

Nigeria ICT Innovation and Entrepreneurship Vision

Abstract

Technological change is accelerating and the global economy is transforming in response. Automation and artificial intelligence are in the process of making redundant the low-skilled jobs that many Nigerians have yet to take. Thus, the majority of Nigerians are at serious risk of being left behind unless there is an urgent technological revolution that can transform agriculture, education, and all other spheres of public life.

Technology has the ability to unite all and remove barriers to economic transformation. To unlock our national potential, National Information Technology Development Agency (NITDA) proposes a number of urgent measures to connect, educate and enable digital innovation.

This document provides the unifying policy vision for ICT Innovation and Entrepreneurship.¹

¹ This policy vision is based on stakeholder consultations held throughout 2017/18 by NITDA and OIIE and policy hackathons organised with i4policy.

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Introduction

The National Information Technology Development Agency (NITDA) was established in 2001 to regulate the IT sector in general. Section 6 of the NITDA act empowers it to develop and regulate technology application and innovation in Nigeria. Thus, NITDA created its subsidiary Office for ICT Innovation and Entrepreneurship (OIIE) to drive the innovation and entrepreneurship mandate of the agency.

The mandates for the establishment of OIIE include; Develop, establish, support and incentivise ICT innovation hubs, information technology parks and community enterprise hubs across Nigeria and; Collaborate with private sector, development partners and MDAs at both federal and state levels on policies and programs that support ICT entrepreneurship and commercialisation.

NITDA through OIIE has been listening to stakeholders and as a result, there is a need to reposition as agile facilitators to create an enabling environment for technology entrepreneurship to thrive. In this regard, NITDA plans to influence government policies by sharing findings from stakeholder engagements and research findings from similar markets to Nigeria.

This document, the Nigeria ICT Innovation and Entrepreneurship Vision (NIIEV)¹, comprise of policy recommendations and incentives designed to strengthen the Nigerian technology entrepreneurship ecosystem. It consists of the following themes; Digital Infrastructure, Education Reform, Skills Development and R&D and Supporting the Ecosystem for Innovative Entrepreneurship. The document is also accompanied with a metadata that elaborates each vision.

Digital Infrastructure

Nigeria will significantly increase access to ICT and provide universal and affordable access to the Internet. By 2025, 95% of the population will have access to broadband internet.

- 1. Mandate infrastructure sharing to achieve the economies of scale necessary for universal affordable access. No longer an optional recommendation, Government will support private sector providers to merge their infrastructure.
- 2. Drop Right of Way charges for fibre distribution, duties on telecommunication imports and the Information Technology tax to reduce capital requirements for expanding digital infrastructure, thereby reducing the costs passed on to consumers.
- 3. Provide telecommunications companies with prioritised access to foreign exchange windows, such as the Secondary Market Intervention Scheme (SMIS).
- **4. Adopt a "dig once" policy,** so that any traditional infrastructure investment--roads, electricity, water, etc--must be accompanied by fibre optic cables, where none already exist.
- **5.** Launch a single e-Governance portal using a Whole of Government approach to rationalise and simplify access to government services.
- 6. Build a national data platform to enable innovation:
 - a. Ensure that an Open Data staff/unit responsible for opening up agency data and responding to Freedom of Information requests is operational within every MDA,
 - b. Amend the Freedom of Information Act to strengthen enforcement and compliance,
 - c. Build a single digital platform to electronically process FOI requests for every MDA,
 - d. Build a single national data platform that aligns access to government datasets.
- Support renewable energy through expanded subsidies and tax exemptions for importation of renewable energy technology.

Education Reform, Skills Development and R&D

Nigeria will have a globally competitive workforce. By 2025, achieve digital literacy rates of 75% of the total population. Public and privately funded R&D will surpass 1% of GDP.

- 8. Transform the National Youth Service Corps to become a national digital training army:
 - a. Train corps members in digital literacy teaching pedagogy during camp,
 - b. Equip every corps member with a tablet,
 - c. Deploy all corps members in primary schools to support digital literacy education,
 - d. Emphasise entrepreneurial values, such as critical thinking, experimentation, collaboration, accepting failure, and leadership skills, and
 - e. Discourage redeployment of corps members, to ensure cultural exchange during camp, fostering trust and empathy across ethnic, linguistic, religious and gender divides to build a cohesive and proud national identity.

9. Redesign the national education system and curricula:

- a. Incorporate critical thinking and digital literacy skills into Early Childhood Development curriculum,
- b. Provide training, funding and a market for innovative, indigenous e-learning applications and games,
- c. Transform all libraries from information repositories into information hubs with free internet access, e-learning tools, massive online open courses (MOOCs), and space for student groups to meet,
- d. Provide continuing education trainings for teachers that emphasise technological change and new e-learning tools, and
- e. Create a single portal to access all government scholarships and loans for national and international education.
- **10. Upgrade Technical and Vocational Education and Training programs** to include software and hardware development and maintenance. Furthermore, all TVET programs should be digitally enabled.
- 11. Support youth employment through tax incentives that will lower the gross cost to employ youth. Nigerian citizens under 26 years pay zero personal income tax up to N200,000/year, above this rate they pay the normal amount.
- **12. Simplify immigration requirements** for skilled professionals to start businesses in Nigeria and remove expatriate quotas to facilitate knowledge transfer.

- **13.** Launch a Public Procurement for Innovation tendering mechanism, using hackathons and innovation challenge methodologies to provide larger government services. In this way the Government can directly seed fund pre-commercial private sector R&D.
- 14. Expand funding for Research and Development.

Supporting the Ecosystem for Innovative Entrepreneurship

Nigeria's economy will be fully enabled by ICT. By 2025, ICT will contribute 25% to the national GDP.

- **15. Build innovation hubs in major population centres where none exist.** It is important to avoid duplication, competition and also fragmentation of innovation communities as an innovation community's strength lies in the dynamism and diversity of its members and its sharing culture.
- 16. Provide direct training support for hubs and linkages for nationwide collaborations. The Government will develop a certification scheme for hubs and provide Training of Trainers to build the capabilities of hubs to support entrepreneurs. Facilitate international collaborations and partnerships.
- 17. Provide tax relief for innovation hubs, as they are providing valuable public services. Innovation hubs are the engines of innovation and entrepreneurship through skills development, ideation and experimentation, technology transfer, and investor matchmaking. Certified innovation hubs will pay zero income tax on revenue up to N10m/year and their employees will pay zero payroll tax on salaries up to N1m/year. Innovation hubs will also receive tax rebates for any payments for internet and telephone.
- **18. Simplify procedures for closing a business.** Lowering the cost of business failure, encourages more enterprise and entrepreneurship.
- **19. Ease cross-border trade** by minimising the procedures and restrictions on both imports and exports.
- **20. Support Startups development directly through tax breaks.** Certified startups will pay zero corporate tax for up to eight years under N10m/year. And, up to twenty employees will pay zero personal income tax up to N1m.
- 21. Establish and expand subsidised credit facilities for Startups.
- **22. Incentivise Venture Capital and Angel Investment funds** to fund innovative entrepreneurship through tax reductions. Investments in certified startups will receive full exemptions on capital gains tax.
- **23.** Subsidise the acquisition of intellectual property protection for certified startups. The Government will cover the legal and procedural costs for startups to obtain intellectual property protection for their innovations.

Information Note For Nigeria ICT Innovation and Entrepreneurship Vision

Section 1 Digital Infrastructure

Vision 1: Mandate infrastructure sharing to achieve the economies of scale necessary for universal affordable access. No longer an optional recommendation, Government will support private sector providers to merge their infrastructure.

Agencies: Nigerian Communications Commission (NCC)

Rationale: This will bring down the cost of services and ensure affordable access.

Status: NCC published guidelines on collocation and infrastructure sharing on Rights of Way, Masts, Poles, Antenna and tower-structures, Ducts, Trenches, Electric power². In the guidelines, each operator (licensee) is expected to publish standard price list, this is not regulated by NCC which could be exploited by the operators. NCC maintains a list of operators on its website, this includes the name of the company, address, start and expiry dates³. This list may not be conclusive as there are operators that are not listed there but in previous published lists. The issue with the guidelines is that it is only for passive sharing, there is no guidelines on active sharing. However, NCC is working on a framework on active sharing⁴ but this is yet to be published.

The Nigerian National Broadband Plan 2013 - 2018⁵ is aimed at "connecting communities with high speed internet and broadband access to facilitate faster socioeconomic advancement of the nation and its people". To achieve this, the government, through NCC require Infrastructure Companies (Infracos) to bid for license to provide broadband infrastructure on an open access, non-discriminatory, price regulated basis to the six geopolitical zones and Lagos. Licenses have been awarded for Lagos, North Central, South East, North East⁶⁷. The license for North West⁸, South South and South West have purportedly been awarded. The network and services infrastructure is divided into 3 layers⁹; Passive Infrastructure Layer, Wholesale layer, Retail Service Providers (RSP). The main challenge telecommunication companies face is security, to this end, NCC and Nigerian Security and Civil Defence Corps (NSCDC) signed an MOU¹⁰ to protect the infrastructure. This will go a long way in

² https://www.ncc.gov.ng/docman-main/legal-regulatory/guidelines/54-guidelines-on-collocation-and-infrastructure-sharing/file

³ https://www.ncc.gov.ng/licensing-regulatory/licensing/licensees-list#infrastructure-sharing-amp-collocation-services

⁴ http://dailypost.ng/2018/05/09/ncc-introduce-new-framework-infrastructure-sharing-co-location-operators/

⁵ http://www.commtech.gov.ng/Doc/The%20Nigerian%20National%20Broadband%20Plan%202013_19May2013%20FINAL.pdf

^{6 &}lt;a href="https://www.ncc.gov.ng/thecommunicator/index.php?option=com_content&view=article&id=787:ncc-announces-mainone-ihswinners-of-infraco-licence&catid=25&Itemid=179">https://www.ncc.gov.ng/thecommunicator/index.php?option=com_content&view=article&id=787:ncc-announces-mainone-ihswinners-of-infraco-licence&catid=25&Itemid=179

⁷ https://www.ncc.gov.ng/stakeholder/media-public/public-notices/317-press-release-ncc-board-approves-two-new-infraco-licences-for-south-east-and-north-east

⁸ http://allafrica.com/stories/201806010668.html

⁹ https://www.ncc.gov.ng/documents/470-eoi-invitation-for-comments-on-open-access-model-for-next-generation-optic-fibre-broadband-network/file

¹⁰ https://www.ncc.gov.ng/stakeholder/media-public/news-headlines/293-ncc-and-nscdc-sign-mou-on-critical-telecommunication-infrastructure-protection

alleviating this challenge which will in turn increase access to affordable broadband. Furthermore, the government plans to lay 18,000KM of fibre in the country in its effort to achieve and surpass the 30% broadband penetration target of 2018¹¹.

Vision 2: Drop Right of Way (RoW) charges for fibre distribution, duties on telecommunication imports and the Information Technology tax to reduce capital requirements for expanding digital infrastructure, thereby reducing the costs passed on to consumers

Agencies: Federal Inland Revenue Services (FIRS), Federal Ministry of Power, Works and Housing, State Inland Revenue Board, Local Government Authority, Nigerian Communications Commission (NCC), Nigeria Customs Service (NCS), Federal Ministry of Finance and the respective state agencies

Rationale: Lack of harmonised RoW across federal, state and LGA and multiple taxation increases the cost of service delivery which is passed on to the consumers. Elimination of such charges, duties and tax will encourage investments and reduce the cost of service delivery.

Status: Currently, there is a guideline for the grant and access of right way to ICT services on federal roads by the Federal Ministry of Power, Works and Housing¹². The charges are N145 per linear meter for ducts and cables and N20 per linear metre annual maintenance fees subject to change every 5 years. States and Local Governments have different charges and this varies from state to state. The lack of uniform charges is one of the challenges telcos face which affects the supply of services. To address this challenge, NEC approved a policy on harmonisation of right of way charges across LG, states and federal highways¹³. The NEC RoW guideline still maintains the amount of N145 per meter for laying fibre for all parts of the country¹⁴. Also, NCC made a case to the Governors Forum to ensure on the need to adhere to the NEC's resolutions¹⁵. Right of Way is included in the Nigerian Communications Commission's Guidelines on Collocation and Infrastructure Sharing¹⁶, this provides a means of bringing down the cost of broadband as shown in Vision 1¹⁷.

The import duties on all telecommunications equipment is 10% with the exception of parts and accessories of instruments/apparatus, designed for telecommunications which is 5% ¹⁸. In the NITDA establishment Act, all telecommunications companies, GSM Service Providers, Cyber Companies and Internet Providers with annual turnover of 100M and above are liable to pay 1% of the profit before tax¹⁹.

Vision 3: Provide telecommunications companies with prioritised access to foreign exchange windows, such as the Secondary Market Intervention Sales (SMIS).

¹¹ https://guardian.ng/technology/fg-tackles-row-challenges-to-lay-18000km-fibre-optic-cable-across-regions/

¹² http://www.pwh.gov.ng/management/uploads_images/151170250773609.pdf

¹³ http://nigeriacommunicationsweek.com.ng/nec-approves-harmonization-of-telecomm-right-of-way-charges/

¹⁴ https://www.vanguardngr.com/2018/03/broadband-harmonising-right-way-levies/

¹⁵ https://www.ncc.gov.ng/stakeholder/media-public/news-headlines/361-evc-ncc-professor-umar-garba-danbatta-receives-the-newly-elected-atcon-council-members

¹⁶ https://www.ncc.gov.ng/docman-main/legal-regulatory/guidelines/54-guidelines-on-collocation-and-infrastructure-sharing/file

¹⁷ Vision 1: Mandate infrastructure sharing

¹⁸ https://www.customs.gov.ng/hscode/resulthscode.php?TYPE=DESC&HSCODE=telecomm&MODE=ALL

 $[\]frac{19}{\text{http://nitda.gov.ng/wp-content/uploads/2016/08/THE-NATIONAL-INFORMATION-TECHNOLOGY-DEVELOPMENT-AGENCY-ACT-SOFTCOPY-2-1.pdf}$

Agencies: Central Bank of Nigeria (CBN)

Rationale: Access to SMIS will boost the investment in the telecommunications sector and accelerate broadband penetration in Nigeria.

Status: All FX transactions fall under the Investors' and Exporters' (I & E) FX Window which was established by the CBN, and another Window for Secondary Market Intervention Sales (SMIS), wholesale and retail²⁰. CBN at its discretion chooses the sub-sectors of the economy to access the SMIS. Access to subsidised foreign exchange will attract investment in the sector which in turn will accelerate broadband penetration.

Vision 4: Adopt a "dig once" policy, so that any traditional infrastructure investment --roads, electricity, water, etc-- must be accompanied by fibre optic cables, where none already exist.

Agencies: Federal Ministry of Power, Works and Housing, Federal Ministry of Environment, Nigerian Communications Commission (NCC)

Rationale: Implementing "dig once" policy will ensure the protection of the environment, increase broadband penetration and affordable access.

Status: Anambra State included the implementation of Dig Once policy as part of its smart city initiative²¹.

Vision 5: Launch a single e-Governance portal using a Whole of Government approach to rationalise and simplify access to government services.

Agencies: National Information Technology Development Agency (NITDA), National eGovernment Strategies (NeGSt), MDAs

Rationale: Simplified access to government services will improve transparency of common processes, data integrity and reduce the time and cost associated with accessing information.

Status: NeGSt was created to "facilitate, drive and implement" eGovernment programmes using a Public Private Partnership (PPP) model. They provide MDAs with support in terms of deployment of eGovernment services and solutions. NITDA recently published the Nigerian e-Government Interoperability Framework (Ne-GIF) which adopts a Whole-of-Government approach which will lead to Government Digital Transformation²². The purpose of this framework is to ease data collection and sharing among MDAs and promote interactions between government, businesses and citizens.

Vision 6: Build a national data infrastructure to enable innovation:

Agencies: National Information Technology Development Agency (NITDA), Federal Ministry of Justice, National Bureau of Statistics (NBS), and all MDAs

²⁰

https://www.cbn.gov.ng/Out/2017/FMD/ESTABLISHMENT%20OF%20INVESTORS'%20&%20EXPORTERS'%20FX%20WINDOW.pdf

²¹ http://technologytimes.ng/deal-anambra-joins-nigeria-smart-city-train/

²² http://nitda.gov.ng/wp-content/uploads/2018/05/Ne-GIF-Draft-Final..pdf

Rationale: Data is vital for any economy to progress; its availability to policy makers, businesses and citizens has direct impact on how government delivers services.

Status: The enactment of the FOI Act in 2011 has made public records and information more freely available and accessible to Nigerians. Several government agencies have set up compliance structures that now enable them to respond to requests for information within the ambit of the law. However, several issues such as:

- a. Low awareness, skills and knowledge of the FOI Act provisions and processes by citizens and public/civil servants.
- b. Lack of designated officers responsible for Freedom of Information in most public Institutions.
- c. Lack of sanctions against public institutions and FOI responsible officers who do not respond to FOI requests or/and report to FMoJ annually.
- d. Lack of Infrastructure to support digital collection and management of information, to facilitate timely retrieval of requested information.

This policy vision seeks to expand upon best-practice, ensure compliance and

- a. Ensure that an Open Data staff/unit responsible for opening up agency data and responding to Freedom of Information requests is operational within every MDA,
- b. Amend the Freedom of Information Act to strengthen enforcement and compliance,
- c. Build a single digital platform to electronically process FOI requests for every MDA,

The Bureau of Public Service Reform (BPSR) has adopted a unique electronic FOI platform on its website that gives real-time information to citizens and also encourages voluntary disclosure. This policy seeks to expand this best-practice and provide a single electronic portal for FOI requests that can be forwarded to each MDA and tracked. This will not only increase awareness

- d. Build a single national data platform that aligns access to government datasets
- e. Launch a fund to procure API development from the indigenous technology community.

Vision 7: Support renewable energy through expanded subsidies and tax exemptions for importation of renewable energy technology.

Agencies: Federal Ministry of Environment (Renewable Energy Programme), Federal Ministry of Power, Works and Housing, Rural Electrification Agency (REA), Energy Commission of Nigeria (ECN), National Electricity Regulatory Agency (NERC), Electricity Distribution Companies (DisCos), Power Generating Companies (GenCos), Federal Inland Revenue Services (FIRS), Nigeria Investment Promotion Commission (NIPC)

Rationale: One of the barriers to entry for business in Nigeria is the lack of stable electricity. Providing support for renewable energy can alleviate this problem and promote investments in the sector which in turn will lead to job creation and economic growth.

Status: The Nigerian Renewable Energy and Energy Efficiency Policy (NREEEP) commits 20% of power supply to be generated from renewable sources by 2030 which translates to 23,000MW²³. The

²³ http://www.power.gov.ng/download/NREEE%20POLICY%202015-%20FEC%20APPROVED%20COPY.pdf

policy projected 12,500MW of self-generation including off-grid generation in 2030. Proposed incentives in the policy include

- a. Power Production Tax Credit (PTC)
- b. Generation Disclosure Requirement (GDR)
- c. Tax incentives to manufacturers of renewable energy and energy efficient equipment and their accessories
 - i. Five year tax holiday for manufacturers from date of commencement of manufacturing
 - ii. Five year tax holiday on dividend incomes from investments on domestic renewable energy sources
- d. Incentives for importers
 - i. Exemption from excise duty and sales tax
 - ii. Free custom duty for two years on the importation of equipment and materials used in renewable energy and energy efficiency projects
 - iii. Soft loans and special low interest loans from power sector development fund for renewable energy supply and energy efficiency projects
- e. Tax credits for homeowners who install energy efficient appliances and lighting
- f. Tax credits to companies who produce energy efficient appliances and fixtures

Education Reform, Skills Development and R&D

Vision 8: Transform the National Youth Service Corps to become a national digital training army.

Agencies: Federal Ministry of Youths, Sports and Development, National Youth Service Corp (NYSC).

Rationale: The NYSC can be made as a national digital training army by partnering with relevant MDAs, ICT hubs, R&D-intensive multinational companies.

Status: The NYSC was established by decree No. 24 of May 22, 1973 after the civil war "with a view to the proper encouragement and development of common ties among the youths of Nigeria and the promotion of national unity". NYSC is a one year program, established for university graduates under 30 which involve a 3-week orientation camp before deployment to places where they will work for the duration of 11 months. NYSC places special emphasis on rural postings in Agriculture, Health, Education and Infrastructure²⁴. NYSC, via its Skill Acquisition and Entrepreneurship Development (SAED) program provides skills acquisition and entrepreneurship training to corps members at orientation camps²⁵

Vision 9: Redesign the national education system and curricula.

Agencies: Federal Ministry of Education, Universal Basic Education Commission (UBEC), National University Commission (NUC), National Educational Research and Development Council (NERDC), National Commission for Colleges of Education (NCCE), National Board for Technical Education (NBTE)

Rationale: Although the Law already supports the integration of Information Technology into the educational sector, it is not being implemented fully.

Status: Section 4 (19b) (ix) of the National Policy on Education states that the "curriculum for primary education shall include computer education" and Section 5 (30) (f) says "Government shall provide necessary infrastructure and training for the integration of ICT in the school system in recognition of the role of ICT in advancing knowledge and skills in the modern world"²⁶. The above Law has been truncated over the years as a result of the following reasons; lack of required telecommunications infrastructure capable of transporting multimedia messaging and absence of electric power grids in most parts of the country even in cases where there is adequate telecommunications coverage

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²⁴ http://punchng.com/dg-urges-corps-members-to-teach-in-secondary-schools/

²⁵ http://www.nysc.gov.ng/saed.html

 $[\]underline{\text{http://wbgfiles.worldbank.org/documents/hdn/ed/saber/supporting_doc/AFR/Nigeria/TCH/National\%20Policy\%20on\%20Educationupdf} \\ \underline{\text{n.pdf}}$

amongst others. Nigerian government is considering a new policy of graduates studying extra one year before NYSC to make them fit for employment²⁷.

Vision 10: **Upgrade Technical and Vocational Education and Training (TVET)**²⁸ **programs** to include software and hardware development and maintenance. Furthermore, all TVET programs should be digitally enabled.

Agencies: Ministry of Education (FME), National Board for Technical Education (NBTE), National Business and Technical Examinations Board (NABTEB)

Rationale: Four key uses of ICT in TVET include; flexible and blended learning, curriculum integration, assessment, meeting special learning needs. This is a major priority for Europe, UK, Austria, Sweden and Finland.

Status: Currently, one of the major challenges faced in Nigeria is the high rate of unemployment and it has been increasing for years. Policies and practices implemented by the Federal Government of Nigeria could be very influencing factors to the issues. The curricula of TVET are adjudged to be too academic and overloaded with intellectual content in pure science and mathematics at the expense of basic engineering and technology.

Vision 11: Support youth employment through tax incentives that will lower the gross cost to employ youth. Nigerian citizens under 26 years pay zero personal income tax up to N200,000/year, above this rate they pay the normal amount.

Agencies: Federal Inland Revenue Services (FIRS), Federal Ministry of Youth, Sports and Development, Federal Ministry of Labour and Employment, National Directorate of Employment

Rationale: This will encourage employment which in turn will reduce the unemployment rate of the country.

Status: Currently, the tax incentives for employment of youth are Employment Tax Relief (ETR) and Work Experience Acquisition Programme Relief (WEARP), these are under the Companies Income Tax (Exemption of Profits) Order 2012²⁹. For the ETR, companies with minimum net employment of 10 employees whose workforce consists of 60% of graduates without prior work experience and within 3 years of graduation are exempted from income tax on 5% of their assessable profit. This exemption is on gross salaries of the employees who must be Nigerians in first time employment of the companies. For the WEARP, the same is applicable but the minimum net employment is 5 new employees and they must be retained for a minimum of 2 years.

Vision 12: Simplify immigration requirements for skilled professionals to start businesses in Nigeria and remove expatriate quotas to facilitate knowledge transfer.

²⁷ http://dailypost.ng/2018/05/09/nigerian-govt-considering-new-policy-graduates-studying-extra-one-year-nysc/

http://oasis.col.org/bitstream/handle/11599/824/UNESCO%20World%20Report%20-%20ICT%20in%20TVET%20-%20Herd%20%2B%20Mead%20Richardson.pdf?sequence=1&isAllowed=v

²⁹ http://www.pedabo.com/pedabo console/kcfinder/upload/files/TAX%20NEWS%20BULLETIN_12-10-12.pdf

Agencies: Nigerian Immigration Service (NIS), Federal Ministry of Interior (FMI), Ministry of Foreign Affairs (MoFA).

Rationale: There is considerable merit in reducing the current visa system in Nigeria as such, the targeted investors/ tourist will be interested in coming down to the country which will have great impact in our GDP and facilitate knowledge transfer.

Status: Executive Order 001 mandates the processing of tourist and business visas within 48 hours and the publishing of requirements for visa on arrival on websites of Nigerian embassies, high commissions and other immigration related agencies³⁰. In the same Executive Order, MDAs are mandated to publish the list and requirements with timeline, fees and mode of communication for obtaining their products and services.

The expatriate quota / Business permit to either a joint venture between a Nigerian company or fully owned requires the approval of interior minister and it is only issued to company registered with Corporate Affairs Commission (CAC). They are in two categories:

- a. The permanent until reviewed (PUR) only for chairman or Managing director of the company and;
- b. Temporary which is only issued to a Director or special expert with a designated job description.³¹

Vision 13: Launch a Public Procurement for Innovation tendering mechanism, using hackathons and innovation challenge methodologies to provide larger government services. In this way the Government can directly seed fund pre-commercial private sector R&D.

Agencies: Bureau for Public Procurement (BPP), Office of the Head of Civil Service.

Rationale: This not only benefits citizens, but also enhances the overall functioning of government, by creating new opportunities to partner with other agencies, non-profit organisations and businesses. Government can directly seed fund pre-commercial private sector R&D which will incentivise local talent and be a strategy for implement Executive Order 003³² and 005³³

Status: The Bureau of Public Procurement is set to introduce electronic Public Procurement, e-PP, into Nigeria's public procurement system.³⁴

The Bureau Public of Procurement has made available on its website the Procurement Procedures Manual for public procurement describing how public procurement should be planned and implemented, the policies on public procurement are defined in the relevant laws and regulations governing procurement in Nigeria. Executive Order 003 mandated MDAs to give preference to local

 $\frac{https://osgf.gov.ng/storage/app/media/pdf/FGN\%20Executive\%20Order\%20on\%20Public\%20Procurement\%20of\%20local\%20products.pdf}{oducts.pdf}$

³⁰ http://pebec.gov.ng/wp-content/uploads/2017/07/EXECUTIVE-ORDER-ON-EASE-OF-DOING-BUSINESS-2017.pdf

³¹ https://www.businesspost.ng/2018/01/17/obtain-expatriate-quota-business-permit-nigeria-step-step-guide/

³²

³³ http://statehouse.gov.ng/wp-content/uploads/2018/02/PRESIDENTIAL-EXECUTIVE-ORDER-5.compressed.pdf

³⁴ https://theeagleonline.com.ng/bpp-to-begin-e-procurement-to-ensure-accountability/

content in procurement, which includes ICT, while Executive Order 005 promotes support for SMEs in procurement.

Vision 14: Expand funding for Research and Development.

Agencies: Tertiary Education Trust Fund (TETfund), National Information Technology Development Agency (NITDA), Federal Institute of Industrial Research Oshodi (FIIRO), Petroleum Technology Development Fund (PTDF), Raw Materials Research and Development Council (RMRDC), National Automotive Design and Development Council (NADDC) Fund, Universal Service Provision Fund (USPF), Ecological Fund.

Rationale: R&D is essentially the first step in developing a country's local content product or service, as such, it is the R&D function that provides a platform for creativity and innovation to flourish.

Status: On 20th March 2018, Minister of Science & Technology commissioned Technology Orientation Center (TOC) at Idu Abuja built by the National Agency for Science and Engineering Infrastructure, (NASENI). The centre is a strategy to drive the new National Science, Technology and Innovation Roadmap (2017-2030) vital to the diversification of the Nigerian economy for sustainable growth"³⁵.

In 2017, a bill was passed by National Assembly on establishment of National Research and Innovation Council. Part of the governing board's responsibilities is the establishment of the National Research and Innovation Fund. The fund is to support national research, innovation and development bodies and other functions of the council³⁶.

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³⁵ http://scienceandtech.gov.ng/2018/03/22/fg-inaugurates-technology-center-to-fast-track-innovations/

³⁶ https://nass.gov.ng/document/download/8317

Section 3 Supporting the Ecosystem for Innovative Entrepreneurship

Vision 15: Build Innovation hubs in major population centres where none exist³⁷:It is important to avoid duplication, competition and also fragmentation of innovation communities as an innovation community's strength lies in the dynamism and diversity of its members and its sharing culture.

Agencies: National Information Technology Development Agency (NITDA), Federal Ministry of Science and Technology (FMST), Federal Ministry of Education (FME), State and local government

Rationale: Innovation hubs are the engines of innovation and entrepreneurship through skills development, ideation and experimentation, technology transfer, and investor matchmaking. While Nigeria has over 50 hubs, it does not match the population and it is not geographically well spread.

Status: NITDA has 2 hubs, one in Oyo and the other in Katsina but the Katsina hub is to be launched. In March 2017 the Nigeria government through the office of the vice president designed a framework for implementation and establishment of regional innovation hubs in Nigeria in partnership with the Growth and Employment (GEM) Project, a World Bank Group funded project implemented by the Nigerian Federal Ministry of Industry, Trade and Investment (FMITI). The government proposed one state in each geo-political zone, besides Lagos and Abuja which are considered automatic candidates due to the existing technology cluster in Lagos and potential for governance related innovation in Abuja. The proposed states are; Anambra (SE), Cross River (SS), Benue (NC), Kaduna (NW), Osun (SW), Adamawa (NE), Abuja, Lagos. The project is a PPP with existing hubs and first launch is the regional innovation hub in Yola, Adamawa state.

Vision 16: Provide direct training support for hubs and linkages for nationwide collaborations: The government will develop a certification scheme for hubs and provide Training of Trainers to build the capabilities of hubs to support entrepreneurs.

Agencies: National Information Technology Development Agency (NITDA)

Rationale: Bridge the skills gap for incubation in Nigeria. Most hubs do not have the human capacity to adequately incubate technology ideas. The train the trainer approach will enable a multiplier approach.

Status: This is a NITDA proposed incentive to support innovation hub and encourage collaboration within the ecosystem.

Vision 17: Provide tax relief for innovation hubs, as they are providing valuable public services. Innovation hubs are the engines of innovation and entrepreneurship through skills development, ideation and experimentation, technology transfer, and investor matchmaking. Certified innovation hubs will pay zero income tax on revenue up to N10m/year and their employees will pay zero payroll tax on salaries up to N1m/year. Innovation hubs will also receive tax rebates for any payments for internet and telephone.

Agencies: Federal Inland Revenue Services (FIRS), State Inland Revenue Boards.

Rationale: This will encourage more private sector participation to invest in building hubs.

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³⁷ https://olc.worldbank.org/content/supporting-regional-innovation-hubs-nigeria-0

Status³⁸: On FIRS website you can apply for your company stamp duty, TIN number, file for tax refund. The current tax incentives are; Pioneer status incentive, exemption of interest on loan, exemption tax free interest loan granted by a bank to a company, exemption on profits, 20% Income tax rate for companies with turnover less than №1 million (The incentives provide for a lower rate of tax of 20% payable by companies in the preferred sector of the economy such as agriculture, manufacturing, solid minerals or wholly export trade for the first 5 years of commencement of business, where the turnover is less than №1 million) and Tax exemption on proceeds reinvested. (Gains accruing to unit holders in a trust in respect of disposal of securities, shall not be chargeable on tax provided the proceeds are reinvested). Recently, the government made a declaration to include technology startups and businesses in the pioneer list³⁹.

Vision 18: Simplify procedures for closing a business: Lowering the cost of business failure, encourages more enterprise and entrepreneurship

Agencies: Federal Inland Revenue Services (FIRS), National Insurance Commission (NIC), Corporate Affairs Commission (CAC) and Nigerian Investment Promotion Commission (NIPC).

Rationale: Encourage Techpreneurs to create more enterprises which will create more jobs for Nigeria youth and to attract both local and international investors.

Status: Presently only the federal high court has the power to close a company in Nigeria because companies and allied matters form part of the items under section 25(1), of 1999 constitution (as amended), which is exclusive of the court. Who wind-up depend on the mode of petition, any of the following persons may present or file a petition for closing up a business, that is, the company, a creditor, including a contingent or prospective creditor, the official receiver, contributory, trustee in bankruptcy to, personal representative of a creditor or contributory, Corporate Affairs Commission under sections 323,410(2)(d) of CAMA, receiver if authorized by the instrument under which he was appointed, and by all or any of the parties, together or separately. A company can only be dissolved in Federal High Court within the area of jurisdiction where the registered office of the company is situated. For example, if a company was registered with Abuja address, the company cannot be closed in a Lagos court it must be a court in Abuja. Therefore, the Lagos court has no power to hear the petition.

Vision 19: Ease cross-border trade by minimising the procedures and restrictions on both imports and exports.

Agencies: Federal Inland Revenue Services (FIRS), Nigerian Port Authority (NPA), Nigeria Export Promotion Council (NEPC), Standard Organisation of Nigeria (SON) and Nigeria Custom Service (NCS), Central Bank of Nigeria (CBN), National Environmental Standards and Regulations Enforcement Agency (NESERA), Federal Ministry of Finance, Nigerian Financial Intelligence Unit (NFIU), National Bureau of Statistics (NBS), Nigeria Agricultural Quarantine Services (NAQS), National Agency for Food and Drug Administration and Control (NAFDAC), Raw Materials Research and Development Council (RMRDC), Nigerian Import Export Promotion Council (NEPC).

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³⁸ https://www.pdfnigeria.org/wp-content/uploads/2017/05/Catalysing-Growth-in-Nigeria-FINAL-REPORT.pdf

³⁹ https://nigeriacommunicationsweek.com.ng/fg-to-grant-technology-start-ups-tax-holidays/

Rationale: Enhancing government procedure, restriction and excess charges on importation and exportation that affect ease of doing business and distance frontiers in Nigeria; this will help in easy of cross border trade between Nigeria and other countries in the world.

Status: According to World Bank rating report (2018)⁴⁰, Nigeria is one of the economies that showed significant improvement in doing business. NCS, through Nigeria Trade Hub provides a portal for accessing accurate information on imports and exports aimed at helping investors make informed decisions about doing business in Nigeria. NCS has also introduced the Authorised Economic Operator (AEO) scheme to fast track cargo clearance for trusted traders and give incentives for traders to increase compliance with clearance procedures.

Nigeria has a Single Window Portal to facilitate trade project of 12 Nigerian Government agencies involved in the customs clearance process. This portal allows traders to access customs regulations online, submit customs documents electronically, track transaction status online, and submit electronic payments.

Vision 20: Support Startups Development Directly Through Tax Breaks. Certified startups will pay zero corporate tax for up to eight years under N10m/year. And, up to twenty employees will pay zero personal income tax up to N1m.

Agencies: Federal Inland Revenue Services (FIRS), Nigerian Investment Promotion Commission (NIPC)

Rationale: To encourage and attract investments into the ICT sector of the economy.

Status: The Pioneer Status Incentives (PSI) allows companies to benefit from tax holiday for three years renewable for additional two years, tax free dividends during the tax holiday, capital allowances and tax losses⁴¹. Recently, the Federal Government made a declaration to include technology startups and businesses in the pioneer list, to grant them tax holiday⁴².

Vision 21: Develop and Expand Subsidised Credit Facilities for Startups

Agencies: Bank of Industry (BOI), Central Bank of Nigeria (CBN), Development Bank of Nigeria (DBN), National Information Technology Development Agency (NITDA)

Rationale: The goal is to provide subsidised funding for technology startup companies to grow. There is a need for NITDA to set aside a dedicated fund for ICT innovation from the NITDEF fund. This should be implemented in a PPP with an investment company that will be charged with getting matching funds and managing the fund.

Status: BOI is the largest government body that provides business facilities. ICT is one of the subsectors given high priority for accessing BOI loan ⁴³. Other SME and startup related loans include SME

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⁴⁰ http://www.doingbusiness.org/~/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB2018-Full-Report.pdf

⁴¹ https://www.nipc.gov.ng/mdocs-posts/compendium-of-investment-incentives-in-nigeria-final/

⁴² https://nigeriacommunicationsweek.com.ng/fg-to-grant-technology-start-ups-tax-holidays/

⁴³ https://www.boi.ng/lendingcriteria/

Credit Guarantee Scheme (SMECGS)⁴⁴, Agricultural/Small and Medium Enterprises Investment Scheme (AGSMEIS)⁴⁵ and Ioan facilities from Development Bank of Nigeria (DBN)⁴⁶. Most of the funds are complicated to access.

Vision 22: Incentivise Venture Capital and Angel Investment Funds to fund innovative entrepreneurship through tax reductions. Investments in certified startups will receive full exemptions on capital gains tax.

Agencies: Federal Inland Revenue Services (FIRS)

Rationale: Angel investors are not supported by incentives like those in other markets. This will encourage venture capitalist and Angel investors to invest more in startups.

Status: The Venture Capital Incentives Act is to provide for the grant of tax relief and other incentives on personal investments in the National Risk Fund, venture capital companies and venture capital projects and other matters related thereto.⁴⁷

A venture capital company shall qualify as an investor under the National Risk Fund. FIRS shall certify that a venture capital project fulfils or is capable of fulfilling one or more of the objectives. Investment in the venture project shall not be less than 25% of the total capital required for the venture project some of the incentives are:-

- a. Capital Allowances Incentives
 - 1st and 2nd year deduct 30%
 - ii. 3rd year, 20%
 - iii. 4th and 5th year, 10%
- b. Capital Gain Incentives
 - i. for the disposal of capital within five years of investment, 100%
 - ii. for the disposal of capital between six and ten years or investment, 75%
 - iii. for the disposal of capital between eleven and fifteen years of investment, 25%
 - iv. for the disposal of capital after fifteen years of investment, 0%
- c. Withholding tax payable reduced by 50%
- d. Pioneer Status Incentives
- e. Export incentives

All accreditation is done by FIRS.

Vision 23: Subsidise the acquisition of intellectual property protection for certified startups. The Government will cover the legal and procedural costs for startups to obtain intellectual property protection for their innovations.

 $\frac{https://www.cbn.gov.ng/Out/2010/publications/guidelines/dfd/GUIDELINES\%20ON\%20N200\%20BILLION\%20SME\%20CREDIT\%20GUARANTEE.pdf$

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⁴⁵ https://www.cbn.gov.ng/Out/2017/DFD/Guidelines%20on%20AGSMEIS.pdf

⁴⁶ http://devbankng.com/get-a-Loan

⁴⁷ http://lawnigeria.com/LawsoftheFederation/VENTURE-CAPITAL-%28INCENTIVES%29-ACT.html

Agencies: Federal Ministry of Industry, Trade and Investment (FMITI), National Office for Technology Acquisition and Promotion (NOTAP)

Rationale: Intellectual property can support funding and investment opportunity for startups because it offers security to potential investors

Status: Intellectual Property can be filed in Nigeria electronically. Startups can file for copyrights directly by going to the e-registration portal of the Nigerian Copyrights Commission. The process requires a startup to conduct a search first to make sure the invention/idea has not already been patented yet or the trademark symbol has not been used. Applications are processed within 10 working days and the fees are published on the commissions website⁴⁸.

⁴⁸ http://www.eregistration.copyright.gov.ng/ncc/fag