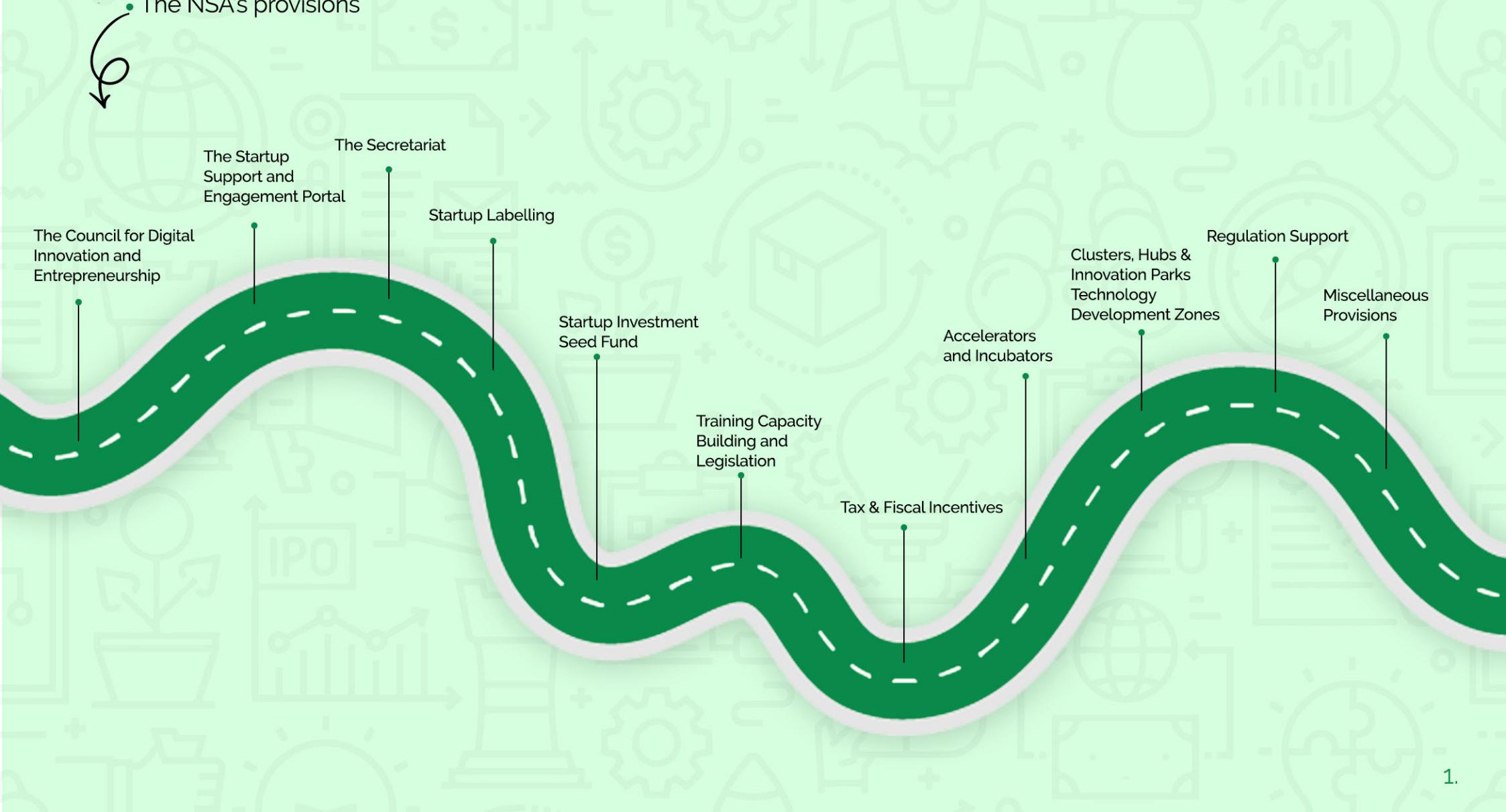




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About the Act

The Nigeria Startup Act project is a joint initiative by Nigeria's tech startup ecosystem and the Presidency to harness the potential of our digital economy through co-created regulations.

The Act will ensure that Nigeria's laws and regulations are friendly, clear, planned and work for the tech ecosystem. This, we believe, will contribute to the creation of an enabling environment for growth, attraction and protection of investment in tech startups.

The Act which saw multiple engagements, various focus group sessions and learning series across different regions in the country is built on inputs from multiple stakeholder contributions around the country.

President Muhammadu Buhari's vision to create an enabling environment for young people to create and thrive triggered a big tent initiative and approach that kick started the co creation of legislations that will create an enabling environment for tech enabled companies.

Main Objectives of the Act

The objective of this Act is to provide a legal and institutional framework for the development of startups in Nigeria and to;



Provide an enabling environment for the establishment, development, and operation of startups in Nigeria;



Foster the development and growth of technology-related talent; and



Position Nigeria's startup ecosystem, as the leading digital technology hub in Africa, having excellent innovators with cutting edge skills and exportable capacity.

The NSA's Provisions

To unlock the full potential of the Nigerian ecosystem,
the Startup Act will cater to the following;

A.

The Council for Digital Innovation
and Entrepreneurship

B.

The Startup Support and
Engagement Portal

C.

Startup Labelling

D.

Startup Investment Seed Fund

I.

Clusters, Hubs, Innovation Parks, and
Technology Development Zones.

Training, Capacity Building
& Development

E.

Tax & Fiscal Incentives

F.

Regulations Support

G.

Accelerators & Incubators

H.

The Council for Digital Innovation and Entrepreneurship

There is an established Council known as the National Council for Digital Innovation and Entrepreneurship.

The Council shall be a corporate body:

A.

With perpetual succession and a common seal;

B.

which may sue or be sued in its corporate name; and

C.

which may acquire, hold, purchase, mortgage, and deal howsoever with property, movable or immovable, real or personal

Members of the Council

Members of the Council

1. The President of the Federal Republic of Nigeria, who shall serve as the Chairman ;
2. The Vice-President of the Federal Republic of Nigeria, who shall serve as the (Alternate Chairman);
3. The Minister responsible for Communications and Digital Economy (Vice - Chairman);
4. The Minister responsible for Finance, Budget and National Planning;
5. The Minister responsible for Industry, Trade and Investment ;
6. The Minister responsible for Science, Technology and Innovation ;
7. The Governor of the Central Bank of Nigeria (CBN) ;
8. Four representatives of the Startup Consultative Forum;
9. One member to represent the Nigeria Computer Society ;
10. One member to represent the Computer Professionals (Registration Council of Nigeria) ; and
11. The Director-General of the National Information Technology Development Agency (Secretary)

Functions of the Council

- Formulate and provide general policy guidelines for the realization of the objectives of the Startup Act.
- Give overall direction for the harmonisation of laws and regulations that affect a startup
- Approve the programmes of the Secretariat established under this Act
- Ensure the monitoring and evaluation of the regulatory framework to encourage the development of startups in Nigeria
- Monitor and ensure the implementation of the policies and programmes of the Secretariat
- Support digital technological development through grants to persons, research institutions, and universities pursuing postgraduate programs in the areas of science, technology, and innovation.
- Make, alter or revoke rules and regulations for carrying out the functions of the Secretariat, subject to the provisions of this Act.
- Appoint a council agent to carry out such functions as the Council may require.
- 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.

Powers of the Council

- Examine MDA regulations and directives that may impact a startup's functioning, formation, and funding.
- Regulate and create standing orders for its meetings, notifications, and minutes.

The Startup Support and Engagement Portal

The Startup Support and Engagement Portal is a portal authorised by the Council to allow startups to register with appropriate Ministries, Departments, and Agencies.

Functions of the Startup Portal

- Facilitate the issuance of a permit or licence to a labelled startup
- Provide a platform for interaction between a startup and the Federal Government, private institutions, angel investors, venture capitalists, incubators, accelerators, and other relevant institutions
- Create opportunities for a startup to participate in beneficial challenges and programs including, incubation and accelerator programs, showcases, pitch competitions, fellowships, and other related programs
- Foster access of a startup to finance, information, innovation, and the global market
- Foster information exchange between various stakeholders In the Nigerian startup ecosystem
- Provide access to tools and resources to a startup
- Provide assistance to a startup labelled under this Act;
- Provide information on clearances, approvals and registration requirements by a startup
- Provide opportunities for a startup to enter into contracts with the Federal Government, through public procurement or other engagement processes;
- Receive complaints and recommendations from industry stakeholders and the general public;
- Serve as a platform for announcement and application of various schemes and incentives granted to a startup by the Federal Government; and perform such other duties, as may be required by the Council or the Secretariat from time to time
- Discharge other duties, as may be required by the Council or the Secretariat.

The Startup Consultative Forum

The Startup Consultative Forum shall be a consultative body on the Startup Portal to provide a platform for information sharing and collaboration in the Nigerian startup ecosystem with respect to:

- Information on a startup that qualifies to be labelled under this Act;
- Relevant incentives that apply to a startup;
- Information on available local capabilities;
- Nomination of representatives to the Council;
- Deliberations on memorandum to be sent to Council for consideration; and
- Other policy proposals that may be relevant to the Nigerian startup ecosystem.

Members of the Forum.

The Forum shall comprise of industry stakeholders and representatives registered on the Startup Portal:

- Labelled startups;
- Venture capitalists;
- Angel investors;
- The Nigeria Computer Society;
- Incubators, accelerators, and innovation hubs; and two civil society organisations involved in the advancement of technology and innovation.

The Secretariat

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.

Functions of the secretariat

1. Manage the process of labelling a startup, as provided under this Act ;
2. 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 ;
3. Collaborate with relevant MDAs and other stakeholders to promote innovation in digital technology, and enterprise development for a startup in Nigeria ;
4. Ensure that the National Digital Innovation, Entrepreneurship and Startup Policy (NDIESP) of the Secretariat is implemented for the development of the startup ecosystem ;
8. Support the growth and expansion of private sector-led incubator and accelerator programmes ;
9. Support the growth and promote the commercialisation of local research and development on digital innovation by startups ;
5. 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 ;
6. Maintain a directory of startups, incubators, and accelerators ;
7. Support research and development activities relating to digital technology innovation undertaken by a startup ;

Functions of the secretariat

10. Develop mechanisms for pre-incubation of entities and, provide training and capacity building programmes for a startup ;
11. Develop, establish, support and incentivise digital technology innovation hubs, digital technology parks and community enterprise hubs in Nigeria ;
12. Develop, implement, and monitor guidelines for setting up digital technology innovation hubs, digital technology parks and community enterprise hubs in Nigeria ;
13. 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 ;
14. Enter into partnerships to promote startup development with angel investors, venture capital firms, private equity firms, development financial institutions, and other relevant funding organisations ;
15. Review proposals, policies and programmes addressed to the Council ;
16. 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 ;
17. Advise the Council on issues affecting startups and digital technology innovation entrepreneurship in Nigeria, and matters connected with the implementation of this Act ; and
18. Discharge other duties, as may be required by the Council.

Startup Labelling

The Startup Act is designed for labelled startups which fulfill the following eligibility requirements;

- It is registered as a limited liability company under the Companies and Allied Matters Act 2020, and has been in existence for a period of not more than 10 years from the date of incorporation
- Its objects are innovation, development, production, improvement, and commercialisation of a digital technology innovative product or process;
- It is a holder or repository of a product or process of digital technology, or the owner or author of a registered software;
- It has at least one Nigerian as a founder or co-founder.

Startup Investment Seed Fund

The Startup Investment Seed Fund is to be managed by the **Nigeria Sovereign Investment Authority**, and will be used to:

- Provide a labelled startup with finance;
- Provide early-stage finance for recommended labelled startup; and
- Provide relief to technology laboratories, accelerators, incubators and hubs.

Training, Capacity Building & Development

The Act makes provisions for training and developing talents within the ecosystem by:

01



- ▶ Designing and implementing a training and capacity building program for start-ups

02



- ▶ Using the startup portal to convey important information.

03



- ▶ Developing modules, seminars, and workshops with the National Universities Commission, universities, and polytechnics in Nigeria to impact the knowledge essential for establishing and running a startup in Nigeria.

05



- ▶ Issuing a framework for talent development, and collaborate with relevant agencies and the private sector to establish parks and hubs for digital technology innovation in universities, polytechnics, and other institutions of higher learning.

06



- ▶ Supporting the activities of an academic research institution to the development of a startup

Accelerators and Incubators

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

Establishment of clusters, hubs and innovation parks.

- (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
 - (d) promoting collaboration and innovation between startups.

Functions of the clusters, hubs and innovation parks.

- Startup innovation clusters, hubs, physical and virtual innovation parks shall provide —
- 1. Dedicated team, help desk and contact to provide support to a startup ;
 - 2. Assistance for a startup to understand the regulatory framework and its applicability ;
 - 3. Assistance in registration, and application for authorisation ;
 - 4. Assistance and facilitation for the expansion of a startup into foreign markets;
 - 5. Work spaces free or at subsidised rates; and
 - 6. All other functions incidental to the attainment of the functions provided in paragraphs 1 - 5.

Tax & Fiscal Incentives

Within the NSA, there are tax and fiscal incentives that target

1.

Labelled
Startups

2.

Investors investing
in labelled startups

3.

Accelerators &
Incubators

4.

External service
providers of labelled
startups

1. Incentives for a labelled startup under the Pioneer Status Incentive Scheme

- A labelled startup, which falls within industries captured under the extant Pioneer Status Incentives(PSI) Scheme may apply to the Nigerian Investment Promotion Commission (NIPC) for the grant of the tax reliefs and incentives under the PSI Scheme.
- Access 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.
- Access to financial support through a credit guarantee scheme

2. Incentives and reliefs for investors investing in a labelled startup

- Investors shall be entitled to an investment tax credit equivalent to 30% of the investment in labelled startups.
- Capital gains tax shall not be charged on gains that accrue from the disposal of assets by an investor with respect to a labelled startup.

3. Tax incentives for external service providers

- Foreign service providers shall be subjected to 5% withholding tax on income derived from the provision of services to labelled startups.

Regulations Support

The NSA will provide regulatory support to labelled startups in the following areas;

- Support with the Corporate Affairs Commission by designating a separate section on the Startup Portal to ease the processes for labelled startups that conduct transactions at the Commission.
- Protection of Intellectual Property Rights through collaboration with the Nigerian Copyright Commission and the Trademarks, Patent, and Design Registries
- Provide recommendations and proposals to SEC and collaborate towards ensuring that there are rules that fast-track crowd funding processes for labelled startups.
- 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.
- Designate a separate section on the Startup Portal to ease the licensing procedures for fintech startups.
- Ensure that fintech startups have the chance to talk to the SEC and the CBN through interactive sessions moderated by the Startup Portal and other places.
- Ensure that fintech startups are aware of new rules and regulations that affect them before they are issued.
- Encourage and support labelled startups that seek to be listed on the Nigerian Exchange Limited (NGX), or on similar stock and commodity exchanges operating in Nigeria, and grant them incentives that aid their growth and development. Accelerators & Incubators
- Provision of accelerator and incubator programmes
- Provision of incentives for accelerators and incubators Clusters, Hubs, Innovation Parks, and Technology Development Zones.
- Establishment and operation of startup innovation clusters, hubs, physical and virtual innovation parks in each state of the Federation.
- Collaborate with the Nigeria Export Processing Zones Authority (NEPZA) to establish a Technology Development Zone in Nigeria to spur the growth and development of startups, accelerators, and incubators through incentives.

Miscellaneous Provisions

Data protection.

Power of the President to give directives of general character.

Power to make regulations or guidelines.

Pre-action notice.

STAY IN TOUCH

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Phone No: 018885011 | **Instagram:** [@startupactng](#)

Twitter: [@startupactng](#) | **LinkedIn:** The Nigeria Startup Act

Facebook: The Nigeria Startup Act

YouTube: Nigeria Startup Act | **Clubhouse:** Nigeria Startup Act