

STARTUP Country Guide 2024

THE FEDERAL REPUBLIC OF NIGERIA

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CHAPTER 1

Exploring the startup sphere

I. The Nigerian entrepreneurial ecosystem

Nigeria's startup ecosystem has emerged as a beacon of innovation, securing 30.5% of Africa's total funded ventures and 16.6% of the continent's total investments in 2023, according to the African Tech Startups Funding Report by Disrupt Africa. Nigerian startups raised USD 399.91 Million in 2023, continuing to attract significant attention from investors and maintaining a strong position in the African startup landscape. Over the last five (5) years, the ecosystem has grown significantly, with startups making substantial strides in various sectors including fintech, agriculture, health, education, and energy.

Being the top-funded ecosystem, Nigeria's startup ecosystem faced challenges in 2023. While it still ranks top for the number of funded startups with 124 startup, this represents a 31.1% decline from 2022. Nigerian startups raised USD 399,909,000 Million in 2023 dropping from first to fourth place for total funding. The average round size declined to USD 3,225,072, down from USD 5,423,033 in 2022.

Despite the funding decline, the Nigerian startup ecosystem remains resilient. With an internal market of over 200 Million people, projected to reach 400 Million by 2050, Nigeria and its capital Lagos have become leading startup hubs in Africa. The country tops Africa's unicorn charts.

The public sector is gradually recognizing the massive potential of startups to transform Nigeria's economy. The Nigerian Startup Act aims to empower entrepreneurship through a legal and institutional framework for the development and operations of Nigerian startups. Initiatives like the Startup Nigeria incubator and the Co-Creation Hub foster the entrepreneurial spirit in the country. Support organizations such as Lagos Angel Network, Growth Capital Fund, Ventures Platform, and Greenhouse Capital provide funding for local startups. Similarly, FATE Foundation offers aspiring and emerging entrepreneurs enterprise training, mentoring, and advisory support.

In 2023, Nigeria became the first country in Africa to receive Starlink's satellite broadband service, greatly improving internet speed. Supported by NigComSat's 2024 accelerator program, Nigeria selected twenty (20) promising startups for intensive spacetech mentorship and growth opportunities.

Nigeria has a clear potential to secure Lagos' status as the top regional hub. The government will need to address the infrastructure deficit and support smaller ecosystems to guide talented Nigerian entrepreneurs to success.



1. Startup definition

Overall, 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.

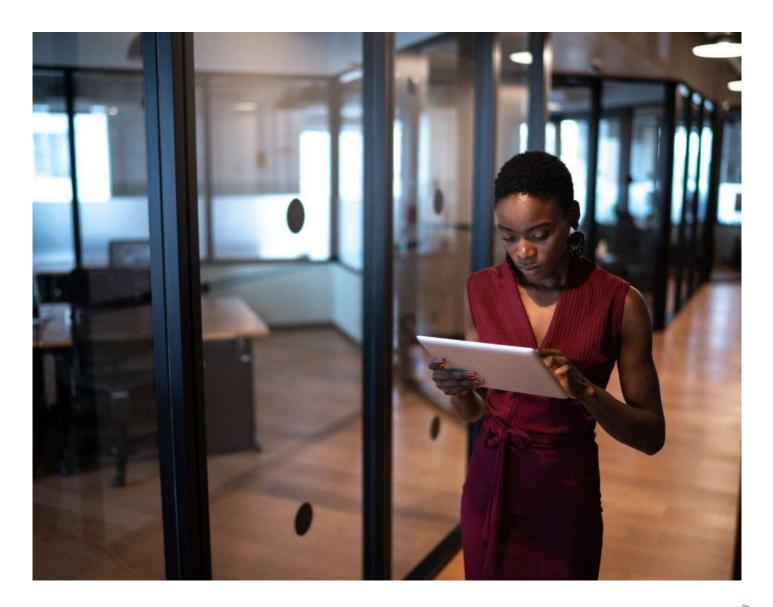
In the context of Nigeria's legal framework, a more specific definition for a startup has been introduced through the Nigeria Startup Act 2022. A startup is eligible for labeling under this Act, where:

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 ten (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 growing startup landscape harnesses its robust strengths, driven by a swiftly expanding population and a surging demand for groundbreaking solutions. Fintech, E-commerce, E-Health and EdTech 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

The fintech sector in Nigeria is at the forefront of revolutionizing the country's traditional banking systems, accelerating the provision and efficiency of financial services within the nation. As Africa's most populous country, Nigeria is witnessing a significant transformation in fintech solutions, such as mobile banking and digital payments. These solutions are bridging the gap for previously underserved communities and fostering financial inclusion and expanding economic opportunities.

The Fintech Association of Nigeria (FintechNGR), a self-regulatory organization, is instrumental in promoting fintech growth and encouraging collaboration among industry participants. Recognizing fintech's pivotal role in achieving financial inclusion, the Central Bank of Nigeria (CBN) has been proactive in establishing a conducive regulatory framework. Initiatives such as the Regulatory Sandbox and Open Banking are designed to nurture innovation while safeguarding consumer interests and maintaining financial stability.

In terms of funding, the fintech landscape is experiencing significant growth with forty-seven (47) startups securing investment, representing 37.9% of the sector, outpacing other sectors such as ecommerce and e-health. This trend is a continuation from the previous year when 86 fintech ventures received funding, accounting for 47.8% of the total. Fintech's dominance is further underscored by the substantial amount of capital raised, with USD 172,557 Million contributing to 43.1% of Nigeria's total funding, eclipsing other sectors.

Lagos, the heart of Nigeria's financial institutions, is a testament to the country's fintech prowess, hosting major banks like First Bank of Nigeria (FBN), Access Bank, Ecobank, and First City Monument Bank (FCMB). Nigeria's venture capital funding topped the African continent with USD 600 Million during the first quarter of the previous year. Notable developments include the introduction of the digital central bank currency, the e-Naira, and the draft of open banking. However, the CBN has taken a firm stance against cryptocurrencies, directing banks to cease transactions with cryptorelated entities and close accounts involved in such dealings.

Despite regulatory challenges, cryptocurrencies remain popular in Nigeria, with a significant portion of the population turning to digital assets, particularly following the 2016 economic recession. Nigeria boasts the largest crypto market in Africa and one of the most extensive user bases globally. The CBN's introduction of payment service banks (PSBs) aims to capitalize on the capabilities of businesses like mobile network operators, promoting a bank-led model over a telecoms-led one. Although mobile money has yet to gain widespread acceptance in Nigeria, the recent launch of PSBs by MTN and others indicates potential growth in this market.

The Nigerian tech sector, mirroring global trends, has experienced layoffs and hiring freezes within its startup ecosystem. Startups such as Vendease and Quidax have reduced their workforce, reflecting the challenges faced by the industry. Additionally, the recent transition to new Naira notes has led to a banknote's crisis, which, akin to India's experience in 2016, could further propel the demand for digital currencies and fintech services.

E-Commerce

The e-commerce sector in Nigeria is a growing market, demonstrating significant growth and potential. In 2022, the market was valued at USD 6765.68 Million, with total e-commerce revenue reaching USD 3.1 Billion. The sector is projected to outpace the global average growth rate, with an expected yearly increase of 12% between 2021 and 2025. Mobile e-commerce, in particular, is thriving, with over 70% of online transactions conducted on mobile devices, reflecting the country's high mobile penetration rate.

The Nigerian population is increasingly engaging in online shopping, with 89% of internet online shoppers and an additional 24% planning to join the trend.

Despite the shift towards digital platforms, cash transactions continue to be prominent, accounting for 65% of payments. The e-commerce market is anticipated to exhibit a compound annual growth rate (CAGR) of 10.8% from 2023 to 2027, leading to a projected market volume of USD 10,026.9 Million by the end of this period. Furthermore, the market is expected to reach a value of USD 130,30.47 Million in the next five (5) years, from 2023 to 2028, with a CAGR of 11.3%.

The startup ecosystem within Nigeria's e-commerce sector has attracted significant investment, with funding rounds injecting substantial capital into the market. In particular, B2B e-commerce startups have been successful in securing investments to fuel their growth. One such startup raised USD 38 Million in a Series B funding round in 2023, which contributed to a valuation of over USD 300 Million. Another Nigerian success story, founded in 2019, experienced rapid revenue growth, escalating from USD 250,000 in its founding year to USD 139.8 Million in 2022.

These funding activities reflect the investor confidence in Nigeria's e-commerce market and the potential for startups to leverage the country's increasing internet accessibility and tech-savvy demographic. The sector's upward trajectory is a testament to Nigeria's digital evolution and the entrepreneurial drive that is propelling the economy forward.

∻ E-Health

The e-health sector in Nigeria has seen a surge in growth, particularly in the wake of the COVID-19 pandemic, which accelerated the adoption of contactfree and digital healthcare solutions. This shift has sparked a heightened interest in virtual services among consumers and medical institutions alike. Nigerian e-health startups are primarily focused on enhancing healthcare system functionalities, with a notable emphasis on areas other than diagnostics, which contrasts with trends observed in other parts of the continent.

The Nigerian government has recognized the potential of the e-health industry and has initiated efforts to foster its development. The launch of the Nigerian Healthcare Innovation and Investment Conference in 2020 is a testament to the government's commitment to promoting innovation and investment in the healthcare sector. Investors, both local and international, are increasingly showing interest in the e-health industry, with several startups receiving funding to advance their operations and contribute to the transformation of the Nigerian healthcare system.

Despite the challenges that e-health startups in Nigeria face, such as limited funding, access to talent, and the absence of comprehensive regulatory frameworks, the sector presents numerous opportunities. These include collaborations with healthcare organizations to develop innovative solutions, partnerships with universities to train ehealth professionals, and engagement with government agencies to establish supportive regulatory environments.

The establishment of <u>HealthTech Hub Africa</u> aims to accelerate the development of health technologies that can enhance healthcare quality in African countries, including Nigeria. Funding activities in the sector have been noteworthy, with significant amounts raised by startups specializing in various aspects of e-health. For instance, one startup specializing in supply chain management for pharmacies secured USD 3.6 Million in Series A funding. Another startup operating a network of diagnostic clinics raised USD 3 Million in Pre-Series A funding, bringing its total funding to USD 6.8 Million. Additionally, a provider of electronic medical records and hospital management systems raised USD 30 Million in Series B funding.

These funding rounds underscore the rising interest and confidence investors have in Nigeria's e-health sector. As the industry continues to evolve, it is poised for significant growth, with the potential to create employment opportunities, drive innovation, and improve healthcare outcomes for the Nigerian population.

📃 EdTech

The edtech sector in Nigeria is enhancing the education landscape, showing significant growth due to the integration of technology in response to the educational needs of over 200 Million people. Technology's role in education has been pivotal in addressing the disparity between the vast number of students and the limited resources of educational institutions.

In 2022, the global e-learning market was valued at USD 240 Billion, with Nigeria's market estimated at USD 4.32 Million, drawing revenue from various streams including In-App Purchases, Paid Apps, and downloads. The Nigerian e-learning industry is expected to grow substantially, with projections indicating a market value of USD 107.90 Million by 2024 and an anticipated compound annual growth rate (CAGR) of 11.04% from 2022 to 2027. The market is forecasted to reach a value of USD 7.05 Million by 2027 and is projected to grow at a CAGR of 15.56% between 2024 and 2028, with an estimated value of USD 192.40 Million by 2028.

Despite a relatively modest investment rate, edtech startups in Nigeria attracted about USD 24.6 Million in 2022, representing 0.7% of the total investment funding in Africa. The private sector's interest in the edtech market is evident, with initiatives such as the Co-Creation Hub's Edtech Fellowship Program, a USD 15 Million accelerator program aimed at supporting startups in Nigeria and Kenya over three (3) years. This investment trajectory suggests a burgeoning market for investors, notwithstanding the challenges posed by electricity supply, which remains a limiting factor for edtech development in Nigeria.

The Nigerian government has also expressed its commitment to digitalizing the economy, as outlined in Nigeria's National Digital Economy Policy, which includes efforts to digitalize education and facilitate access to online learning platforms. The agenda to establish virtual libraries and e-learning facilities across educational institutions is part of the government's strategy to foster a digital learning culture. However, the transition to digital learning requires addressing infrastructural deficits and ensuring the availability of necessary e-learning tools for students. The challenges for e-learning in Nigeria include limited digital infrastructure, the high cost of elearning devices for families, and restricted internet access, with only 14.3% of the population having internet connectivity in 2023. Additionally, the country's power supply issues, characterized by frequent blackouts and an unstable national grid, hinder consistent access to e-learning platforms for many students.

Despite these obstacles, the edtech sector in Nigeria holds significant promise for growth, offering not only access to formal education but also opportunities for skill development and professional advancement through online tertiary education. The sector presents a viable revenue-generating avenue for both private and public investors, facilitating learning for individuals regardless of their location, provided there is access to electricity and the internet.

3. Nigeria startup scene

Nigeria top startup industry sectors by funding¹

- FinTech.
- E-Commerce.
- E-Health.
- EdTech.

Startup ecosystem in numbers

- Number of operating startups²: 1300.
- Number of incubators and accelerators³: 150.
- Number of entrepreneurship events³: 31.
- Number of coworking spaces³: 37.
- Funds raised by startups¹: USD 399.91 Million.
- Number of funding rounds¹: 40.

Entrepreneurship and innovation in Nigeria: Indexes & Rankings⁴ (2023)

Index	Ranking	Index	Ranking
Business environment	106	Innovation linkages	111
Economic freedom of the world overall score	126	Knowledge workers	55
Entrepreneurship policies and culture	NA	Mobile app creation	86
Finance for startups and scaleups	NA	Operational stability for businesses	128
Global innovation	109	Regulatory environment	79
Global Knowledge	NA	State of cluster development	96
ICT access	119		

CHAPTER 2

Beginning your entrepreneurial journey

I. Guiding steps to launch a startup in Nigeria

1. Country specific legal structures

In Nigeria, most entrepreneurs choose among distinct types of legal structures. Each business type possesses unique attributes designed to accommodate distinct economic objectives. Below are business legal structures for entrepreneurs, listed from single-owner setups to entities suitable for numerous shareholders:

- Sole proprietorship
- Partnerships
- Private Limited Liability Company (Ltd)

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

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. The Private Limited Liability Company (PLLC/Ltd) offers benefits and flexible terms like limited liability for shareholders, 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.



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 <u>the Corporate Affairs Commission (CAC)</u>, <u>the</u> <u>Joint Tax Board (JTB)</u>, and <u>Federal Inland Revenue Service (FIRS)</u>. 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 main steps for incorporating a company in Nigeria.



Step 1: Reserve a company name

The <u>Corporate Affairs Commission (CAC)</u>'s online <u>platform</u> allows the reservation of unique business names and the submission of incorporation forms for the entire registration process. Reserving your desired company name grants exclusive rights to it for sixty (60) days. During that period a reserved name allows you to complete the registration process. The company's name reservation is valid for sixty (60) days and can be renewed for an additional sixty (60) days.

S[℃] Steps

- 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 <u>CAC portal</u>.
- 3 On the <u>New name reservation page</u>, fill in all required information.
- 4 Confirm and proceed to payment (via Remita).

Requirements

- ⁻ The company name has to be unique.
- 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.

Ouration

Less than one (1) day.

S Cost

⁻ 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 <u>schedule of fees</u> for more details.

Step 2: Pay the stamp duty

After successful verification of your business name, prepare the necessary incorporation documents and pay the stamp duty at the <u>Federal Inland Revenue Service (FIRS)</u>. E-stamping is available, allowing companies to complete the stamping process <u>online</u>.



Documents

- ⁻ Statutory forms.
- ⁻ Two (2) copies of Memorandum and Articles of Association.

Ouration

Less than one (1) day.

S Cost

- ⁻ 0.75% stamp duty paid on share capital.
- ⁻ 500 NGN for each additional copy of Memorandum and Articles of Association stamped.

Step 3: Sign the declaration of compliance before a Commissioner for Oaths or a Notary Public

The declaration by the barrister or solicitor involved in forming the company can be sworn before a Notary Public. Alternatively, it can be done at any recognized court in the country i.e., Magistrate Court, State High Court, or Federal High Court, before a Commissioner for Oaths for a nominal fee typically charged by the courts. Entrepreneurs also have the option to use the services of a CAC-appointed lawyer.

U Duration

One (1) day.

S Cost

500 NGN at the court or 4,000 NGN-5,000 NGN with a Notary Public.

Step 4: Register your company with the CAC

Once you have signed the declaration of compliance, 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 this 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 <u>CAC form 1.1</u>, which further authenticate your company's registration. Please note that the required documents for registration depend on the type of legal structure you have chosen.

S [°] Steps
1 Visit the CAC company <u>registration page</u> .
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).

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

- ⁻ Two (2) copies of a stamped and completed application <u>form CAC 1.1</u>.
- ⁻ Two (2) copies of a stamped Memorandum and Articles of Association.
- Form <u>CAC1.1</u> of identification of the directors and shareholders and a driver's license, national ID or data page of international passport (page 16, particulars of director).
- ⁻ Form <u>CAC8</u> of identification of the company secretary (page 50, particulars of secretary).
- ⁻ A copy of name reservation of your company.

Ouration

⁻ Two (2) days.

⁻ Visit the <u>revised service timelines</u> for more information.

S Costs

- The registration of private company for a company whose nominal share capital is NGN 1,000,000 or less: NGN 10,000.
- ⁻ NGN 5,000 for each subsequent NGN 1,000,000 in nominal share capital.
- ⁻ Certified true copy of memorandum and articles of association : 3,000 NGN.
- ⁻ Certified true copy of form CAC 1.1 : 2,000 NGN.
- 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 5: Make a company seal

After registering the company with the Corporate Affairs Commission (CAC) and paying the necessary registration fees, you will receive your income tax and VAT registration numbers. Following this, it is essential to make a company seal. According to Section 74 of the Companies and Allied Matters Act (CAMA), every company is required to have a common seal. You can obtain this seal through an agency e.g., Sealmaker. Moreover, it is common practice, because companies generally need to register deeds or other official documents.

Ouration

One (1) day

S Cost

4,000 NGN - 6,000 NGN

Step 6: 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.

All employers should register either online through the <u>JTB portal</u> or in person with the relevant state tax office. Registering with the relevant state tax authority for income tax withholding facilitates the remittance of income tax deducted from employees. Within six (6) months of starting business operations, employers must deduct tax from employees' salaries and remit the deducted amount to one of the designated collecting banks. The penalty for failing or refusing to register is NGN 25,000.

🔊 Online Steps

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

S[°] Offline Steps

Visit the Lagos State Board of Internal Revenue Tax Office closest to your company's registered address.

- 2 Prepare the required documents and submit them.
- 3 Upon completion, the Tax Identification Number (TIN) will be issued.

Documents

- ⁻ A copy of certificate of incorporation.
- ⁻ A director's bank verification number (BVN).
- ⁻ Valid IDs of directors.
- ⁻ A list of staff and their annual salaries.
- ⁻ A letter of application for registration.
- A corporate income tax and VAT tax reference number.

S Cost

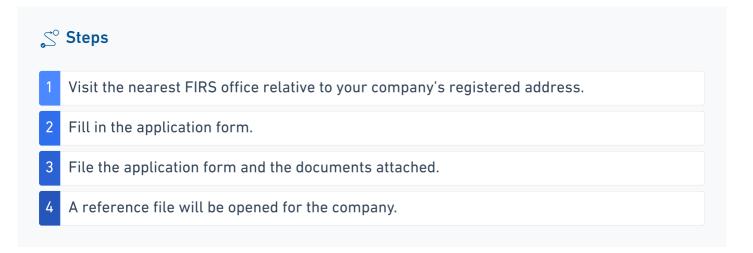
Free

Ouration

- ⁻ Online: Ten (10) business days.
- ⁻ Offline: Two (2) days.

Step 7: Register your TIN at the Federal Inland Revenue Service (FIRS)

Following the successful execution of the aforementioned procedures, entrepreneurs are required 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 <u>resources</u> on the FIRS website.



Documents

- ⁻ An application letter template handed at FIRS office.
- A copy of the certificate of incorporation or certificate of registration.
- A utility bill.
- ⁻ Memorandum and Articles of Association.
- ⁻ A VAT Form 001 handed at the state tax office.

S Cost

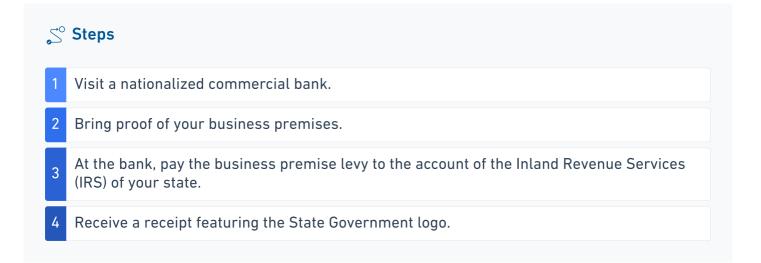
Free

(**Duration**

Two (2) business days.

Step 8: Register business premises and pay the business premises levy

Simultaneously with the previous step, register the premises and pay the levy at a bank to receive the business permit. In some places, the relevant Ministry of Commerce, Industry, Cooperatives and Tourism office of your state is the issuing entity of the permit.



Documents

Proof of business premises e.g., utility bills.

Ouration

One (1) day (simultaneous with previous procedure).

S Cost

- ⁻ First-year registration fee for urban areas in Nigeria : 10,000 NGN.
- Yearly renewal fee : 5,000 NGN.
- ⁻ First-year registration fee for rural areas : 2,000 NGN.
- Yearly renewal fee : 1,000 NGN.

Step 9: Apply for sector-specific business licenses

The Nigerian government, in collaboration with its ministries, regulatory bodies, agencies, and authorized thirdparty 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 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 10: 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.

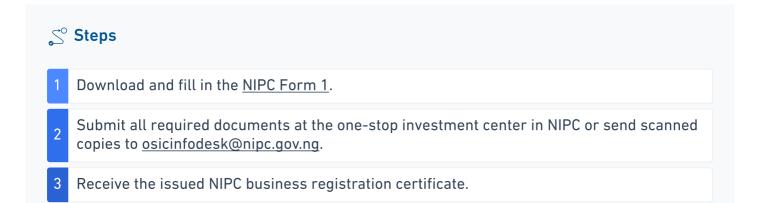
II. Other country-specific considerations

1. Considerations for foreign investors

Foreign investors willing to start a business and invest in Nigeria can benefit from tax treaties that Nigeria has ratified with fifteen (15) countries.

<u>The Nigerian Investment Promotion Commission (NIPC)</u> 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.

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 oneself of the services provided by the NIPC.





Documents

- A Duly completed <u>NIPC Form 1</u>.
- ⁻ A Memorandum and Articles of Association.
- ⁻ A certificate of Incorporation.
- ⁻ A <u>CAC Form 1.1</u> (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.

Ouration

One (1) day.

S Cost

15,000 NGN



2. Tax regime

Brief overview of Nigeria's tax regime

As the seventh most populous country in the world, Nigeria is also rapidly expanding its infrastructure and witnessing foreign and domestic investment from major players in the engineering and construction industry as well as the telecommunications sector. The financial services segment also continues to expand in Nigeria as international banks and investors look to capitalize on the expansion of the West African market. A company is deemed to be resident in Nigeria if it is incorporated in Nigeria. A resident company is subject to tax in Nigeria. This does not preclude nonresident companies from being subject to tax in Nigeria based on relevant tax laws.

In order to maintain the development and growth of the economy, Nigeria offers the following main tax components:

Capital gains tax

Capital gains tax's rate of 10% is chargeable on the gains accruing from the disposal of all types of assets, including the following:

- Options, debts and other property rights.
- Any currency other than Nigerian currency.
- The disposal of shares is subject to capital gains tax at 10% if the proceeds are NGN100 million or more in any 12 consecutive months.

The taxable gain is the difference between the consideration accruing on the disposal of an asset and its original cost together with expenses incurred on its disposal.

Payroll contribution

Under the Employee Compensation Act, all employers were required to contribute 1% of their payroll cost in the first two (2) years of commencement of the Act (2010 to 2012). Subsequently, assessments were expected to be issued by the Nigeria Social Insurance Trust Fund, the body empowered to administer and implement the Act. The contribution of 1% of payroll continues to apply.

Withholding Tax (WHT)

The withholding tax rate on dividends, interest, rent and royalties for residents and for recipients in nontreaty countries is generally 10%.

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. Pension contributions on monthly gross salary (for pension purposes, gross salary consists of basic pay, housing and transport allowances), are paid by employer at the rate of 10% and by employee at the rate of 8%. However, if the employer elects to cover the entire contribution, the minimum contribution increases to 20% of the monthly emolument.

Corporate Income Tax (CIT)

Resident companies are subject to tax on their worldwide profits. Nonresident companies are taxed only on the profits of their operations attributable to Nigeria through a fixed base or permanent establishment.

The CIT rate due is dependent on the company's turnover:

- Large companies with a turnover greater than NGN 100 million are taxed at a rate of 30%.
- Medium companies with turnover between NGN 25 million and NGN 100 million are taxed at a rate of 20%.
- Small companies are exempt from corporate income tax.

Minimum tax

Minimum tax obligations pertain to companies that either report no taxable profits for the fiscal year or have a tax liability on profits that fall below the stipulated minimum threshold. 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 smallscale companies are granted an exemption from the minimum tax requirement.

The computation of minimum tax payable is based on a formula, specifically, 0.5% of the gross turnover after deducting franked investment income (in this context, franked investment income refers to dividend income received by a company on which withholding tax has already been paid7). Additionally, for non-life insurance companies, the minimum tax assessment is determined as 0.5% of the gross premium.

Value Added Tax (VAT)

VAT levied on specified goods and services, including goods manufactured or assembled in Nigeria, imported goods, certain bank services and services performed by professionals is subject to the standard rate of 7.5%.

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3. Tax compliance and requirements

The Federal Inland Revenue Service (Establishment) Act, which was enacted in 2007, established the Federal Inland Revenue Service (FIRS). The FIRS is responsible for assessing, collecting and accounting for tax revenue accruable to the federal government of Nigeria.

The tax year is from January 1st, to December 31st. All companies subject to tax must compute their tax liability, make payment and file their tax return with the FIRS on or before the due date.

Company income tax return

The due date is six (6) months after the end of the accounting year or within eighteen (18) months after its date of incorporation. A penalty of NGN 25,000 is imposed for the first month of lateness in filing a return and NGN 5,000 for each subsequent month. A taxpayer must apply to the tax authority to make installment tax payments.

The final installment must be paid not later than the due date. A 10% penalty and interest at the prevailing bank lending rate are imposed for late payment of assessed tax. There is a tax credit of tax payable for the early payment of tax liability up to ninety (90) days before the due date. Such credit should be utilized in the subsequent year:

Withholding Tax (WHT)

The deadline for submitting Withholding Tax (WHT) is within twenty-one (21) days following the emergence of the obligation to withhold from companies. The penalty for failure to deduct or remit tax is 10% of the amount not deducted/remitted.

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 service', their Tax Identification Numbers (TINs), their addresses, the nature of the transaction, the amount of Withholding Tax (WHT) deducted, and the relevant invoice numbers.

- 2% for medium companies.
- 1% for large companies.

Value Added Tax (VAT)

Startups must file and remit VAT monthly to FIRS on or before the twenty-first day of every month following the month in which supplies are made. 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. Electronic filling is done via an electronic software application provided by the tax authority (Tax Pro Max).



4. 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 fourty-two (42) days after their annual general meetings. The associated filing fee amounts to approximately NGN 3,000.

<u>The Financial Reporting Council of Nigeria (FRCN)</u> is responsible for setting accounting and financial reporting standards in the country. Pursuant to the Finance Act of 2020, small enterprises with an annual turnover of less than NGN 25 Million are granted an exemption from Company Income Tax, provided they adhere to the stipulated requirements, which include the timely filing of their Company Income Tax returns and the completion of a requisite audit of their accounts.

For any other company that does not fall within these small enterprise criteria, the statutory auditing of their accounts remains a mandatory requirement. 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.



CHAPTER 3

Navigating startup regulations and incentives

I. Government incentives

1. Tax incentives

A labeled startup that falls within the scope of the <u>Pioneer Status Incentive (PSI)</u> Scheme may receive expeditious approval from the Nigerian Investment Promotion Commission (NIPC) for the grant of tax reliefs and incentives. A company with pioneer status is granted a tax holiday of up to three (3) years, with a possible extension for two (2) years. Dividends distributed from pioneer profit and by small companies are exempt from tax.

The Nigerian Startup Act exempts labeled startups from contributions to Industrial Training Fund (ITF) for inhouse 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.

Labeled startups can enjoy full deduction of any expenses on Research and Development (R&D) incurred in Nigeria. The restrictions placed by the companies' income tax act shall not apply to a labeled startup.

Under the terms of the Industrial Development (Income Tax Relief) Act, a qualified startup that has been granted a startup label may be eligible for a waiver from paying income tax or any other taxes levied on its earnings for an initial duration of three (3) years. This exemption period can be extended by an additional two (2) years if the enterprise remains classified as a startup. The effective start date for this tax relief benefit is the date on which the startup label is issued.

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. Certain incentives are available to companies located in rural areas. The incentives take the form of tax reductions at graduated rates for enterprises located at least 20 kilometers from available electricity, water, and tarred roads (This incentive has been deleted effective 1 September 2023. However, there is scope to claim the incentive for expenditure incurred on or before the effective date.).

A company that is 100% export oriented but located outside an export processing zones (EPZ) will enjoy a threeyear tax holiday, provided the company is not formed by splitting up or reconstruction of an already existing business and the export proceeds from at least 75% of its turnover. Profits of companies whose supplies are exclusively inputs to the manufacture of products for export are exempt from tax. Such companies are expected to obtain a certificate of purchase of the input from the exporter in order to claim tax exemption.

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.

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.

Small and Medium Enterprise Development 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.

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).

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.

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 eighteen (18) to forty-five (45) in establishing a business plan or running an already established business.

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.

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.

3. Special Economic Zones

Technology development zones

It's a collaboration between the Secretariat and the Nigeria Export Processing Zones Authority to establish a Technology development zone to spur the growth and development of startups, accelerators, and incubators. Startups, accelerators, or incubators situated in the Zone will be entitled to existing incentives provided under the Nigeria Export Processing Zones Act including tax exemption for life, non-applicability of the FX regime administered by the CBN, exemption from import duties, etc.

Free trade zones

Approved enterprises operating in export free-trade zones are exempt from all federal, state and local government taxes, levies and rates.

Export-oriented companies located outside freetrade zones may qualify for income tax exemptions if certain conditions are met. However, these enterprises are required to prepare and file their tax returns with the Federal Inland Revenue Service (FIRS).

Bureau for Public Procurement (BPP)

<u>Bureau for Public Procurement (BPP)</u>: 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 (15) 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.

Free trade zones

They are designated by the government as free areas where export trade activities can be carried on free of tax and foreign exchange restrictions. A company that is engaged in an approved manufacturing activity in an EPZ and incurs expenditures in its qualifying building and plant equipment is entitled to 100% capital allowance in that year of assessment. These activities are permitted in the EPZ:

- Activities relating to integrated zones.
- Banking, stock exchange and other financial services; insurance and re-insurance.
- Import of goods for special services, exhibition and publicity.
- Manufacturing of goods and services.

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 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

- ⁻ A feasibility report, certified or registered with the CAC.
- ⁻ The certificate of incorporation.
- ⁻ The company's current tax clearance certificate (original to be presented).
- ⁻ The corporate Affairs Commission's CAC Form C02 & C07 or CAC 2.2, CAC 2.3 and CAC 2.5, or CAC 1.1.
- The joint venture agreement for partnership venture between Nigerians and foreigners (original to be presented).
- ⁻ The lease agreement for C of O for operating premises (original to be presented).
- The memorandum of association.

O Duration

Up to fourteen (14) working days.

S Cost

- Automation fees: 100,000 NGN.
- ⁻ Processing fees: 100,000 NGN.
- ⁻ Approval fees: 100,000 NGN.
- ⁻ Portal Fees: 50,000 NGN.

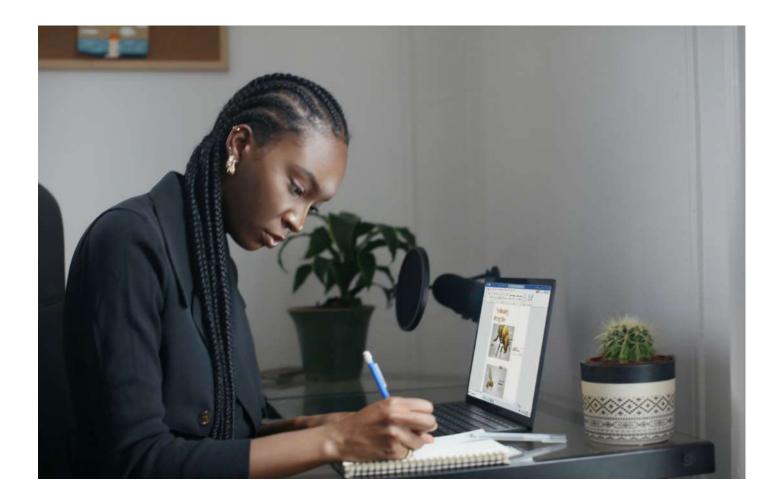
2. Expatriate quota

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



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 Intellectual Property Section of the Department of Registrar Companies and Intellectual Property.

1. Patents

A patent is a legal document that grants the holder exclusive rights to an invention for a defined period of time. It is a key element of Intellectual Property (IP) protection. The duration of a patent in Nigeria is twenty (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 (6) months provided for fee payment.

Below are the procedures that should be followed to acquire a patent in Nigeria:



Requirements

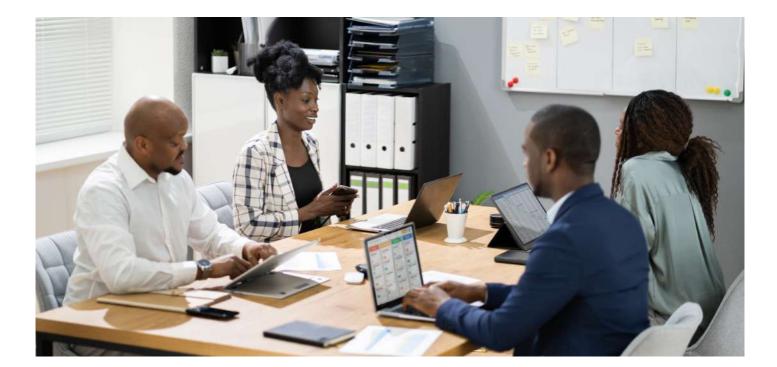
⁻ The invention must be new and not previously known or used anywhere in the world.

⁻ The invention must not be obvious to someone skilled in the field.

- ⁻ The invention must be usable in an industry and not just a theoretical concept.
- ⁻ A detailed description, including any necessary drawings or diagrams should be provided.
- ⁻ Clear and concise claims that define the scope of the invention should be provided.
- ⁻ If the application is made by an agent, a power of attorney is required.
- If claiming priority from an earlier application in another country, a certified copy of the priority document must be submitted.
- ⁻ An address for service within Nigeria is required if the applicant is a foreign-owned company.

Documents

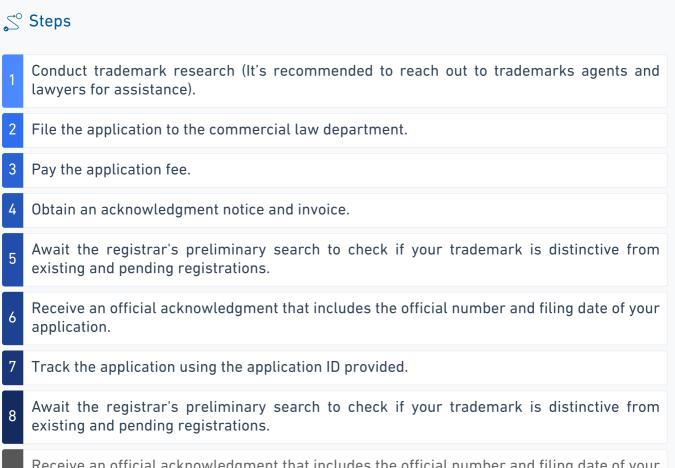
- A petition or request for a patent with the applicant's full name and address (form 1A).
- ⁻ A signed power of attorney or authorization of agent if the application is made by an agent.
- ⁻ A specification including a claim or claims in duplicate.
- ⁻ Plans and drawings if any, in duplicate.
- ⁻ A declaration by the true inventor where applicable.



2. Trademarks

A trademark is a symbol, word, or phrase legally registered or established by use as representing a company or product. It distinguishes goods or services of one entity from those of others and provides exclusive usage rights to the owner. 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 fourteen (14) years. Upon issuance of the certificate of registration, trademark applications must be advertised in the Nigerian trademark journal and is open to opposition for a period of two months from the date of advertisement. An application for renewal must be filed three (3) months before the expiration date of the registration.



9 Receive an official acknowledgment that includes the official number and filing date of your application.



Requirements

- ⁻ 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.

Documents

- ⁻ The representation of a trademark.
- ⁻ The list of the goods and/or services.
- ⁻ Proof of payment of the prescribed fees.

Ouration

The processing time from first filing to registration: Approximately twelve (12) to sixteen (16) months.

3. Industrials designs

An industrial design is the unique aesthetic features (the shape of an article, or two-dimensional features, such as patterns, lines, or color.) of a product that can be registered to grant the creator exclusive rights to its commercial use, preventing unauthorized replication or imitation. 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.

_S Steps

- Conduct a search at the Nigerian Industrial Designs Registry to ensure your design is new and has not been registered.
- 2 Obtain the appropriate application form from the Nigerian Industrial Designs Registry.
- Complete the application form and submit it along with the required documents to the Registry.
- 4 Pay the filing fees at the time of submitting your application.
- 5 Wait for the examination and publication of your design by the Registry to determine if it meets the registration requirements.

- 6 Monitor the opposition period, which lasts for two (2) months after publication, to address any objections.
- 7 Receive your certificate of registration from the Nigerian Industrial Designs Registry, If there are no objections or they are resolved in your favor.

Documents

- ⁻ Drawings, photographs, or other representations of the design.
- ⁻ A brief description of the design.
- ⁻ A power of Attorney, if you are filing through an agent.
- ⁻ A priority document, if you are claiming priority from an earlier application.



V. Key support organizations and initiatives (not exhaustive)

Incubators

<u>CcHub</u>

Embryo Incubation Program by NCIC

<u>Enspire</u>

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

<u>Pangea</u>

Unconventional Capital

Funders/Funding programs for startups

Adaverse

African Angels Network

<u>AfricInvest</u>

Greenhouse Capital

Ingressive Capital

Lagos Angel Network

Micotraction

Moulu Venture Capital

<u>Shecluded</u>

Singularity Investments

TLcom Capital

<u>Trium</u>

Ventures Platform

Competitions & Awards

AYuTe Africa Challenge Nigeria

Bincom Dev Center Hackathon

MEST Africa Challenge

NESG Startup Pitch Competition

Seedstars Lagos

Coworking spaces

989 Workspaces

Ally Hub Space

Atusbridge

<u>Colab</u>

<u>CubeHub</u>

Pyale Work Hub

Smart X Business Hub

Springs

<u>The Bulb</u>

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

EkoVention

Growth Accelerator Conference

IOT West Africa

Lagos Startup Week

Lagos Tech Fest

Nigeria FinTech week

Nigeria Innovation Summit

Techpoint Build Exhibition

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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 <u>Customer Development Model</u> 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.

(The 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.

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

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

0

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



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