

Extraordinary



Federal Republic of Nigeria Official Gazette

No. 188

Lagos - 21st October, 2022

Vol. 109

Government Notice No. 116

The following is published as supplement to this *Gazette* :

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Printed and Published by The Federal Government Printer, Lagos, Nigeria
FGP 154/102022/1,200

Annual Subscription from 1st January, 2022 is Local : ₦50,000.00 Overseas : ₦65,000.00 [Surface Mail]
₦80,000.00 [Second Class Air Mail]. Present issue ₦3,500 per copy. Subscribers who wish to obtain *Gazette*
after 1st January should apply to the Federal Government Printer, Lagos for amended Subscriptions.

NIGERIA STARTUP ACT, 2022



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NIGERIA STARTUP ACT, 2022

ACT No. 32

AN ACT TO ESTABLISH THE NATIONAL COUNCIL FOR DIGITAL INNOVATION AND
ENTREPRENEURSHIP, PROVIDE FOR THE CREATION AND DEVELOPMENT OF AN ENABLING
ENVIRONMENT FOR TECHNOLOGY-ENABLED STARTUPS IN NIGERIA ;
AND FOR RELATED MATTERS

[19th Day of October, 2022] Commence-
ment.

ENACTED by the National Assembly of the Federal Republic of Nigeria—

PART I — OBJECTIVES AND APPLICATION OF THE ACT

1. The objectives of this Act are to —

Objectives.

(a) provide a legal and institutional framework for the development of startups in Nigeria ;

(b) provide an enabling environment for the establishment, development and operation of startups in Nigeria ;

(c) provide for the development and growth of technology-related talents ; and

(d) position Nigeria’s startup ecosystem, as the leading digital technology centre in Africa, having excellent innovators with cutting edge skills and exportable capacity.

2. This Act applies to —

Application.

(a) companies incorporated under the Companies and Allied Matters Act and granted the startup label, in accordance with the provisions of this Act ; and

Act
NO. 3, 2020.

(b) organisations and establishments, whose activities affect the creation, support and incubation of labelled startups in Nigeria.

PART II — ESTABLISHMENT OF THE NATIONAL COUNCIL FOR DIGITAL INNOVATION AND ENTREPRENEURSHIP

3.—(1) There is established the National Council for Digital Innovation and Entrepreneurship (in this Act referred to as “the Council”).

Establishment
of the
National
Council for
Digital
Innovation
and
Entrepreneur-
ship.

(2) The Council —

(a) shall be a body corporate with perpetual succession and a common seal ;

(b) may sue or be sued in its corporate name ; and

(c) may acquire, hold, purchase, mortgage and deal with property, movable or immovable, real or personal.

Membership of the Council.	<p>4.—(1) The Council shall consist of —</p> <p>(a) the President of the Federal Republic of Nigeria, who shall serve as the Chairman ;</p> <p>(b) the Vice-President of the Federal Republic of Nigeria, who shall serve as the Vice-Chairman ;</p> <p>(c) the Minister responsible for Communications and Digital Economy, who shall preside over the Council in the absence of the President and the Vice-President ;</p> <p>(d) the Minister responsible for Finance, Budget and National Planning;</p> <p>(e) the Minister responsible for Industry, Trade and Investment ;</p> <p>(f) the Minister responsible for Science, Technology and Innovation ;</p> <p>(g) the Governor of the Central Bank of Nigeria (CBN) ;</p> <p>(h) four representatives of the Startup Consultative Forum established under section 12 of this Act ;</p> <p>(i) one member to represent the Nigeria Computer Society ;</p> <p>(j) one member to represent the Computer Professionals (Registration Council of Nigeria) ; and</p> <p>(k) the Director-General of the National Information Technology Development Agency, who shall serve, as the Secretary of the Council.</p>
Schedule.	<p>(2) The supplementary provisions set out in the Schedule to this Act shall have effect with respect to the proceedings of the Council and other matters mentioned in it.</p>
Tenure of office of members of the Council.	<p>5.—(1) A member of the Council who is an ex-officio member shall cease to hold the office on the basis of which he became a member of the Council, where his term of office expires.</p> <p>(2) A member of the Council, other than an ex-officio member, shall hold office —</p> <p>(a) for a term of two years and may be eligible for re-appointment for another term of two years and no more ; and</p> <p>(b) on such terms and conditions as may be specified in the letter of appointment.</p> <p>(3) A member of the Council other than an ex-officio member shall —</p> <p>(a) be a person of proven integrity ; and</p> <p>(b) have at least than 10 years cognate experience in public or private service.</p>

6.—(1) Notwithstanding the provisions of section 5 of this Act, a member of the Council shall cease to hold office where —

Cessation of membership.

(a) he resigns his office by giving a one month notice in writing under his hand addressed to the President ;

(b) he dies ; and

(c) the Council by resolution declares the seat vacant because he —

(i) has been absent from the Council meetings for four consecutive times without the permission of the Council,

(ii) becomes incapable of carrying out his duties due to physical or mental illness,

(iii) has been declared bankrupt or he makes compromise with his creditors,

(iv) has been convicted of a felony or any offence involving dishonesty,

(v) is guilty of gross misconduct relating to his duties, or

(vi) is not or ceases to be permanently resident in Nigeria.

(2) Notwithstanding the provisions of subsection (1), the President may remove a member of the Council if he is satisfied that it is not in the interest of the Council, Secretariat or public for the person appointed to continue in office.

(3) Where a vacancy occurs in the membership of the Council in the case of non-ex-officio members, the President shall appoint a successor to hold office for the remainder of the term of office of his predecessor and the successor shall represent the same interest as that member whose exit created the vacancy.

7.—(1) The Council shall —

(a) formulate and provide general policy guidelines for the realisation of the objectives of this Act ;

(b) give overall directions for the harmonisation of laws and regulations that affect a startup ;

(c) approve the programmes of the Secretariat established under this Act ;

(d) ensure the monitoring and evaluation of the regulatory framework to encourage the development of startups in Nigeria ;

(e) monitor and ensure the implementation of the policies and programmes of the Secretariat ;

(f) support digital technological development through grants to persons, research institutions, and universities pursuing postgraduate programmes in the areas of science, technology and innovation ;

Functions and powers of the Council.

(g) make, alter or revoke rules and regulations for carrying out the functions of the Secretariat, subject to the provisions of this Act ;

(h) appoint a Council agent to carry out such functions as the Council may require ; and

(i) perform other functions as are necessary or expedient to ensure the efficient performance of the functions of the Secretariat and other bodies established under this Act.

(2) The Council shall have power to —

(a) review policies and directives of Ministries, Departments and Agencies (MDAs) which may affect the operation, establishment and investments in a startup ; and

(b) regulate its proceedings and make standing orders with respect to the holding of its meetings, notices to be given, the keeping of minutes of its proceedings and such other matters as the Council may determine.

Council agent.

8.—(1) The Council shall appoint for such period, as it may deem fit, a Council agent, who shall act in accordance with any general or specific directions of the Council towards the effective monitoring and implementation of the provisions of this Act.

(2) The Council agent shall be responsible for submitting quarterly monitoring reports and annual reports to the Council, on the status of the programmes being implemented under this Act.

PART III — OPERATIONAL STRUCTURE OF THE COUNCIL

Secretariat of the Council.

9.—(1) The National Information Technology Development Agency shall serve as the Secretariat of the Council (in this Act referred to as “the Secretariat”), and the Director-General of the National Information Technology Development Agency shall serve as its Head.

(2) The Secretariat shall —

(a) manage the process of labelling a startup, as provided under this Act ;

(b) establish public online platforms and other platforms to provide access to information on matters pertaining to the establishment and development of a startup, incubation, acceleration and venture building programmes, access to fiscal and non-fiscal support ;

(c) collaborate with relevant MDAs and other stakeholders to promote innovation in digital technology, and enterprise development for a startup in Nigeria ;

(d) ensure that the National Digital Innovation, Entrepreneurship and Startup Policy (NDIESP) of the Secretariat is implemented for the development of the startup ecosystem ;

(e) enter into partnerships with local and international business incubators, accelerators and digital innovation hubs to promote the establishment and growth of a startup in Nigeria, subject to the approval of the Council ;

(f) maintain a directory of startups, incubators, and accelerators ;

(g) support research and development activities relating to digital technology innovation undertaken by a startup ;

(h) support the growth and expansion of private sector-led incubator and accelerator programmes ;

(i) support the growth and promote the commercialisation of local research and development on digital innovation by startups ;

(j) develop mechanisms for pre-incubation of entities and, provide training and capacity building programmes for a startup ;

(k) develop, establish, support and incentivise digital technology innovation hubs, digital technology parks and community enterprise hubs in Nigeria ;

(l) develop, implement, and monitor guidelines for setting up digital technology innovation hubs, digital technology parks and community enterprise hubs in Nigeria ;

(m) foster synergy between startups and angel investors, venture capitalists, private equity firms, private investors, development finance institutions, global asset management firms, financial institutions, research institutions and other related institutions at the national and international level ;

(n) enter into partnerships to promote startup development with angel investors, venture capital firms, private equity firms, development financial institutions, and other relevant funding organisations ;

(o) review proposals, policies and programmes addressed to the Council ;

(p) collaborate with the National Universities Commission, National Board for Technical Education and other tertiary institutions regulatory bodies, to provide adequate facilities for research, and promote multi-disciplinary collaboration among universities, polytechnics, and research institutions ;

(q) advise the Council on issues affecting startups and digital technology innovation entrepreneurship in Nigeria, and matters connected with the implementation of this Act ; and

(r) discharge other duties, as may be required by the Council.

10.—(1) The Secretariat, with the approval of the Council, shall establish a Startup Support and Engagement Portal (in this Act referred to as “the Startup Portal”) which shall serve as a platform through which a startup conducts registration process with relevant MDAs.

Startup
Support and
Engagement
Portal.

(2) The Startup Portal shall —

(a) facilitate the issuance of a permit or licence to a labelled startup ;

(b) provide platform for interaction between a startup and the Federal Government, private institutions, angel investors, venture capitalists, incubators, accelerators and other relevant institutions ;

(c) create opportunities for a startup to participate in beneficial challenges and programmes including, incubation and accelerator programmes, showcases, pitch competitions, fellowships, and other related programmes ;

(d) foster access of a startup to finance, information, innovation, and the global market ;

(e) foster information exchange between various stakeholders in the Nigerian startup ecosystem ;

(f) provide access to tools and resources to a startup ;

(g) provide assistance to a startup labelled under this Act ;

(h) provide information on clearances, approvals and registration requirements by a startup ;

(i) provide opportunities for a startup to enter into contracts with the Federal Government, through public procurement or other engagement processes ;

(j) receive complaints and recommendations from industry stakeholders and the general public ;

(k) serve as a platform for announcement and application of various schemes and incentives granted to a startup by the Federal Government ;
and

(l) discharge other duties, as may be required by the Council or the Secretariat.

Appointment
of a
Coordinator
of the
Startup
Portal.

11.—(1) The Secretariat shall, with the approval of the Council, appoint a Coordinator for the Startup Portal, who shall have at least 10 years' experience in technology and entrepreneurship.

(2) The Coordinator shall —

(a) maintain a register of labelled startups in Nigeria ;

(b) keep relevant documents and records of labelled startups ;

(c) implement the decisions of the Council on the labelling of a startup under this Act ; and

(d) perform such other functions, as may be necessary for the implementation of this Act.

(3) The Coordinator shall serve —

(a) for a term of two years and may be re-appointed for another term of two years, and no more ; and

(b) on such terms and conditions, as may be specified in the letter of appointment.

(4) The operations of the Coordinator shall be funded from the Secretariat's annual budget.

12.—(1) The Secretariat shall, with the approval of the Council, set up a consultative body known as the Startup Consultative Forum (in this Act referred to as “the Forum”) on the Startup Portal to provide a platform for information sharing and collaboration in the Nigerian startup ecosystem with respect to —

Startup
Consultative
Forum.

(a) information on a startup which qualifies to be labelled under this Act ;

(b) relevant incentives that apply to a startup ;

(c) information on available local capabilities ;

(d) nomination of representatives to the Council ;

(e) deliberations on memorandum to be sent to Council for consideration ; and

(f) other policy proposals that may be relevant to the Nigerian startup ecosystem.

(2) The Forum shall comprise of industry stakeholders and representatives registered on the Startup Portal from —

(a) labelled startups ;

(b) venture capitalists ;

(c) angel investors ;

(d) incubators, accelerators, and innovation hubs ; and

(e) two civil society organisations involved in the advancement of technology and innovation.

PART IV — STARTUP LABELLING PROCESS

13.—(1) A startup label under this Act is a certificate issued by the Secretariat to a startup upon the fulfilment of the labelling requirements under this Act.

Eligibility
for grant of a
startup label.

(2) A startup is eligible for labeling under this Act, where —

(a) it is registered as a limited liability company 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 ;

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NO. 3, 2020.

(b) its objects are innovation, development, production, improvement, and commercialisation 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 co-founder of the startup ; and

(e) in the case of a sole proprietorship or partnership, it satisfies the conditions set out in paragraphs (b), (c) and (d).

(3) This Act shall not apply to an organisation which is a holding company or subsidiary of an existing company which is not registered as a startup.

(4) A sole proprietorship or partnership referred to in subsection (2)(e) shall be granted a pre-label status for a period of six months to enable the sole proprietorship or partnership comply with the requirements set out in subsection (2) (a), (b), (c) and (d).

(5) A sole proprietorship or partnership which fails to comply with the provisions of subsection (4) shall lose the pre-label status granted to it.

(6) A labelled startup shall be granted access to the incentives provided under this Act.

Procedure for labelling a startup.

14.—(1) A startup desirous of being granted a label under the provisions of this Act shall submit an application on the Startup Portal in the prescribed form.

(2) An application under subsection (1) shall be supported by documents prescribed by the Secretariat.

Issuance of a labelling certificate.

15.—(1) Where the Coordinator is satisfied that an applicant has complied with the requirements for labelling under this Act, the Coordinator shall —

(a) with the approval of the Secretariat enter the name and particulars of the applicant in the register of startups kept for that purpose ; and

(b) issue to the startup, a startup label.

(2) The certificate issued under subsection (1) shall, unless the contrary is proven, be conclusive evidence that the startup has —

(a) complied with all the requirements for labelling specified under this Act ; and

(b) been duly labelled, in accordance with this Act.

(3) A startup label shall be valid for a period of 10 years from the date of issuance.

<p>16.—(1) A labelled startup under this Act shall —</p> <p>(a) comply with all the extant laws governing businesses in Nigeria ;</p> <p>(b) provide information annually on the number of human resources, total assets and the annual turnover achieved from the period the startup label was granted ;</p> <p>(c) maintain proper book of accounts in accordance with reporting obligations provided under extant laws and regulations ;</p> <p>(d) provide an annual report on incentives received and advancement made by virtue of the incentives ;</p> <p>(e) notify the Coordinator of any change in structure, composition or objects within a period of one month from the date of such change ; and</p> <p>(f) comply with the obligations set out by the Coordinator after issuance of the startup label.</p> <p>(2) Where a labelled startup defaults in any of the obligations, or fails to meet the eligibility criteria under this Act, the Coordinator shall notify the labelled startup of the default, and within 30 days of the notification, the startup shall take steps to rectify the default.</p>	<p>Obligations of labelled startup.</p>
<p>17. Where a labelled startup fails to regularise the default after being notified, the Secretariat shall withdraw the startup label and notify the relevant MDAs or investors that may have granted incentives to such labelled startup.</p>	<p>Withdrawal of startup label.</p>
<p>18. Where a startup, whose startup label is withdrawn under section 17 of this Act, rectifies the default, it may apply to the Secretariat for a re-issuance of the startup label.</p>	<p>Reissuance of startup label.</p>
<p>PART V — STARTUP INVESTMENT SEED FUND</p>	
<p>19.—(1) There is established the Startup Investment Seed Fund (in this Act referred to as “the Fund”) to be managed by the Nigeria Sovereign Investment Authority (in this Act referred to as “the Fund Manager”).</p> <p>(2) There shall be paid into the Fund on an annual basis, a sum not less than ₦10,000,000,000 from sources to be approved by the Council —</p> <p>(3) The Fund shall be applied to —</p> <p>(a) provide a labelled startup with finance ;</p> <p>(b) provide early-stage finance for labelled startups on the recommendation of the Fund Manager subject to the approval of the Council ; and</p> <p>(c) provide relief to technology laboratories, accelerators, incubators and hubs.</p>	<p>Establishment of Startup Investment Seed Fund.</p>

Functions of
the Fund
Manager.

20. The Fund Manager shall —

- (1) Create an innovation grant budget and management framework to support research and development projects, and
- (2) Issue a framework which shall set out modalities to fund, manage, and access the Fund.

PART VI — TRAINING, CAPACITY BUILDING AND TALENT DEVELOPMENT

Training and
capacity
building.

21.—(1) The Secretariat shall design and implement a training and capacity building programme for startups, in accordance with this Act, and shall utilise the startup portal to disseminate necessary information.

(2) A startup may access training facilitated by the Industrial Training Fund and any organisation, which partners with the Secretariat, for the training of entrepreneurs and their employees.

Talent
development.

22.—(1) The Secretariat shall collaborate with the National Universities Commission, National Board for Technical Education and other tertiary institutions regulatory bodies within Nigeria to develop modules, programmes and hold workshops aimed at impacting knowledge necessary for the establishment and running of a startup in Nigeria.

(2) The Secretariat shall establish centres for the acquisition of digital technology in the six geopolitical zones of Nigeria for the promotion of digital technology utilisation, strengthening of digital technology management capability, and information systems.

(3) The Secretariat may issue a framework for the development of talent, and collaborate with relevant MDs and the private sector to establish digital technology innovation parks and hubs in universities, polytechnics and other institutions of higher learning.

Support of
academic
research
institutions.

23. The Secretariat shall support the activities of an academic research institution to the development of a startup by —

- (a) creating linkages between a research institution, the private sector, the Federal Government and other stakeholders in the startup ecosystem ;
- (b) financing research systems for a startup ;
- (c) providing financial support for the acquisition or establishment of research facilities to be utilised by a startup ;
- (d) developing appropriate human resources and research capacity in the areas of science, technology and innovation ;
- (e) funding the co-operation and sharing of research information and knowledge, including supporting conferences, workshops, seminars, meetings and other synopsis ;

(f) promoting the provision of information infrastructure linking research institutions to facilitate cooperation and sharing of research information and knowledge ;

(g) compiling and maintaining a national database of research and innovation ; and

(h) promoting the commercialisation of the result of local research and development through startup incubation.

PART VII — TAX AND FISCAL INCENTIVES

24. A labelled startup which falls within industries captured under the extant Pioneer Status Incentives (PSI) Scheme may upon application through the Secretariat receive expeditious approval from the Nigerian Investment Promotion Commission (NIPC) for the grant of the tax reliefs and incentives under the PSI Scheme.

Incentives for labelled startups under the Pioneer Status Incentive Scheme.

25.—(1) Notwithstanding the provisions of any other law, the Federal Government may, through the Federal Ministry responsible for Finance or any other relevant MDA, simplify the requirements for a startup to benefit from existing fiscal incentives.

Additional tax reliefs.

(2) In accordance with the provisions of the Industrial Development (Income Tax Relief) a labelled startup may be entitled to exemption from the payment of income tax or any other tax chargeable on its income or revenue for a period of three years and an additional two years if still within the period of a labelled startup, provided that the commencement date of the tax relief shall be the date of the issuance of the startup label.

Cap. I17, LFN, 2004.

(3) A labelled startup shall enjoy full deduction of any expenses on research and development which are wholly incurred in Nigeria and the restrictions placed by the Companies Income Tax Act shall not apply to a labelled startup.

(4) Non-resident companies that provide technical, consulting, professional or management services to a labelled startup shall be subjected to a five percent 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.

(5) A labelled startup shall be exempted from contributions to the Industrial Training Fund where it provides in-house training to its employees for the period where it is designated as a labelled startup.

Access to
export
facilities.

Cap. E19,
LFN, 2004.

26. The Secretariat shall ensure that a labelled startup involved in the exportation of products and services, which are deemed eligible under the Export (Incentives and Miscellaneous Provisions) Act, is entitled to export incentives and financial assistance from the Export Development Fund, Export Expansion Grant and the Export Adjustment Scheme Fund.

Access to
government
grants, loans
and facilities.

27. The Secretariat shall ensure that a labelled startup has access to grants and loan facilities administered by the CBN, the Bank of Industry or other bodies statutorily empowered to assist small and medium scale enterprises and entrepreneurs.

Credit
Guarantee
Scheme.

28.—(1) The Secretariat shall establish a Credit Guarantee Scheme (in this Act referred to as “the Scheme”) for the development and growth of a labelled startup under this Act.

(2) The Scheme established under subsection (1) shall have the following objectives —

- (a) the provision of accessible financial support to a labelled startup ;
- (b) creation of a framework for credit guarantee for a labelled startup ;
- (c) provision of financial and credit information to startups ; and
- (d) provision of financial management capacity building programmes to startups.

(3) Where a Scheme is established under subsection (1), the Secretariat shall ensure that there is —

- (a) a strategy and operational goals which align with the objectives under subsection (2) ;
- (b) criteria for eligibility and qualification for recipients of funding under the Scheme ;
- (c) criteria for the monitoring and evaluation of projects undertaken under the Scheme and the efficiency of the operations of the Scheme ;
- (d) mechanism for transparency, accountability and reporting on the activities of the Scheme ; and
- (e) chattels, registered intellectual property, assignment of shares or any other instrument identified in the collateral registry as sufficient collateral.

Incentives
and reliefs
for investors
investing in a
labelled
startup.
Cap. C21,
LFN, 2004.

29.—(1) The Federal Government, through the Federal Ministry responsible for Finance and other MDAs, shall develop and implement a national policy for incentives for individuals, impact investors, angel investors, companies, venture capitalists, private equity funds, accelerators or incubators which invest in a labelled startup or in the startup ecosystem to enjoy tax credits on their investment.

(2) Notwithstanding the provisions of the Companies Income Tax Act, an angel investor, venture capitalist, private equity fund, accelerators or incubators which invests in a labelled startup shall be entitled to an investment tax credit equivalent to 30% of the investment in the labelled startup provided that such credit shall be applied on any gains on investment which are subject to tax.

(3) 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 labelled startup provided the assets have been held in Nigeria for a minimum of 24 months.

30.—(1) The Secretariat shall collaborate with the Corporate Affairs Commission (the Commission) to designate a separate section on the Startup Portal to ease the processes for labelled startups that conduct transactions at the Commission.

Collaboration with the Corporate Affairs Commission.

(2) The Secretariat shall further collaborate with the Commission and ensure that the processes and transactions carried out by startups at the Commission are seamless, expedited and in accordance with the provisions of this Act.

31.—(1) The Council acknowledges the importance of intellectual property rights towards the growth and development of a startup.

Protection of intellectual property rights.

(2) As part of its objectives, the Secretariat shall ensure that holders of intellectual property rights are encouraged to exploit these rights and shall take steps towards assisting them in internationalising and commercialising their rights.

(3) The Secretariat shall collaborate with the Nigerian Copyright Commission and the Trademarks, Patent and Design Registries, in ensuring that they —

(a) designate a separate section on the Startup Portal to ease registration of intellectual property for labelled startups ;

(b) provide assistance to labelled startups for facilitating the application for grant or revocation of patents and institution of legal action for infringement of any intellectual property rights ; and

(c) facilitate assistance to labelled startups for the filing and registration of their trademarks and patents at the international level.

(4) The Secretariat shall further collaborate with the Nigerian Copyright Commission and the Trademarks, Patent and Design Registries to ensure that registration and protection of intellectual property of labelled startups is seamless, expedited and in accordance with the provisions of this Act.

- Crowdfunding. **32.**—(1) Startups may raise funds through crowdfunding intermediaries and commodities investment platforms (“platforms”) duly licensed by the Securities and Exchange Commission (SEC) that would have their platforms available for use by startups on the Startup Portal.
- (2) The Council shall provide recommendations and proposals to SEC and collaborate towards ensuring that SEC considers rules that fast-track crowdfunding processes for labelled startups.
- Transfer of Foreign Technology. **33.**—(1) The Secretariat, in conjunction with the National Office for Technology Acquisition and Promotion (NOTAP) shall —
- (a) designate a separate section on the Startup Portal to ease technology transfer registration for labelled startups ;
- (b) provide a discount on all applicable fees for technology transfer registrations for labelled startups ; and
- (c) provide technical assistance to labelled startups to enable them commercialise their research results.
- (2) The Secretariat shall collaborate with NOTAP in ensuring that technology transfer registrations and other related activities are seamless and expedited and in accordance with the provisions of this Act.
- Obtaining licences for a financial technology startup. **34.** (1) The Secretariat in conjunction with the CBN and SEC shall —
- (a) designate a separate section on the Startup Portal to ease the licensing procedures for labelled startups that operate as financial technology companies (fintech startups) ; and
- (b) ensure that fintech startups are given the opportunity to liaise with SEC and the CBN through interactive sessions moderated through the Startup Portal and other forums.
- (2) The Council shall collaborate with SEC and the CBN in ensuring that fintech startups are duly notified before new rules and regulations that affect the establishment, licensing and operations of fintech startups are issued.
- (3) The Council shall work with the CBN and SEC in harmonising rules and regulations that affect the establishment, licensing and operations of fintech startups.
- Participation of a labelled startup in regulatory sandboxes. **35.**—(1) A labelled startup intending to participate in the CBN’s regulatory sandbox, SEC’s regulatory incubation programmes, or any other regulatory sandbox programmes set up by other regulators, shall be entitled to submit an application through a fast-track process available through the Startup Portal.

(2) Notwithstanding subsection (1), each startup must be qualified to participate in the sandbox and their applications shall be accompanied by the documentary requirements put in place by the CBN's regulatory sandbox and SEC's regulatory incubation programmes guidelines.

36.—(1) The Council shall assist labelled startups that seek to list on the relevant board of the Nigerian Exchange Limited (NGX), or on similar stock and commodity exchanges operating in Nigeria, to meet up with the eligibility requirements for listing.

Listing of a startup on exchanges.

(2) The Council shall encourage and support labelled startups that seek to list on the exchanges and may grant them incentives that aid their growth and development.

37.—(1) The Secretariat shall collaborate with the CBN to guarantee repatriation of investment by a foreign investor through the CBN's authorised dealer in freely convertible currency of —

Repatriation of capital and profits.

(a) dividends or profits, net of all taxes, attributable to the foreign investor's investments ; and

(b) proceeds, net of all taxes and other obligations in the event of a sale or liquidation of the startup or any interest attributable to the foreign investor's investments.

(2) Repatriation of investments in a labelled startup shall be carried out at the CBN's official foreign exchange rate, provided that the foreign investor can present a Certificate of Capital Importation (CCI) as evidence that the initial investment fund was injected through the proper channel.

PART VIII — ACCELERATORS AND INCUBATORS

38.—(1) The Secretariat shall, in realising the objectives of this Act, establish accelerator and incubator programmes for startups.

Accelerator and incubator programmes.

(2) The Council shall, for the purpose of subsection (1), develop a national accelerator and incubator policy for the establishment and development of accelerators and incubators.

(3) The Secretariat shall, for the purpose of subsection (1) —

(a) develop standards and guidelines to regulate the relationships between accelerators, incubators and startups ;

(b) encourage and collaborate with existing accelerator and incubator programmes established by private organisations ; and

(c) provide information on the Startup Portal on existing accelerator and incubator programmes and the process of registration and admission into the programmes.

Incentives
for
accelerators
and
incubators.

39.—(1) There shall be a register of accelerators and incubators that contributed to the startup ecosystem which shall be maintained by the Secretariat.

(2) Startup accelerators and incubators registered with the Secretariat shall be entitled to —

(a) incentives as may be granted by the Federal Government in accordance with the relevant regulations, provided that the accelerators and incubators are actively involved in providing goods, services, or finance crucial in supporting the operation and growth of startups in Nigeria ; and

(b) grants and aids for research, development, training and expansion projects.

(3) Subject to subsection (2), registered accelerators and incubators shall be entitled to grants given under the Nigeria Digital Innovation, Entrepreneurship and Startup Policy and any other policy that may be issued.

PART IX — CLUSTERS, HUBS, INNOVATION PARKS AND TECHNOLOGY
DEVELOPMENT ZONES

Establishment
of clusters,
hubs and
innovation
parks.

40.—(1) The Council shall issue a framework for the establishment and operation of startup innovation clusters, hubs, physical and virtual innovation parks in each state of the Federation.

(2) The role of the innovation clusters, hubs and parks shall include —

(a) connecting, fostering collaboration and generating businesses between a startup and a large company ;

(b) collating expertise, ideas, and perspectives ;

(c) providing a startup with access to resources and professional services ; and

(d) promoting collaboration and innovation between startups.

Functions of
the clusters,
hubs and
innovation
parks.

41. Startup innovation clusters, hubs, physical and virtual innovation parks shall provide —

(a) dedicated team, help desk and contact to provide support to a startup ;

(b) assistance for a startup to understand the regulatory framework and its applicability ;

(c) assistance in registration, and application for authorisation ;

(d) assistance and facilitation for the expansion of a startup into foreign markets ;

(e) work spaces free or at subsidised rates ; and

(f) all other functions incidental to the attainment of the functions provided in paragraphs (a)-(e).

42.—(1) The Secretariat shall collaborate with the Nigeria Export Processing Zones Authority to establish a Technology Development Zone (in this Act referred to as “the Zone”) in Nigeria to spur the growth and development of startups, accelerators and incubators.

Establishment of Technology Development Zones.

(2) The Zone shall grant licence to any startup, accelerator or incubator prior to the commencement of an approved activity.

(3) A startup, accelerator or incubator, carrying out an approved activity in a Zone shall be entitled to existing incentives provided under the Nigeria Export Processing Zones Act.

Cap. N107, LFN, 2004.

PART X — MISCELLANEOUS PROVISIONS

43. The use and processing of data for the purpose of giving effect to this Act shall be in a responsible manner and in compliance with extant data protection laws and regulations in Nigeria.

Data protection.

44. The President may make policy guidelines or give to the Council or the Secretariat directives of a general or specific nature relating generally to matters of policy, or case, as the case may be, with regard to the performance by their functions and it shall be their duty to comply with the directives.

Power of the President to give directives of general character.

45.—(1) The Council may with the approval of the President make rules, regulations or guidelines with respect to the exercise of any of the duties, functions or powers under this Act and generally for the purpose of giving effect to this Act and in particular —

Power to make regulations or guidelines.

- (a) prescribe forms and other information required under this Act ;
- (b) prescribe the procedure to obtain any information required under this Act ;
- (c) prescribe fees payable under this Act ;
- (d) for registration, de-registration and re-registration of a startup ; and
- (e) for the transition of a startup to innovative small and medium scale enterprise or a scale up.

(2) The contravention of any rule, regulations or guidelines issued under any of the provisions of this Act shall constitute an offence and shall be punishable as prescribed in the particular rules, regulations or guidelines.

46.—(1) No civil action shall be commenced against the Council before the expiration of a period of 30 days after written notice of intention to commence the suit shall have been served by the intending plaintiff or his agent, and the notice shall clearly state the —

Pre-action notice.

- (a) cause of action ;

- (b) particulars of the claim ;
- (c) name and place of abode of the intending plaintiff ; and
- (d) relief sought.

(2) A notice, summons or other document required or authorised to be served upon the Council under the provisions of this Act or any other law or enactment may be served by delivering it to the Secretariat.

Interpretation.

47. In this Act —

“*accelerator*” means a fixed-term, cohort-based programme which provides a startup with mentorship and educational assistance to aid its growth ;

“*angel investor*” means a high net worth individual or company which provides funding to an early-stage startup, typically in exchange for equity in the startup company ;

“*CBN*” means the Central Bank of Nigeria ;

“*Chairman*” means the Chairman of the National Council for Digital Innovation and Entrepreneurship ;

“*Commission*” means the Corporate Affairs Commission ;

“*company*” means a limited liability company registered with the Corporate Affairs Commission ;

“*Council*” means the National Council for Digital Innovation and Entrepreneurship ;

“*Council agent*” means the agent appointed by the Council under section 8 of this Act ;

“*crowdfunding*” means the use of small amounts of money, obtained from a large number of individuals or organisations, to fund a project, or business, through an online based web-platform ;

“*crowdfunding intermediary*” means an entity organised and registered as a corporation to facilitate transactions involving the offer or sale of securities or investment instruments through a crowdfunding portal ;

“*early-stage startup*” means a startup which is focused on product development, building a customer base, and establishing a strong cash flow ;

“*early-stage finance*” means financing of the first phase of growth of a startup where the funds are used to buy inventory and to sustain the gap existing between cash flow and the money needed ;

“*expeditious*” means speed and efficiency ;

“*Export Development Fund*” means the fund managed by the Nigerian Export Promotion Council ;

“*Federal Government*” means the Federal Government of Nigeria ;

“*Fintech startups*” means registered startups that operate as financial technology companies and obtain their operational licences from the CBN and SEC ;

“*Fund*” means the Startup Investment Seed Fund ;

“*Fund Manager*” means the Nigeria Sovereign Investment Authority ;

“*incubator*” means a company, partnership, non-governmental organisation or limited liability partnership, whose principal object is to support the establishment and development of a startup, promotion of innovation, and related activities through the offer of dedicated physical spaces and services ;

“*Industrial Training Fund*” means the fund managed by the Industrial Training Fund ;

“*intellectual property*” means the result of creativity protectable by copyright, trademark, trade secrets, Industrial designs and patent registrations in Nigeria ;

“*innovation*” means the implementation of technology driven ideas which leads to the creation or development of a new product, process, or service with the aim of improving efficiency, effectiveness, or competitive advantage ;

“*labelled startup*” means a startup labelled under this Act and issued a digital certificate by the Coordinator ;

“*National Information Technology Development Fund*” means the Fund set up under the National Information Technology Development Secretariat ;

“*NOTAP*” means the National Office for Technology Acquisition and Promotion or other such office that may be set up in the future to replace the National Office for Technology Acquisition and Promotion ;

“*Nigerian Exchange Limited*” means the Nigerian Stock Exchange regulated by the SEC ;

“*pre-incubation*” means the phase of a startup aimed at validating a project idea, company planning and creation, developing possible business by analysing technical and economic viability and entrepreneur profile ;

“*research and development*” means intensive study directed towards greater knowledge or understanding of the subject studied, and includes activities undertaken to innovate and introduce a new product and service ;

“*regulatory incubation programme*” means the incubation programme created by the SEC for financial technology (fintech) companies operating or seeking to operate in Nigeria ;

“*Sandbox*” means the regulatory software testing environments created by the CBN, the SEC or any other regulator that may set up a sandbox programme ;

“*scaleup*” means a company which has already validated its product within the marketplace and has proven that its business model and economics are sustainable ;

“*Scheme*” means the Credit Guarantee Scheme created under section 28 of this Act ;

“*Secretariat*” means the Secretariat of the Council established under section 9 of this Act ;

“*SEC*” means Securities and Exchange Commission ;

“*Startup Portal*” means the startup support and engagement portal created under section 10 of this Act ;

“*startup*” means a company in existence for not more than 10 years, with its objectives being the creation, innovation, production, development or adoption of a unique digital technology innovative product, service or process ;

“*startup ecosystem*” means environment comprising entrepreneurs, startups, capital providers, Federal Government and other stakeholders that interact to aid a startup ; and

“*venture capitalist*” means a person or company that provides capital to a Startup that is exhibiting high growth potential in exchange for equity.

Citation.

48. This Act may be cited as the Nigeria Startup Act, 2022.

SCHEDULE

Section 4(2)

SUPPLEMENTARY PROVISIONS RELATING TO THE COUNCIL

Proceedings of the Council

1.—(1) Subject to this Act and section 27 of the Interpretation Act (which provides for decisions of statutory body to be taken by a majority of its members and for the person presiding at any meeting, when a vote is ordered, to have a second or casting vote), the Council may make standing orders regulating its proceedings or that of any of its committees.

(2) At every meeting of the Council, the Chairman shall preside and in his absence, the Vice-Chairman shall preside and in the absence of the Chairman and the Vice Chairman the Minister responsible for Communications and Digital Economy shall preside.

(3) The quorum for meetings of the Council shall be eight members, which shall include the presiding Chairman and two private sector representatives.

(4) The Council shall for the purpose of this Act, meet not less than four times each year.

(5) Subject to the provisions of subparagraph (4), the Council shall meet —

(a) whenever it is summoned by the Chairman ; and

(b) if required to do so by notice given to him by at least one-third of members, within 14 days from the date in which the notice is given.

(6) Where the Council desires to obtain the advice of any person on any particular matter, the Council may co-opt such person to the Council for such period as it deems fit, but a person co-opted under this paragraph shall not be permitted to vote at any meeting of the Council and shall not count towards a quorum.

Committees

2.—(1) Subject to its standing orders, the Council may appoint such number of standing or ad hoc committees as it deems fit to consider and report on any matter with which the Council is concerned.

(2) A committee appointed under this paragraph shall —

(a) consist of such number of persons (not necessarily members of the Council as may be determined by the Council) and a person other than a member of the Council, shall hold office on the committee in accordance with the terms of the appointment ; and

(b) be presided over by a member of the Council.

(3) The quorum of any committee set up by the Board shall be determined by the Board.

(4) The decision of any committee of the Council shall constitute a recommendation to the Council.

Miscellaneous

3.—(1) The affixing of the seal of the Secretariat shall be authenticated by the signature of the Chairman or any other person generally or specifically authorised by the Council to act for that purpose and that of the Chairman of the Secretariat.

(2) Any contract or instrument which if made by a person not being a body corporate, and not required to be under seal, may be made or executed on behalf of the Council by the Chairman of the Secretariat or any other person generally or specifically authorised by the Council to act for that purpose.

(3) Any document purporting to be a contract, instrument or document duly signed or sealed on behalf of the Secretariat shall be received in evidence and shall unless the contrary is proved, be presumed without further proof to have been signed or sealed.

(4) The validity of any proceedings of the Council or any of its committees shall not be affected by —

(a) any vacancy in the membership of the Council, or committee ; or

(b) the reason that any person not entitled to do so took part in the proceedings of the Council or committee.

(5) A member of the Council or of a committee who has a personal interest in any contract or arrangement entered into or proposed to be considered by the Council or committee shall disclose his or her interest to the Council or committee and shall not vote on any question relating to the contract or arrangement.

(6) A member of the Council shall not be personally liable for any act or omission done or made in good faith while engaged in the business of the Council.

I, certify, in accordance with Section 2 (1) of the Acts Authentication Act, Cap. A2, Laws of the Federation of Nigeria 2004, that this is a true copy of the Bill passed by both Houses of the National Assembly.

OJO O. A., fnia, fcia
Clerk to the National Assembly
19th Day of September, 2022.

EXPLANATORY MEMORANDUM

This Act provides a legal and institutional framework for the development of startups in Nigeria to provide an enabling environment for the establishment, development and operation of startups in Nigeria, provide for the development and growth of technology related talents, and position Nigeria's startup ecosystem as the leading digital technology centre in Africa, having excellent innovators with cutting edge skills and exportable capacity.

SCHEDULE TO THE NIGERIA STARTUP BILL, 2022

(1) <i>Short Title of the Bill</i>	(2) <i>Long Title of the Bill</i>	(3) <i>Summary of the Contents of the Bill</i>	(4) <i>Date Passed by the Senate</i>	(5) <i>Date Passed by the House of Representatives</i>
Nigeria Startup Bill, 2022.	An Act to establish the National Council for Digital Innovation and Entrepreneurship, provide for the creation and development of an enabling environment for technology-enabled startups in Nigeria ; and for related matters.	This Act establishes the National Council for Digital Innovation and Entrepreneurship, and provide for the creation and development of an enabling environment for technology-enabled startups in Nigeria	20th July, 2021.	27th July, 2020.

I certify that this Bill has been carefully compared by me with the decision reached by the National Assembly and found by me to be true and correct decision of the Houses and is in accordance with the provisions of the Acts Authentication Act Cap. A2, Laws of the Federation of Nigeria, 2004.

I ASSENT



OJO O. A., fnia, fcia
Clerk to the National Assembly
19th Day of September, 2022.

MUHAMMADU BUHARI, GCFR
President of the Federal Republic of Nigeria
19th Day of October, 2022.