Nigeria and Business Landscape

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Nigeria in Africa

- Area: 923,768 km^2

- Most populous country in Africa

- Most populous country in the world with majority of black population

- 7th most populous country in the world

- Estimated population of >200 million

- 36 states and FCT

- 3 major ethnic groups

- Over 250 ethnic nationalities and over 500 languages!

Nigeria

- Strategically placed

- Can be referred to as the trigger of the continent

- Largest black population in the world

- HAS STRONG INSTITUTIONS FOR RESEARCH

- AVAILABILITY OF TALENTS

Trigger of the continent
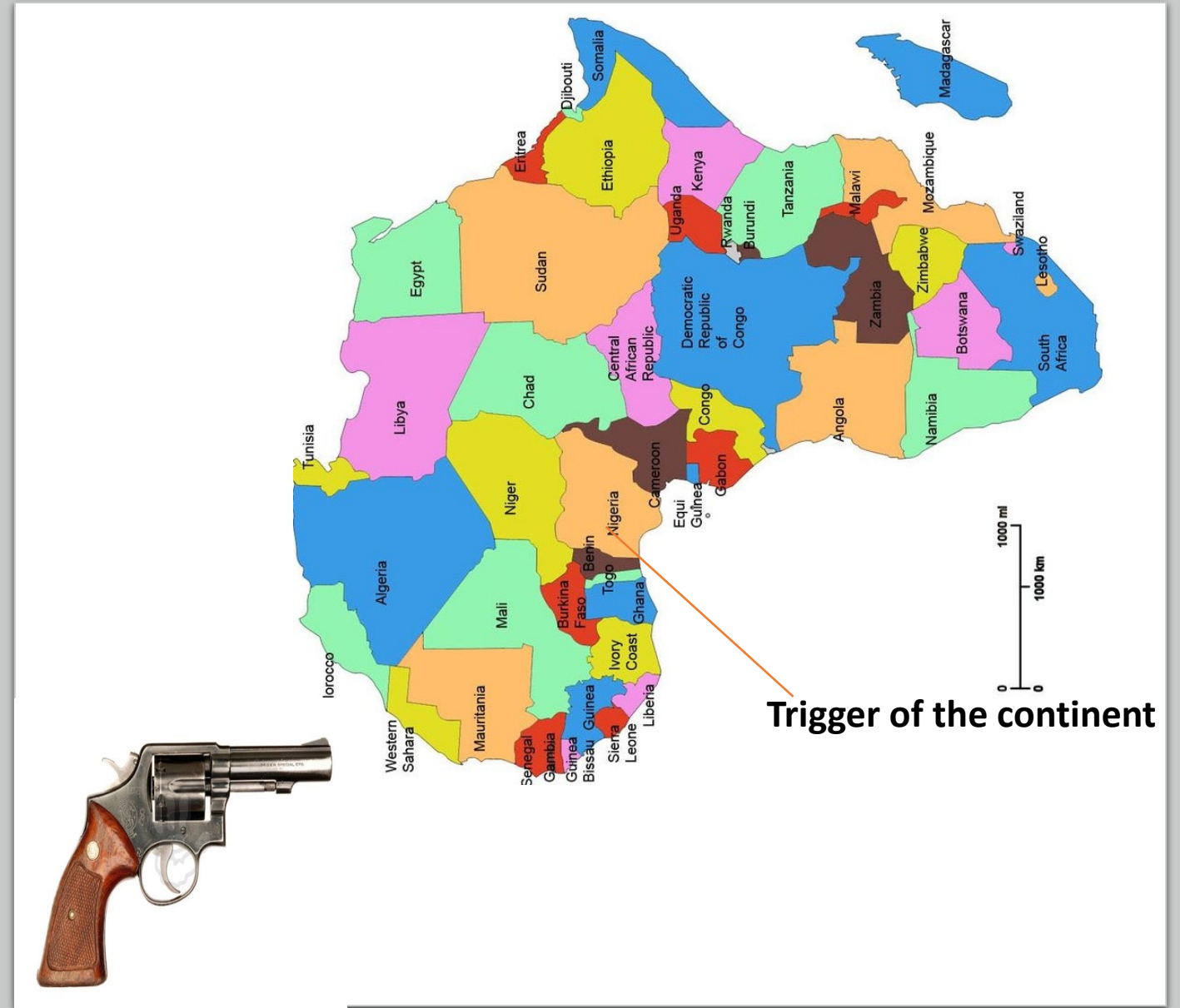
NIGERIAN FREE ZONES AND ATTENDANT BENEFITS FOR BUSINESS

Benefits of Nigerian Free Trade Zones

- The enterprises established in EPZs are exempt from any legal provisions relating to taxes, levies, tariffs, and applicable foreign exchange laws.

- All foreign capital investments, along with their capital gains, may be sent back at any time.

- Foreign investors may send any profits and dividends they get back to their home country.

- A company does not need an import or export license if established in one of the FTZs.

- A business operating in the free zone can sell 25% of its overall output into Nigeria by acquiring legitimate permission and paying the necessary charges.

- The company under construction is not required to pay any rent throughout the construction phase. Instead, the rent will be decided by NEPZA once the company starts operating.
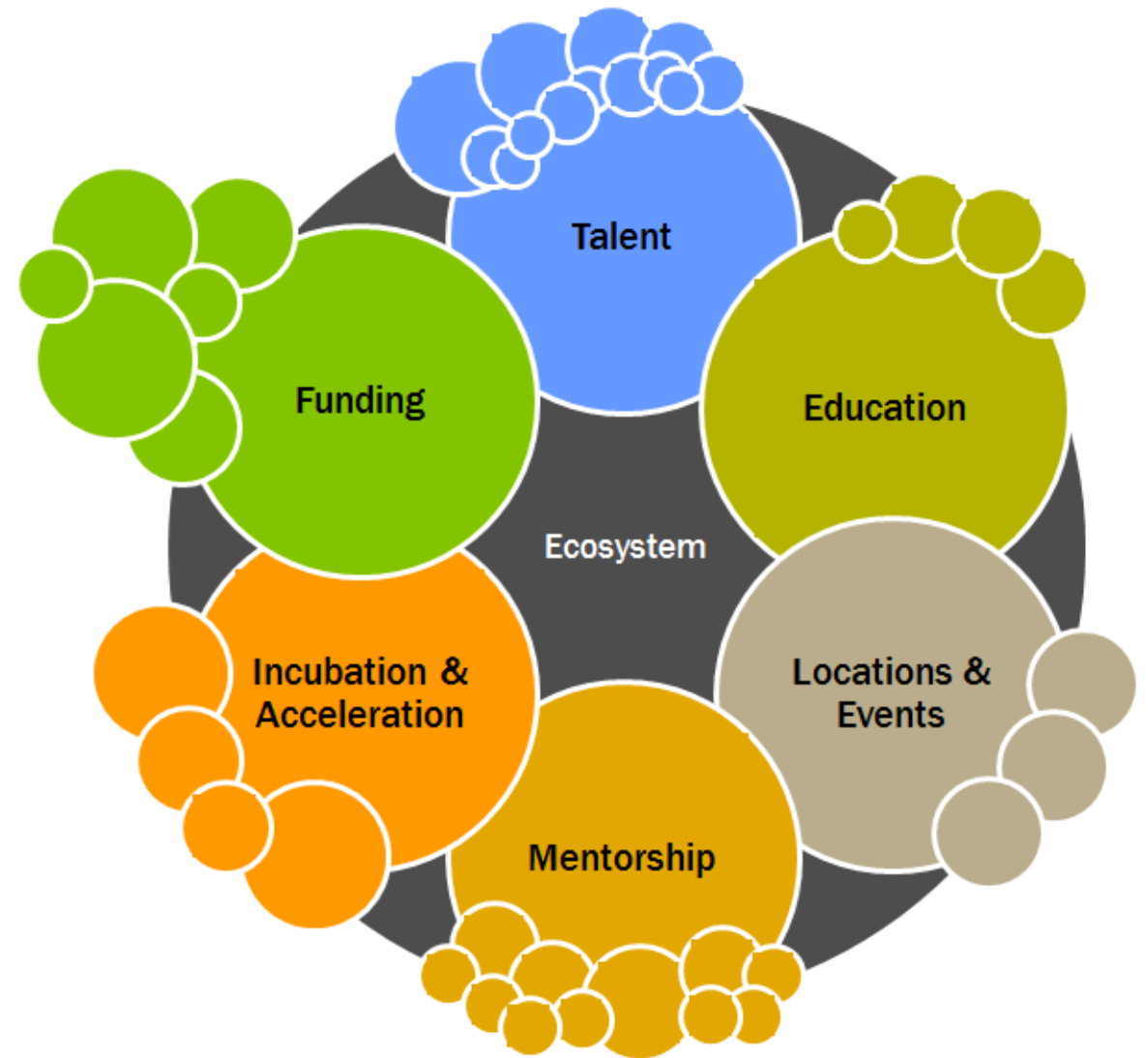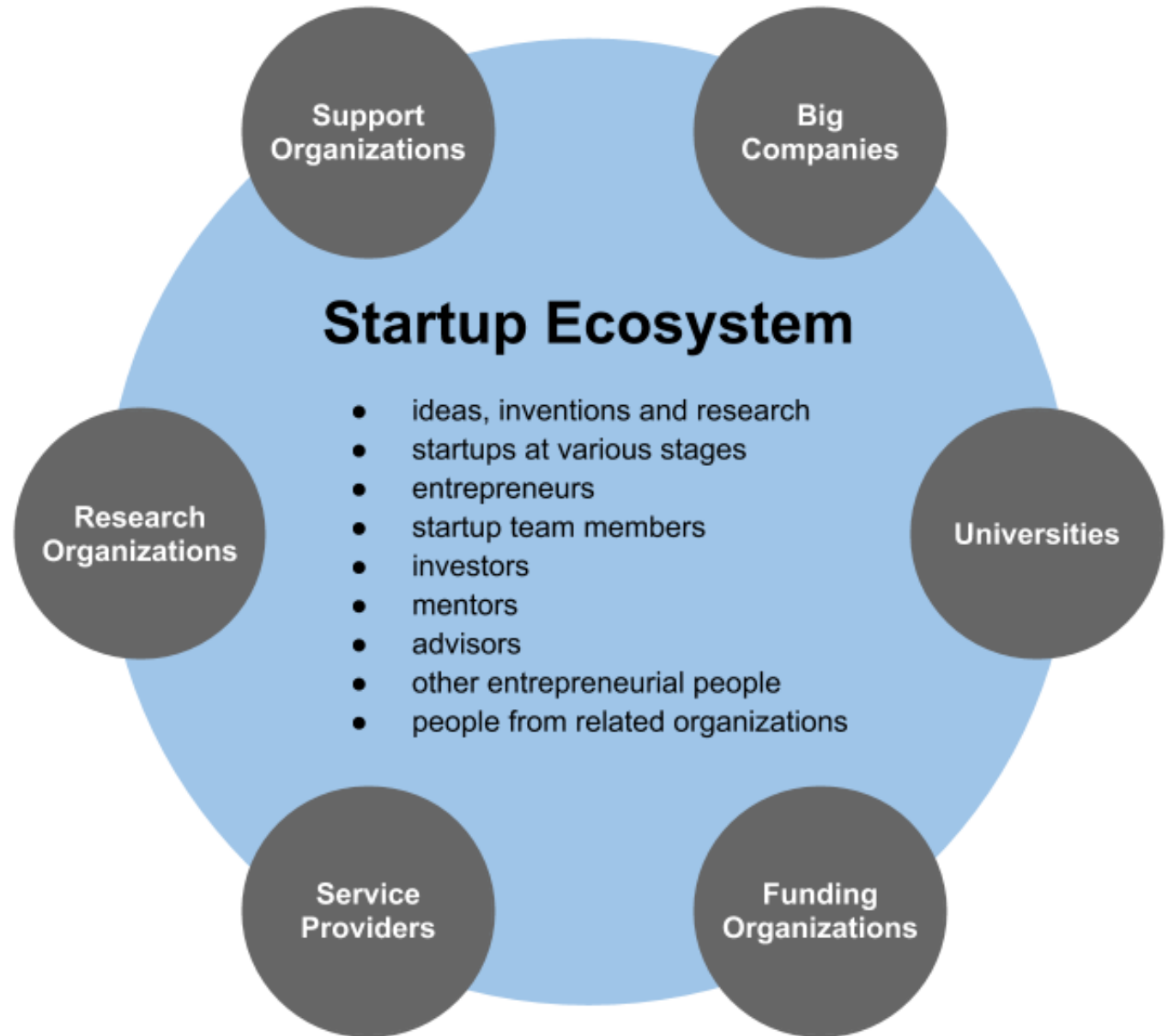
TECH ECOSYSTEM

Nigeria has an Organized Tech Ecosystem

Ecosystem comprised

There exist ecosystem specifically for Startups

Startup Ecosystem

- ideas, inventions and research
- startups at various stages
- entrepreneurs
- startup team members
- investors
- mentors
- advisors
- other entrepreneurial people
- people from related organizations

Support Organizations

Big Companies

Research Organizations

Universities

Service Providers

Funding Organizations

Africa's Best Startup Cities

Based on their total scores* in the 2019 global ranking of startup ecosystems

City	Score
Lagos	8.044
Nairobi	7.918
Cape Town	7.527
Cairo	7.177
Tunis	6.712
Kigali	6.19
Accra	3.983
Johannesburg	3.417
Kampala	3.196
Casablanca	3.195
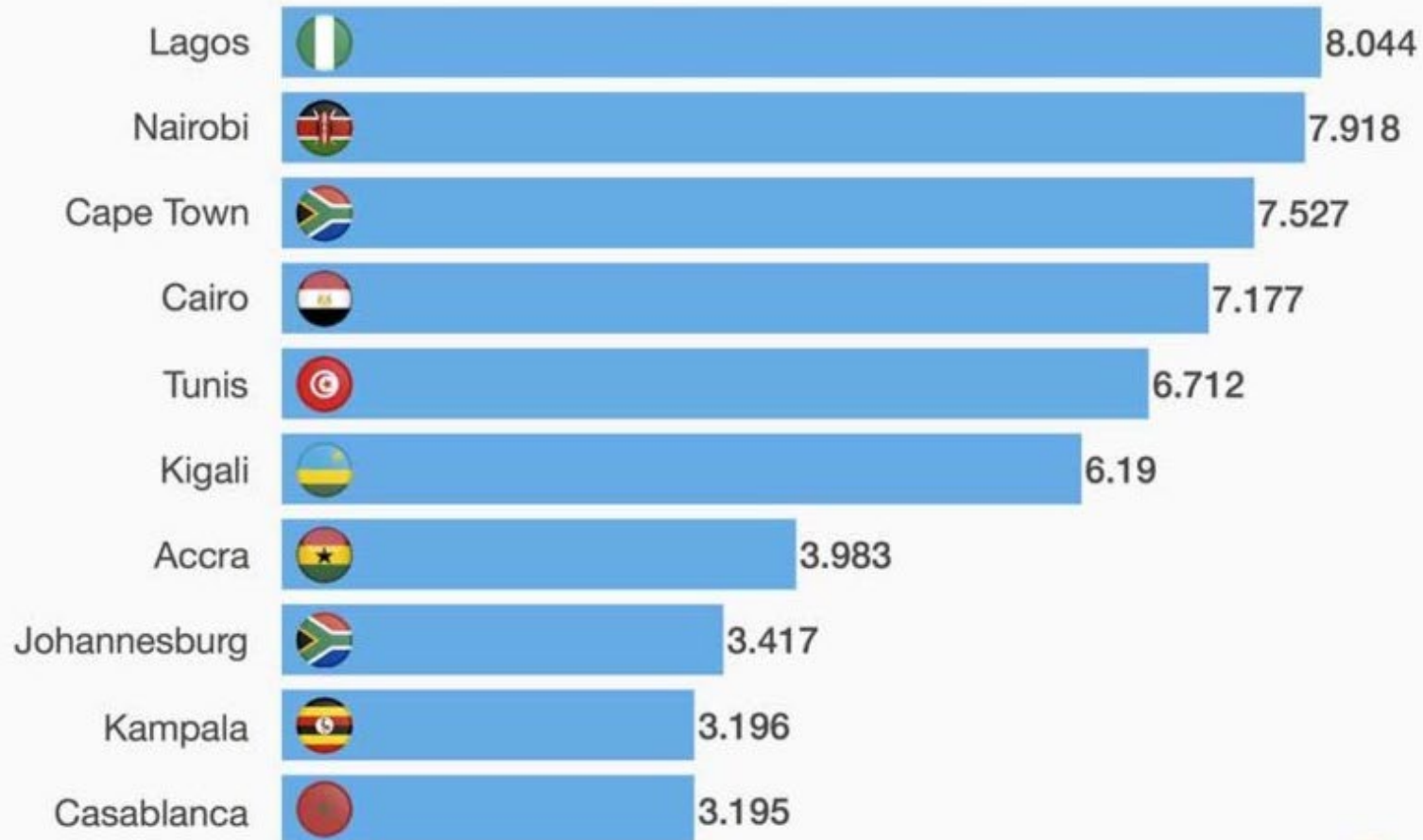
Funding the Nigerian Start-ups

In 2022 $680 milion financial injection came into the Nigerian tech ecosystem

Sources of funding include

- Pre-seed funding
- Seed funding
- Series funding
- Angel investors
- Venture capital
- Equity aquisitions

Navigating the Business Landscape in Nigeria

Why do so many people still want to do Business in Nigeria?

- Nigeria is the largest economy in Africa

- With a GDP of close to $500 billion, Nigeria is 23rd largest economy in the world and is expected to be one of the top 20 economies by 2025

- Besides that, the current >200 million population in Nigeria with 70% of that population below the age of 35, the possibilities for growth supersede most economies in the world

Understanding Nigeria's unique business environment

- Nigeria is Africa's largest market and most populous country.

- The challenges in its business environment, in general, are quite similar to challenges that you'd experience in other African countries.

- It is therefore important to familiarize with the size, cultural complexity, and its unique challenges.

- These factors in Nigeria's business environment will help one get prepared for what to expect and how best to navigate ones way to business success in the country.

Demography – Culture and bias

It is important to consider the addressable population when referring to Nigeria.

The consumer population is over 200 million but only about 30 million have bank accounts and possibly the purchasing power to support most businesses.

Female founders of start-ups sometimes find it difficult to secure funding in comparison to their male counterparts.

Political landscape

It is worth mentioning that governance in Nigeria follows a democratic process

During the months leading up to each election, it is good to note that business decision-making generally slows down in Nigeria's business environment

The uncertainty around election season causes businesses, in general, to take a more cautious role as they wait for the outcome of the elections before finalizing plans for the rest of the year

This is particularly important if one's business' target base is in the public sector.

Regulation

Depending on the nature of the business one is planning to start, one might need to register with one or more regulatory bodies.

For example, if one intends to start a business that deals in consumables (food and drugs) you will need to register with the National Agency for Food and Drug Administration and Control (NAFDAC)

Registration

- The 1990 Act amended in 2004 and 2020 governs the corporate affairs of Nigeria and establishes the Corporate Affairs Commission (CAC) as the administration of the Act and the general management of companies and businesses.

- Under the Act, there are different ways in which you can register your business.

- These include a sole proprietorship, a partnership, a company, and incorporated trustees.

- A sole proprietorship is run by the founder and the business is not seen as a separate legal entity, while partnerships, companies, and incorporated trustees are separate legal entities in which the liability can be limited.

Registration contd.

- Foreigners wishing to do business in Nigeria must register a company.

- They are required to register their business with the CAC and also obtain all necessary permit licenses and authorizations to do business.

- These include a business Permit and NIPC registration and Expatriate Quota.

Taxation

- In Nigeria, companies are taxed by the Federal Inland Revenue Service (FIRS). There are a couple of taxes that a potential founder should be aware of before starting a company. The type of tax charged can vary based on the nature of the business run by the company.

- The following are the main types of tax levied by the FIRS.
  - **Corporate income tax** – charged on all profits of companies registered in Nigeria.

  - **Value-added tax** – charged through the seller at a rate of 5%

  - **Capital gains tax** – charged on the profits gained from trading specific types of assets known as chargeable assets.

  - **Education tax** – charged at a rate of 2% of assessable income

  - **PAYE** – Pay As You Earn charged on employee income through the employer.
  .

Regional breakdown of the business environment

- The next question in navigating the business environment might be – so where exactly do we go first to conduct business in such as large and diverse country?

- The answer to that is dependent on the type of business you are in. Typically, you'd want to start in the major hubs and cities Lagos, Kano, Port Harcourt, Abuja, Kaduna, or Ibadan. You can then leverage your presence in one of these hubs to build your business and expand into the surrounding areas.

- By having a regional focus, you can strategically approach the business environment in Nigeria in smaller, focused, and less overwhelming steps.

# Regional breakdown of business environment

- A good point of entry is usually Lagos.

- Lagos is the commercial hub of Nigeria located in the southwest of the country along the Atlantic coast.

- With a population of 22 million inhabitants and the largest port in the country Lagos accounts close to 16% of Nigeria's 36[State GDP.

- Lagos' economic contribution makes it the 7th largest economy in Africa.

Tips to maximise chances of success

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1. Understand the laws
2. Distribution is key
3. Keep an eye out for the trends
4. Network is crucial
5. Talent can make or break you
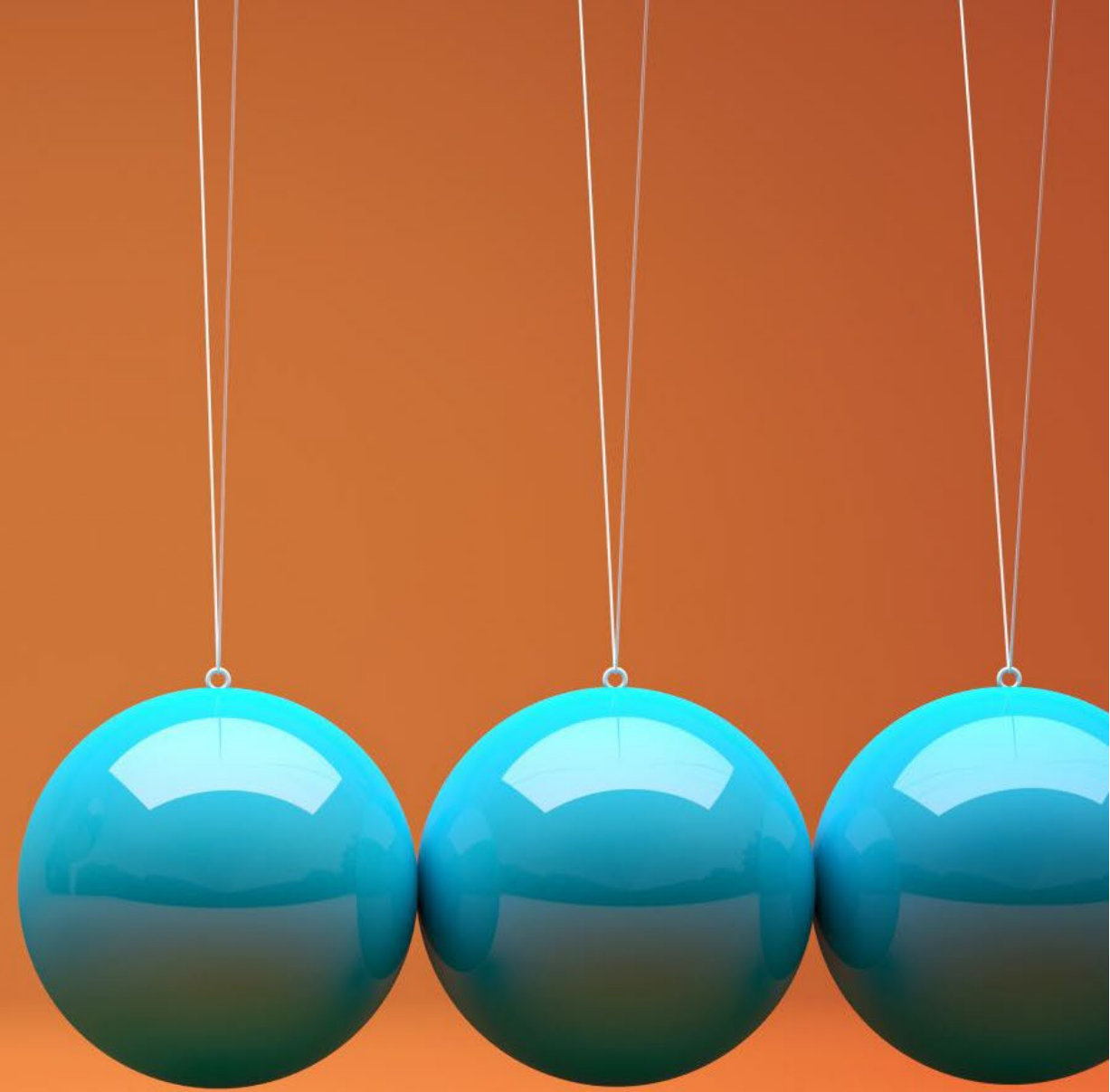
I am looking forward to seeing you!