



Jackson, Etti & Edu

**SPOTLIGHT ON THE NIGERIA  
STARTUP BILL**

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There is a current drive in Nigeria for the enactment of a legislation to cater to startups in the country. The hope is that this will promote and ensure stability within the startup space. Steps so far have commenced with the drafting of a Nigeria Startup Bill. Activities around this started in the early months of 2021 and it is an initiative being led by the Presidency. With the current ecosystem and regulatory environment in the country, this drive is not only timely but fundamental to the growth of the Startup space in Nigeria.

Information about the Bill is clearly articulated on the Startup Bill website (<https://startupbill.ng/>), with details on the timelines and next steps. The projection is that the Bill will be ready and submitted to the Presidency by October 2021. So far, several meetings and townhall sessions have been held across the country to discuss the framework of the Bill and work through the technicalities. These townhall sessions have seen significant presence and support from the private and public sector. With all the participation and contributions being given so far, the expectation is that the final Bill will be reflective the current startup ecosystem in the country and what it needs to move forward.

Thus far, what has been shared is the Brief for the Bill and a Framework for the scope of the Bill. These documents have been reviewed and we have highlighted below some significant features of these documents:

- **Definition of Startups:** The Bill proposes to cater to Startups and must of course define what a Startup is. In the framework, the proposition is to define Startups as “New companies or companies in existence for less than 10 years, who utilize existing technologies to create innovative products or provide innovative services, with less than 50% foreign participation and an annual profit not exceeding N120,000,000”. The concern is whether or not this definition is reflective of the current startup space in the country and if it may exclude the existing startups in Nigeria which the Bill seeks to cater to. It is clear that more research is needed to evaluate the applicability of this definition to our current global and national reality
- **Administrative Structure:** the framework proposes to appoint NITDA as the secretariat for the Startup Bill. This raises a concern around the administration of the startup space and whether appointing the NITDA to play this role may create bottlenecks and cause delays within an industry that is significantly fast-spaced. This issue was raised at the South-West townhall session and the general concession at the meeting was that perhaps a quasi-government organization may be better suited for this responsibility.



- **The Composition of the proposed Startup Management Council:** the framework for the Bill recommends the creation of a Startup Management Council. The recommended Council would comprise of representation from over 19 ministries, parastatals and government bodies, some of which are representatives from the CBN, the Bank of Industry, NOTAP, CAC, Nigerian Communications Commission, the Ministry of Industry, Trade and Investment, the Ministry of Science and Technology, to mention just a few. The Council also proposes representation from two Venture Capitals or Private Equity firms and two startup hubs -this appears to be the limit of private sector composition in the council. It is clear that the balance of the composition tilts significantly to the public sector which may raise concerns around the nature of influence the private sector can have on the council with such limited representation
- **Synergy in Regulators and enforceability of Recommendations of the Council:** a key recommendation in the framework for the Bill is for Regulators within the startup space to consult with the Council before issuing policies, directives or regulations that affect startups. This is a fundamental recommendation in the Bill, as the current regulatory framework and experience in the country has led to a lot of volatility and apprehension towards regulation. It will be interesting to see how this recommendation is structured to ensure the enforceability of this provision as this may bring a sense of stability to the industry
- **The creation of a One Stop Shop Centre (OSSC):** the framework proposes that a OSSC will set up with the secretariat (NITDA) to fast track the incorporation of companies, registration of trademarks, patents and industrial designs and also the registration of knowledge-transfer agreements and related activities and also offer these services at a discounted rate. The framework also proposes the creation of a portal for easy access of information on all the regulatory and registration requirements associated with startups within the country. This is a much-desired initiative as this will significantly reduce the bottlenecks that startups face with setting up within the country
- **Financial Incentives for Startups, Accelerators/Hubs and Investors:** A number of financial incentives were proposed by the framework, from tax exemptions of 10 years for startups, tax credits for investors and flexible loans and grants for startups. This is the current international trend with startups, and it is incidental to the growth and investment in the startup space in other jurisdictions

The startup space in Nigeria is certainly in need of significant support and structure to rejuvenate investment interest in the country and with the proper legislation and structure, the Nigeria Startup Bill may just pave the way for this. We are closely monitoring this space and hopeful for positive results which we would share in subsequent posts on this subject matter.

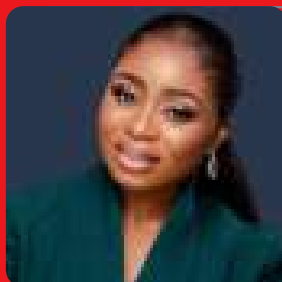
## Key Contacts

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