension services. The company also helps farmers to sell their crops at competitive prices. ThriveAgric has been praised for its role in helping Nigerian farmers to increase their productivity and incomes.



#### Healthtech

Flying Doctors Nigeria is a Nigerian air ambulance service that provides emergency in remote transportation to patients underserved areas. The company also provides a range of other healthcare services, including medical consultations, evacuations, and medical logistics. Flying Doctors Nigeria has been praised for its role in improving access to healthcare for people in remote areas of Nigeria.





## 3. Nigeria's startup scene

#### Nigeria's top startup industry sectors by number (2022)1:

- Fintech (173)
- E-Commerce & retail-tech (58)
- HealthTech (45)
- EdTech (35)

#### Nigeria's top startup industry sectors by number of investment deals (2022)2:

- Fintech (89)
- JobTech (42)
- HealthTech (34)
- Logistics (32)

#### Startup ecosystem in numbers

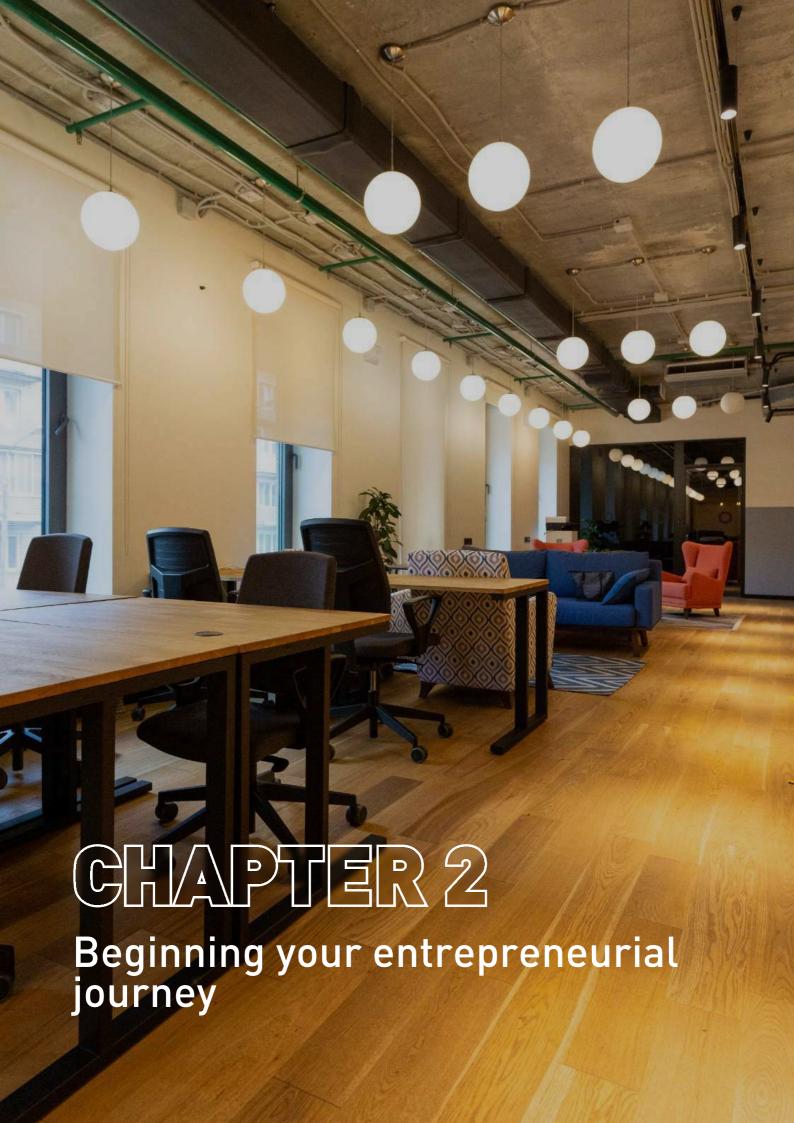
- Number of operating startups (2022)1: +480
- Number of incubators and accelerators<sup>3</sup>: +150
- Number of entrepreneurship events<sup>3</sup>: 31
- Number of coworking spaces: +35
- Funds raised by startups (2022)4: USD 1.2 billion

#### Entrepreneurship and innovation in Nigeria: Rankings (2022)

Indicator	Ranking
Global innovation <sup>5</sup>	114
Growth of innovative companies <sup>5</sup>	92
Knowledge workers <sup>5</sup>	54
ICT access⁵	116
Mobile application creation⁵	82
Business environment <sup>5</sup>	103

Indicator	Ranking
Political and operational stability <sup>5</sup>	126
Collaboration between companies <sup>5</sup>	87
Regulatory environment <sup>5</sup>	76
Market access and infrastructure <sup>5</sup>	112
Economic freedom <sup>6</sup>	127





## I. Guiding steps to launch a startup in Nigeria

## 1. Country specific legal structures

In Nigeria, entrepreneurs can choose among five (5) distinct types of legal structures, each tailored to suit their company's specific activities. Each business type possesses unique attributes designed to accommodate distinct economic objectives. Below are the legal structures particularly suitable for entrepreneurs to contemplate when establishing their startups.

- Sole proprietorship
- Partnerships
- Limited Liability Company (LLC)
  - Private Limited Liability Company (Ltd)
  - Public Limited Liability Company (PLC)

- Company Limited by Guarantee (CLG)
- Limited Liability Partnership (LLP)
- Branch

The most common legal structure used by Nigerian startups is the Private Limited Liability Company (Ltd). This structure offers several advantages, including limited liability for shareholders, the ability to raise capital through investments, and a separate legal entity status. The private limited liability company (PLLC/Ltd) offers benefits of flexibility in organizational structures allowing multiple shareholders, and low minimum capital. These benefits make this legal entity ideal for new entrepreneurs wishing to start their startup journey. Private limited liability companies are suitable for startups that want to grow and expand their operations while maintaining a level of control and protection for the owners.

Nigeria Startup Act, enacted in October 2022, provides a regulatory framework for the growth of the technology sector through startups. However, it's important to note that before benefiting from the startup label, an entrepreneur is required to launch a regular business with one of the above legal structures.



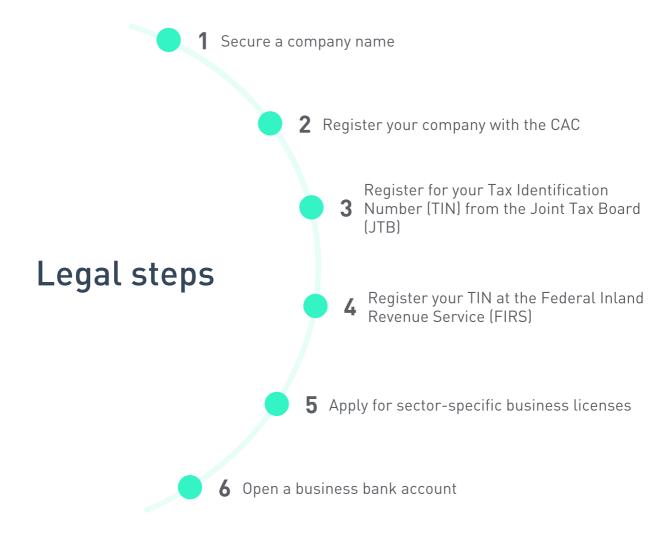


## 2. Legal steps

The Nigerian government provides institutional support and resources for the simplified legal establishment of startups. The primary institutions involved in the process include the Corporate Affairs Commission (CAC), the Joint Tax Board (JTB), and Federal Inland Revenue Service (FIRS). The CAC acts as the pivotal institution overseeing company name reservation and the overall incorporation of companies, including startups. It administers the Nigerian Companies and Allied Matters Act (CAMA), which regulates and manages companies in the country.

Additionally, the CAC establishes and maintains companies' registry and offices throughout all states in the Federation. The JTB and FIRS play important roles in securing a tax identification number for startups. The JTB provides guidance and coordinates the activities of the State Boards of Internal Revenue in tax assessment and collection, while the FIRS assesses, collects, and accounts for taxes and other revenues accruing to the Federal Government of Nigeria. These institutions collaborate to facilitate the seamless establishment of business in Nigeria.

To help entrepreneurs navigate the process and ensure compliance with the regulations, the following are the detailed steps for incorporating a company in Nigeria.





#### Step 1: Secure a company name

Reserving your desired company name grants you exclusive rights to it for sixty (60) days and during that period a reserved name allows you to complete the registration process.

#### Steps Ste

- Conduct anteriority research on the business name via the <u>search portal</u> of the Corporate Affairs Commission (CAC)
- 2 Create an account on the CAC portal
- 3 On the New name reservation page, fill in all required information
- 4 Confirm and proceed to payment (via Remita)
- 5 View and download the payment receipt

#### Requirements

- The CAC portal necessitates that directors establish an account on the platform. The account holder will assume the role of director for the entirety of the registration procedure. Alternatively, it is advisable for an authorized representative or promoter of the company to undertake the account creation
- The obligation to create a CAC account applies solely when the business owner opts not to engage an accredited agent. Accredited agents are recognized professionals, such as lawyers or accountants, or firms comprising such professionals, authorized by the CAC to represent corporate entities in official matters
- In the event of a name rejection, the registration process must be initiated anew, necessitating a subsequent payment

#### © Cost

- <sup>-</sup> 500 Nigerian Naira (NGN)
- Restricted words: 5,000 NGN (have a look at article 30 of the <u>Companies and Allied Matters Act, 2020</u> to learn about the restricted words)
- Visit the following schedule of fees for more details

#### Ouration

Less than one (1) day



#### Step 2: Register your company with the CAC

After successful verification of your business name, the Corporate Affairs Commission (CAC) will initiate the processing of your business application. For a comprehensive understanding of the registration process, refer to the provided <u>guide</u> or download the instructional <u>video</u>. Upon the successful conclusion of this stage, you will be issued a Certificate of Incorporation. This certificate serves as irrefutable evidence of your company's legal existence. Accompanying the certificate are certified true copies of the Memorandum of Association and the CAC form 1.1, which further authenticate your company's registration.

#### Steps Ste

- 1 Visit the CAC company registration page
- 2 Fill in the required fields of the company details
- 3 Include the Memorandum of Association
- 4 Add or adopt default Articles of Association provided by the website
- 5 Fill in the details related to the director, the secretary, and shareholders
- 6 Upload all necessary documents
- 7 Proceed to the payment (via Remita)
- 8 Download the receipt

#### Requirements

The appointment of a secretary is optional for small companies. However, if you decide to appoint a company secretary, you must provide the relevant details.

#### Documents

The required documents for registration depend on the type of legal structure you have chosen. However, in general, you will need to prepare and submit the following documents:

- A completed application form CAC 1.1
- Memorandum and Articles of Association
- Form <u>CAC1.1</u> (page 16, particulars of director)
- Form CAC8 (page 50, particulars of secretary)



#### O Duration

Up to one (1) day starting from the upload of all relevant documents or compliance with the raised query (visit the revised service timelines for more information).

#### © Cost

Registration fees depend on the value of the company's issued share capital. Visit the following schedule of fees from the CAC website for more details.

## Step 3: Register for your Tax Identification Number (TIN) from the Joint Tax Board (JTB)

Upon the submission and subsequent approval of your Taxpayer Identification Number (TIN) application, the Joint Tax Board (JTB) will proceed with the TIN issuance process. Should any issues or discrepancies arise during this process, an appointed agent will promptly reach out to you to request the necessary and accurate information or documentation to ensure the seamless issuance of your TIN.

#### Steps Ste

- 1 Visit the <u>Joint Tax Board (JTB) portal</u> for TIN registration
- 2 Enter the required information
- Make the respective selections that apply to your business and complete the application form
- 4 Upload the required documents and submit

#### Documents

- Certificate of incorporation
- Director's bank verification number (BVN)
- Valid ID of directors

#### Ouration

Ten (10) business days





Free

#### Step 4: Register your TIN at the Federal Inland Revenue Service (FIRS)

Following the successful execution of the procedures above, entrepreneurs are advised to initiate the Taxpayer Identification Number (TIN) registration for their newly incorporated companies at the Federal Inland Revenue Service (FIRS) office.

To fulfill this requirement, please proceed to the nearest FIRS office relative to your company's registered headquarters and diligently submit the stipulated documentation listed below. For comprehensive guidance on the tax e-filing and e-payment processes, we encourage you to refer to the provided resources, namely guide 01 and guide 02, for more in-depth information.

#### Documents

- Application letter template handed at FIRS office
- Certificate of incorporation or certificate of registration
- Utility bill
- Memorandum and Articles of Association
- VAT Form 001 handed at the tax office (mandatory for all businesses)

#### **Ouration**

Ten business days



Free



#### Step 5: Apply for sector-specific business licenses

The Nigerian government, in collaboration with its ministries, regulatory bodies, agencies, and authorized third-party entities, administers the issuance of specialized licenses to business owners, which are necessary for the establishment and operation of various enterprises. These licenses come with specific terms and conditions that businesses must adhere to, and they are subject to rigorous monitoring by government entities.

For the sake of legal and regulatory compliance, business owners are strongly encouraged to engage with the relevant regulatory agencies or seek guidance from legal professionals. This ensures that they are well-informed about and are in adherence to all applicable licensing laws and regulations. Below is a non-exhaustive list of common business sectors that typically require permits or licenses:

- Electrical services are licensed through the Nigerian Electrical Regulatory Commission (NERC).
- Financial technology (FinTech) service companies obtain special licenses from the Central Bank of Nigeria (CBN) before starting operations (super license, standard license, and basic license).
- Waste management services are licensed through the State Government of the geographical area where the business operates.
- Environmental companies are licensed through the National Environmental Standards and Regulation Agency.

## Step 6: Open a business bank account

A business bank account helps manage the finances of the business effectively. To acquire a business bank account, gather the necessary documents required by the bank of your choice and make the initial deposit into the account. The amount required may vary from bank to bank.





## II. Other country-specific considerations

## 1. Considerations for foreign investors

The Nigerian Investment Promotion Commission (NIPC) is dedicated to fostering, promoting, and facilitating investments in Nigeria. It plays a pivotal role in encouraging foreign nationals to engage in business activities within the country. The NIPC allows foreign investors the flexibility to own up to 100% equity and participate in various sectors of the Nigerian economy, with certain exceptions detailed in Section 31 of the NIPC Act. Notable exceptions include the production of arms, narcotics, military equipment, paramilitary wear, or activities subject to determination by the Federal Executive Council.

The NIPC serves as a comprehensive one-stop shop for the facilitation of foreign investments in Nigeria. Below, we provide an overview of the requisite steps, essential documents, and the expected time frame for availing by oneself of the services provided by the NIPC.

#### Steps Ste

- 1 Download and fill in the NIPC Form 1
- Submit all required documents at the one-stop investment center in NIPC or send scanned copies to osicinfodesk@nipc.gov.ng
- 3 Receive the issued NIPC business registration certificate

#### Documents

- A Duly completed NIPC Form 1
- A Memorandum and Articles of Association
- <sup>-</sup> A certificate of Incorporation
- A CAC Form 1.1 (or CAC Forms CO2 and CO7 for old companies)
- A Power of attorney or a letter of authority, where applicable
- An approved Remita payment receipt
- A NIPC payment receipt

#### **U** Duration

One (1) day



#### **S** Cost

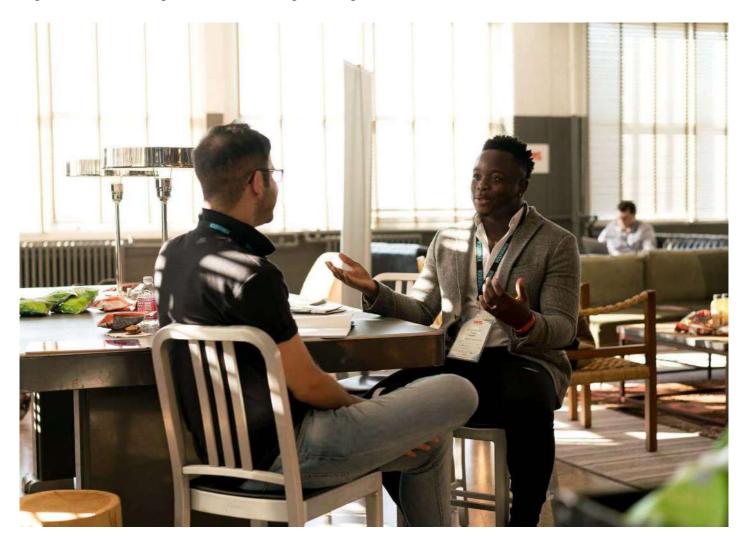
15,000 NGN (USD 19)

The Government of Nigeria has made the strategic decision to prioritize the diversification of the economy, reducing its overreliance on the oil and gas sector. The objectives include fostering the growth of a competitive manufacturing sector, expanding agricultural production, and harnessing Nigeria's technological and innovative capabilities.

Nigeria, with its distinction as having the largest population on the African continent, presents an alluring prospect for foreign investors and traders seeking access to a potentially vast consumer market. Furthermore, the nation boasts abundant natural resources providing industrial inputs and a readily available, cost-effective labor force.

To incentivize and facilitate investment, the government offers a range of tax incentives and customs duty exemptions, particularly for pioneer industries, such as renewable energy. Detailed information regarding these incentives can be found below.

In line with its commitment to enhancing the business environment, the government has undertaken a series of reforms. These measures include expediting the business setup process by introducing electronic stamping of registration documents, simplifying the process for obtaining construction permits, property registration, accessing credit, and fulfilling tax obligations."





## 2. Filing obligations

Nigeria enforces various taxes and levies that apply to individuals, business entities, goods, and services. These levies are collected by the three tiers of government. A selection of the major most common taxes is itemized below:

#### Corporate Income Tax (CIT)

Resident companies are subject to Corporate Income Tax (CIT) on their global income. The CIT rate is paid on an annual basis and are structured as follows:

- For companies with a gross turnover of NGN 25 million (USD 31,663) or less, the CIT rate is set at 0%
- Companies with a gross turnover exceeding NGN 25 million but not surpassing NGN 100 million (USD 126,654) are subject to a CIT rate of 20%
- Companies that have turnover exceeding NGN 100 million is 30%

A company that submits its self-assessment within six (6) months following the conclusion of the accounting year (December 31st) has the option to formally request the Federal Inland Revenue Service (FIRS), in writing, for permission to remit its income tax in multiple instalments. CIT is a tax liability exclusively directed to the federal government.

#### Minimum tax

Minimum tax obligations pertain to companies that either report loss or no tax payable or tax payable for the fiscal year falls below the Minimum Tax amount. The Minimum Tax amount is 0.5% of the gross turnover after deducting franked investment income. It is important to note that certain exceptions apply. Companies in their initial four (4) calendar years of operation, those operating within the agriculture sector, and small-scale companies are granted an exemption from the minimum tax requirement.

#### Value Added Tax (VAT)

There is no threshold for VAT registration in Nigeria and VAT rate is 7.5%. Startups are required to file and remit VAT monthly to FIRS on or before the 21st day of every month. A startup must register with the Federal Inland Revenue Service (FIRS) or the State Inland Revenue Service for the remittance VAT within six (6) months of incorporation.

#### **Information Technology Tax**

The National Information Technology Development Levy (NITDL) is a tax that applies to companies with an annual turnover of at least NGN 100 million (USD 262,800). It is calculated as 1% of the profit before tax (PBT) of liable companies. It applies to various sectors, including banking and financial activities, insurance, pension fund administration, GSM service providers, telecommunication companies, as well as cyber and internet service providers.

#### Withholding Tax (WHT)

The period for filing WHT is 21 days after the duty to deduct arose for deductions from companies. Companies have a mandatory requirement to electronically through <u>FIRS website</u> furnish a comprehensive schedule of their suppliers for each month. This schedule should include essential details such as the name of the suppliers of goods and services, their Tax Identification Numbers (TINs), their addresses, the nature of the transaction, the amount of Withholding Tax (WHT) deducted, and the relevant invoice numbers.

#### **Pension contribution**

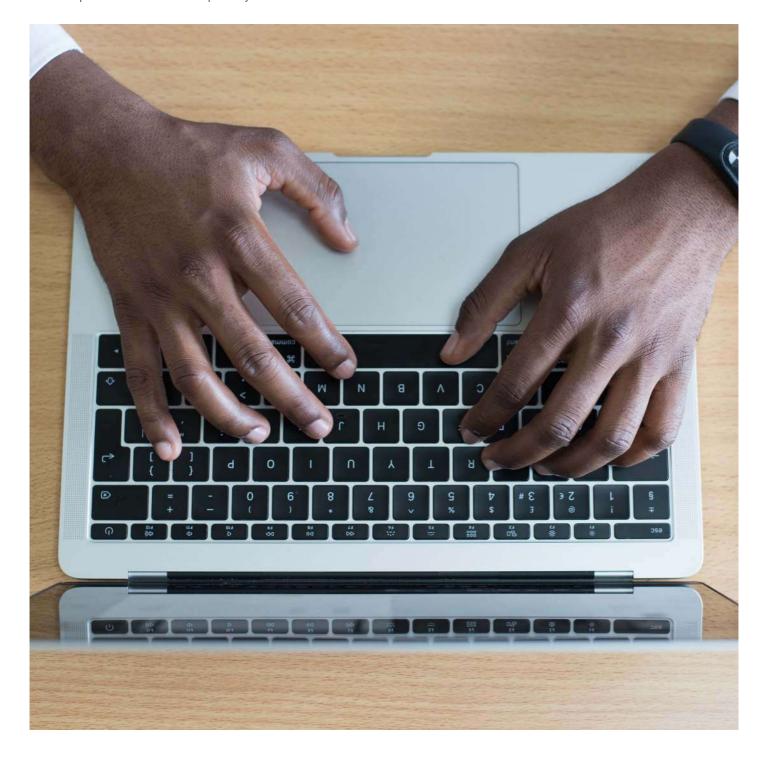
Employers with a workforce comprising a minimum of fifteen (15) employees must engage in a contributory pension scheme for their workforce. The minimum contribution rate is 18% of employees' monthly emoluments. This contribution is further divided, with a minimum of 10% contributed by the employer and 8% by the employee. However, if the employer elects to cover the entire contribution, the minimum contribution increases to 20% of the monthly emolument. It is crucial to recognize that both mandatory and voluntary contributions made by employers and employees to schemes authorized under the Pension Act are eligible for tax deductions.



## 3. Financial reporting and auditing regulations

Private limited liability companies in Nigeria are mandated to submit audited financial statements to the Corporate Affairs Commission (CAC) within forty-two (42) days after their annual general meetings. The associated filing fee amounts to approximately NGN 3,000 (USD 10).

The Financial Reporting Council of Nigeria (FRCN) is responsible for setting accounting and financial reporting standards in the country. Companies are required to adhere to stipulated requirements, which include the timely filing of their Company Income Tax returns and the completion of a requisite audit of their accounts. The statutory auditing of accounts remains mandatory. Startups, as part of their regulatory compliance checklist, are required to file annual returns regularly, with the first filing due within 18 months of incorporation and subsequently on an annual basis.







## I. Government Incentives

#### 1. Tax incentives

A labeled startup that falls within the scope of the PSI Scheme may receive expeditious approval from the Nigerian Investment Promotion Commission (NIPC) for the grant of tax reliefs and incentives such as tax holiday for qualifying period for three years which is extendable for one or two more years.

- The Nigerian Startup Act exempts labeled startups from contributions to Industrial Training Fund (ITF) for in-house training provided to their employees for the duration of the startup label.
- Labeled startups can enjoy full deduction of any expenses on research and development incurred in Nigeria. The restrictions placed by the companies' income tax act shall not apply to a labeled startup.
- Angel investors, venture capitalists, private equity funds, accelerators, or incubators investing in a labeled startup can receive an investment tax credit equivalent to 30% of their investment, applicable to any gains subject to tax.
- Capital gains tax shall not be charged on gains that accrue from the disposal of assets by an angel investor, venture capitalist, private equity fund, accelerators, or incubators with respect to a labeled startup provided the assets have been held in Nigeria for a minimum of twenty-four (24) months.
- Losses can be carried forward indefinitely, but they cannot be offset against profits from a different line of business. Losses carryback is not allowed. Non-resident companies that provide technical, consulting, professional, or management services to a labeled startup shall be subject to a 5% withholding tax on income derived from the provision of such services, provided that the payment of the withholding tax, shall be the final tax to be paid by such non-resident companies.
- To learn more about the incentives mentioned and their eligibility please visit the <u>NIPC</u> website.





## 2. Non-tax financial incentives

This section explores the diverse range of non-tax incentives in Nigeria, mainly, those supporting entrepreneurship, fostering innovation and investment, and contributing to the nation's economic vitality and global competitiveness.

#### Bank of Industry (BOI)

The Bank of Industry (BOI) stands as the largest government institution facilitating business opportunities in Nigeria. Within its multifaceted approach, the Information and Communication Technology (ICT) sector is accorded significant priority in terms of accessing financial resources through BOI. SMEs, which encompass startups, benefit from an array of financial instruments. These include the SME Credit Guarantee Scheme (SMECGS), the Agricultural/Small and Medium Enterprises Investment Scheme (AGSMEIS), as well as loan facilities available through the Development Bank of Nigeria (DBN).

#### **Bureau for Public Procurement (BPP)**

Bureau for Public Procurement (BPP): The Bureau for Public Procurement has introduced electronic public procurement. Companies including startups can register with <u>BPP</u> as contractors to partake in public procurement. Startups have the following exemptions:

- Companies with less than fifteen staff do not require a National Pension Commission compliance certificate to register with BPP and to bid for government projects.
- Companies with less than five (5) staff members or less than NGN 50 million annual turnover do not require an ITF compliance certificate to register and bid with BPP.

Nigeria Social Insurance Trust Fund (NSITF) and FIRS requirements still need to be met. BPP accepts Tax clearance for startups.

## Youth Entrepreneurship Support Program (YES-P)

The Youth Entrepreneurship Support program is BOI's effort to address youth unemployment in Nigeria by building the capacity of youth and funding their business ideas.

# Innovation and Entrepreneurship Program of the National Information Technology Development Agency (NITDA)

NITDA provides support for technology-based startups through various programs including training, funding, and mentorship.

## Micro, Small and Medium Enterprises Development Fund (MSMEDF)

A dedicated 10% of the fund has been allocated towards supporting developmental objectives such as grants, capacity building, and administrative costs. The remaining 90% constitutes the commercial component, and this portion is disbursed to Participating Financial Institutions (PFIs) at a highly favorable interest rate of 2%. PFIs are then authorized to further extend this capital to Micro, Small, and Medium Enterprises (MSMEs) at a maximum interest rate not exceeding 9% per annum.

Eligible activities to be financed under this scheme encompass a diverse range, including but not limited to agricultural value chains, services, cottage industries, artisans, trade and commerce, as well as any income-generating business as may be determined by the Central Bank of Nigeria (CBN) periodically;

#### **Startup Investment Seed Fund**

Under the umbrella of the Startup Act, this fund, established by the National Council for Digital Innovation and Entrepreneurship, once operational, will be managed by the Nigeria Sovereign Investment Authority. The fund will provide annually at least NGN 10 billion to the benefit of startups.



#### Youth enterprise with innovation in Nigeria

This initiative is part of the government's social reinvestment programs and is designed to help youth between the age of 18 to 45 in establishing a business plan or running an already established business.

#### <u>Small and Medium Enterprise Development</u> Agency of Nigeria

the agency positions itself as a one-stop-shop for MSME development, including micro enterprises. It facilitates the access of investors to all resources they require for their growth.

## II. Labor and immigration regulations and facilitations

## 1. Business permit

According to the <u>Expatriate Quota Administration</u>, a business permit is a certificate issued from the authority of the Minister of Interior to either wholly foreign owned or joint venture companies with foreign participation and with a minimum paid-up capital of NGN 1 million (USD 1,266) to enable legal operations of foreign participation. Note that the value of equipment or machinery imported into Nigeria for business purposes can contribute to the required minimum paid-up capital in the country.

#### Documents

- Certificate of incorporation
- Memorandum of association
- Feasibility report, certified or registered with the CAC
- Corporate Affairs Commission's CAC Form C02 & C07 or CAC 2.2, CAC 2.3 and CAC 2.5, or CAC 1.1
- Joint venture agreement for partnership venture between Nigerians and foreigners (original to be presented)
- Company's current tax clearance certificate (original to be presented)
- Lease agreement for C of O for operating premises (original to be presented)

#### **Ouration**

Up to fourteen (14) working days

#### **S** Cost

- Automation fees: 100,000 NGN (USD 127)

- Processing fees: 100,000 NGN (USD 127)

- Approval fees: 100,000 NGN (USD 127)

- Portal Fees: 50,000 NGN (USD 63)



## 2. Expatriate quota

Expatriate quota is a document that allows foreigners to work and live in Nigeria freely. The expatriate quota is processed by a company looking to hire foreigners to work and live in Nigeria. The expatriate quota also applies to foreigners who are directors or owners of registered businesses in Nigeria and seek to obtain residency status in the country.

#### Documents

- A certificate of incorporation
- A Memorandum of Association
- A feasibility report (certified or registered with the CAC)
- CAC form C02 & C07 OR CAC 2.2, CAC 2.3 & CAC 2.5, OR CAC 1.1
- A Joint venture agreement for partnership venture between Nigerians and foreigners (original to be presented)
- A company's current tax clearance certificate (original to be presented)
- A lease agreement or Certificate of Occupancy for operating premises (original to be presented)
- Evidence of imported machinery
- A license/permit/certificate from relevant government agencies
- A proposed annual salary to be paid to expatriate indicating designation, name, job description, and qualifications
- Curriculum Vitae (CV)
- Copies of IDs of expatriates





## III. Data protection

Data protection in Nigeria is primarily governed by the National Information Technology Development Agency (NITDA) Act of 2007 and the Nigerian Data Protection Regulation (NDPR) of 2019. These regulations are designed to ensure the protection of personal data and privacy rights of individuals in the country.

The National Information Technology Development Agency (NITDA) mandates businesses, including startups, that process data of up to 1,000 data subjects within six (6) months to file those data not later than the 15th day of March of every year. Startups must proactively take full considerations of rights, legal provisions, and regulatory prerequisites.

#### Rights of Individuals

Individuals have the right to access their personal data, request correction or erasure of their data, and object to the processing of their data in certain circumstances.

## Principles and lawful basis governing processing of personal data

Data Protection Act, 2023 sets out principles for the lawful processing of personal data, including the requirement for consent, purpose limitation, and data minimization.

#### Data protection officer and processors

Startups may be required to appoint a data protection officer and ensure that any third-party processors they work with comply with data protection laws.

#### Security measures

The Act requires startups to implement appropriate technical and organizational measures to protect personal data from unauthorized access, disclosure, alteration, or destruction

#### **Cross-border data transfers**

The Act prohibits the transfer of personal data outside of Nigeria unless the receiving country ensures an adequate level of data protection or the data subject has given their explicit consent.

#### **Enforcement and penalties**

Non-compliance with the Act can result in fines, imprisonment, or both, depending on the nature and severity of the offense.





## IV. Intellectual property

Intellectual property rights in Nigeria are safeguarded through a comprehensive framework that encompasses domestic legislation, international accords, and the African Continental Free Trade Area (AfCFTA) agreement. The primary objective of this framework is to optimize the revenue potential derived from intellectual property assets, particularly for SMEs operating in Nigeria.

Nigeria upholds and recognizes various categories of intellectual property rights, including copyright, patents, industrial designs, and trademarks. In the section below, we will cover the steps you need to know, to receive protection under three (3) types based on their relevance to startups. The application process for patents, trademarks, and industrial designs takes place at the <u>Intellectual Property Section</u> of the <u>Department of Registrar Companies and Intellectual Property</u>. The duration of a patent in Nigeria is 20 years from the date of filing. Annual renewal fees are payable in advance from the first year of the filing date. A patent will expire if the prescribed annual fees are not paid in a timely manner, with a grace period of six months provided for fee payment

#### 1. Patents

#### Steps Ste

- Draft a description of the invention or any relevant plans and drawings
- 2 Submit the application to the Intellectual Property Section
- 3 Pay the application fee
- Use the online application ID provided on the acknowledgment letter to track the status of your application

#### Requirements

- Applicants must include a written declaration, if the applicant seeks to avail themselves of a foreign priority in respect of an earlier application made in a country outside Nigeria
- Nigeria is a signatory of the Patent Cooperation Treaty (PCT). The Patent Cooperation Treaty is a pivotal international agreement that streamlines the process for inventors and innovators. It enables them to submit a single international patent application, which, in turn, facilitates the concurrent pursuit of patent protection for their invention in other member countries of the PCT. Filing requirement may vary if depending on the non-PCT applications or PCT applications. Visit this <a href="Link">Link</a> to learn about these requirement



## 2. Trademarks

Each company should consider registering its trademark to protect its name, logo, slogan, domain name, shape, color, or sound. Through the <u>iponigeria trademarks</u> page, you can register your trademark with the Commercial Law Department, under the <u>Ministry of Trade and Investment</u>. The validity term of a trademark in Nigeria is seven (7) years from the filing date and renewable for successive periods of 14 years. An application for renewal must be filed 3 months before the expiration date of the registration.

#### Steps Ste

- Conduct a trademark research (It's recommended to reach out to trademarks agents and lawyers for assistance)
- 2 File the application to the commercial law department
- 3 Obtain an acknowledgment notice and invoice
- 4 Track the application using the application ID provided

After filing the application for trademark registration, a preliminary search is conducted as to distinctiveness from existing and pending registrations. The registrar issues an official acknowledgment reflecting the official number and filing date of the application. If the registrar finds the trademark acceptable for registration, the applicant will be furnished with a letter or notice of acceptance. Upon issuance of the certificate of registration, trademark application must be advertised in the Nigerian trademark journal and is open to opposition for a period of two months from the date of advertisement.

#### Requirements

- <sup>-</sup> The official language of prosecution of the Nigerian trademark application is English. All application documents must be translated into English at the time of filing
- The legalization or notarization of the power of attorney is not required
- An invention must find applicability in various industries to be eligible for patent protection
- To successfully file your trademark, application must contain:
  - The representation of a trademark
  - Applicant's details
  - List of the goods and/or services
  - Proof of payment



## 3. Industrials designs

If your startup is involved in the design of products, you can protect the appearance design of these products by registering the correspondent industrial designs. The initial registration of an industrial design in Nigeria is effective for five (5) years from the date of the application, and it can be renewed for two (2) further consecutive periods of five (5) years upon payment of the prescribed fee.

#### Steps Ste

- 1 Draft a description of the design and relevant plans and drawings
- 2 Draft a petition or request for registration of the industrial design
- Decide the class of the design according to the International Classification of Industrial Designs
- Submit the application to the Department of Registrar Companies and Intellectual Property
- 5 Pay the application fee
- 6 Track the application using the application ID





# V. Key support organizations and initiatives (not exhaustive)

#### **Incubators**

CcHub

**Embryo Incubation Program by NCIC** 

**Enspire** 

**Giddyup Incubation Program** 

**Harmony Innovation Hub** 

**Ilorin Innovation Hub** 

**Incubator Africa** 

Lagos Innovates program

Media Hooch

Orange Corners

The Bulb

#### **Accelerators**

**Chrysalis Capital** 

Founder Institute Startup Accelerator

Google for Startups Accelerator Africa

**Pangea** 

ARM Labs Lagos Techstars Accelerator

**Unconventional Capital** 

#### Funders/Funding programs for startups

Adaverse

African Angels Network

**AfricInvest** 

**Greenhouse Capital** 

Ingressive Capital

Lagos Angel Network

Micotraction

Moulu Venture Capital

**Shecluded** 

Singularity Investments

**TLcom Capital** 

Trium

Ventures Platform

#### **Competitions & Awards**

AYuTe Africa Challenge Nigeria

Bincom Dev Center Hackathon

MEST Africa Challenge

**NESG Startup Pitch Competition** 

Seedstars Lagos

The Agro-Hack Challenge & Technology Summit



Cowor	kina s	paces

989 Workspaces

**Ally Hub Space** 

<u>Atusbridge</u>

Colab

CubeHub

**Lagos CoWork** 

Pyale Work Hub

Smart X Business Hub

**Springs** 

The Bulb

The professional place

V8 Valley Workspace

Venia Business Hub

Ventures Park

**Workcity Africa** 

Workstation

Zahari Workspace

#### **Events**

**Art of Technology Lagos** 

Connect Nigeria Business Fair

**Digitalise Africa Lagos** 

**EkoVention** 

**Growth Accelerator Conference** 

**IOT West Africa** 

Lagos Startup Founder 101

**Lagos Startup Week** 

**Lagos Tech Fest** 

Nigeria Fintech week

Nigeria Innovation Summit

<u>Techpoint Build Exhibition</u>



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Appendix

## Appendix 1: Launching your startup: key success factors



#### Addressing market demand

Your startup should provide a compelling solution to a specific problem within a large and eager market. Think of it as a puzzle piece that fits perfectly into the demand landscape. Steve Blank's Customer Development Model can guide you in creating a product or service that customers cannot resist.



#### Feasibility analysis

Conduct a thorough feasibility analysis. This process empowers you to make informed decisions, spot areas needing improvement, and allocate resources effectively. It is your tool for maximizing your chances of crafting a successful, long-lasting venture.



#### **Market insights**

Dive deep into market analysis. Understand the current state of your industry segment and define your target market. A strong grasp of market dynamics is essential for positioning your product or service effectively.



#### Building a stellar team and network

Source and group a team of multitalented experts. This is one of the fundamental steps to scale a startup. These diverse talents will complement each other and will help you access a strong, interconnected network that can be your secret weapon for gaining support, mentorship, and continuous learning.



#### Analyzing the competition

Competitive analysis is not just about sizing up rivals; it is a vital part of your strategic planning, systematic research and evaluation of your competitors' strengths and weaknesses. It will quide you into finding your competitive edge and creating your added value ion the market.



#### Legal Flexibility

The legal form of a startup must allow for flexibility. Choose a legal structure for your startup that offers the flexibility needed for growth. Make it easy for shareholders to join and leave the company and ensure your memorandum of association can adapt to your evolving needs. In fact, the memorandum of association must be drawn up freely and allow the opening of share capital.



Appendix

# Appendix 2: What type of support to expect at each stage of a startup lifecycle

	Startup development stages	Government support	Funders support	SSOs support
Outreach	<ul> <li>Idea formation</li> <li>Problem validation</li> <li>Team establishment</li> </ul>	<ul> <li>Promote entrepreneurs hip education</li> <li>Facilitate Ideation:         Hackathons, startup         Weekends, etc.</li> <li>Promote innovation and entrepreneurs hip culture</li> </ul>	<ul> <li>Financial literacy and entrepreneurs hip awareness programs</li> <li>Networking opportunities to connect with potential mentors, advisors, and industry experts</li> </ul>	<ul> <li>Access to         experienced         mentors who         provide guidance         and advice on         various aspects         of startups</li> <li>Provision of         office space,         shared facilities,         and         infrastructure to         support the         early-stage         development of         the business</li> </ul>
Pre start	<ul> <li>Idea development</li> <li>Business modeling</li> <li>Problem/Solution fit: prototyping</li> <li>Team Formation: access to training and mentorship</li> </ul>	<ul> <li>Offer entrepreneurs hip training and education</li> <li>Facilitate Proof of concept and proof of Business</li> <li>Facilitate Business Modeling</li> <li>Validate MVP</li> </ul>	<ul> <li>Seed funding for idea validation and product development</li> <li>Coaching to refine business ideas and plans</li> <li>Access to incubators or accelerators providing resources, infrastructure, and networking opportunities</li> </ul>	<ul> <li>Assistance in refining the product/service, pricing strategies, and go-to-market plans</li> <li>Support in conducting market research and understanding the target market, customer needs, and competitors</li> </ul>



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	Startup development stages	Government support	Funders support	SSOs support
Launch	<ul> <li>Business         Creation</li> <li>Early-stage         fundraising</li> <li>Initial Go-To         market: MVP         development</li> </ul>	<ul> <li>Provide Early-Stage Financing</li> <li>Facilitate access to client and Go-To -Market</li> <li>Strategic partnerships</li> <li>Housing</li> <li>Operation set up and labeling</li> </ul>	<ul> <li>Seed funding to launch the business</li> <li>Cover initial operational costs</li> <li>Access to angel investors or venture capital firms</li> <li>Guidance on legal and regulatory compliance</li> <li>Support in building a strong founding team and advisory board</li> </ul>	<ul> <li>Guidance on company registration, intellectual property protection, and legal compliance</li> <li>Support in identifying funding sources, preparing investor pitches</li> <li>Connecting with potential investors</li> </ul>
Growth	<ul> <li>Product/Market         Fit</li> <li>International Go-         To-market</li> <li>Expansion and         scaling</li> </ul>	<ul> <li>Facilitate access to Finance</li> <li>Facilitate internationalizat ion via events, strategic partnership, etc.</li> <li>Provide operational support</li> </ul>	<ul> <li>Series A, B, or C funding rounds for scaling operations and market expansion</li> <li>Strategic guidance and industry insights from investors</li> <li>Assistance in negotiating partnerships and strategic alliances</li> <li>Exit strategies and assistance with mergers, acquisitions, or public offering</li> </ul>	<ul> <li>Assistance in scaling operations, managing growth, and overcoming operational challenges</li> <li>Access to industry experts</li> <li>Provide sector-specific knowledge and guidance</li> </ul>







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