



DOING BUSINESS IN NIGERIA

Updated 29.4.2024



Market profile

Nigeria is ranked as the 27th-largest economy in the world in terms of nominal GDP, and the 24th-largest in terms of purchasing power parity. It is the largest economy in Africa.

Economy and business structure

Nigeria has a mixed economy with a low to middle income.

It's an emerging market and has become the largest in Africa. The economy is highly dependent on revenue from oil and gas. However, other industries show significant growth opportunities such as consumer goods and retail, ICT, agriculture, and infrastructure.

To attract foreign investors, the Nigerian government has introduced several incentives. These include a favorable company income tax, Pioneer Status Grants, Free Trade Zones, and tax relief for research and development. Investors can also repatriate 100% of profits and dividends, while full ownership of companies is granted in all sectors apart from oil and gas.

FACTS

- Merchandise exports: 101 mEUR
- Africa's largest economy
- Africa's most populous country
- No. 1. exporter of oil in Africa
- Capital: Abuja (Federal Capital Territory)
- Official language: English
- Area: 923,769 sq km
- Population: 211 million

Key industries and their trends

- **Health Care** – With a population of over 211 million people, the need for eHealth in a country like Nigeria cannot be overemphasized. The Nigerian healthcare system is poorly developed. It is characterized by inadequate infrastructure and a lack of basic amenities. However, in recent times, the Nigerian health sector has evolved significantly in the utilization of eHealth applications to improve healthcare delivery. The advent of the COVID-19 pandemic has also seen a surge in the use of eHealth applications and this trend is expected to continue with a steady and sustained rise in its adoption.
- **Information and Communication Technology (ICT)** - Nigeria is one of the most open services markets in Africa, receiving an overall rated score of 27.1 (virtually open) on the Services Trade Restrictions Index (STRI) published by the World Bank.
- The information and communication sub-sector contributed 12% in 2018 and has grown at about 4% over the last 5 years. Nigeria is home to the fastest growing and largest telecommunications industry in Africa. The industry has grown phenomenally from a very low teledensity of 1.89% in 1993 to a magnificent 124.29% in 2018 contributing an annual average of 9% to the national GDP and about 80%

of the IC segment of the economy. With a population size of over 211 million, less than 60% of whom are active internet users, the information, communications, and technology (ICT) industry presents attractive investment opportunities. Through various electronic platforms, Nigeria's ICT network has revolutionized business transactions by providing the highly mobile-technology-driven population seamless ability to bank, invest, purchase, distribute, communicate, and explore anytime and anywhere access to the internet is available.

- **Circular Economy:** Circular Economy will become more interesting to many Nigerian companies this is because sustainable and cost-efficient ways of providing goods & services in a way that eliminates waste and keeps processes as clean as possible will be the new norm.
- **Agriculture Automation:** Nigeria is blessed with large tracts of arable land, making agriculture an important sector of the economy with high potential for employment generation, food security, and poverty reduction. Although the sector was largely dominated by subsistence farming, with improved seedlings, modern farming methods, and better weather forecasting, agricultural yields have continued to grow. These improvements have been driven by government policies that are aimed at encouraging more commercial and mechanized farming. These policies leverage Nigeria's agricultural ecosystem to transform the country into a leading agribusiness and agro-allied industrial nation.
- **Industries goods:** Nigeria is a natural location for a variety of industrial activities due to the availability of natural resources, affordable labor costs, and large market. Its manufacturing sector is reemerging due largely to the improving performance of the consumer and household goods industries. It produces a large proportion of goods and services for the West African subcontinent.
- **Construction Technology:** The Nigerian construction sector is rapidly growing due to economic growth, an increase in households, and rural-urban migration. However, the sector was hit hard by the pandemic and subsequent lockdown. Despite this, there has been an increase in property investments as investors look to hedge against market volatility. Demand for residential properties and industrial buildings/warehouses has supported the recovery and growth of the sector. The government's investment plan in infrastructure projects is expected to further boost the industry's growth. Government-backed loans and grants, as well as tax incentives for construction companies, are also helping to fund and reduce the financial burden of carrying out construction projects.
- **Electricity Power Systems:** Nigeria's power sector requires significant investment of up to \$100 billion over the next 20 years. The World Bank is financing a \$486 million credit for the Nigerian Electricity Transmission Access Project to expand power transmission network and capacity. Finnish companies have opportunities in equipment export, technical services, training, renewable energy systems, and support services.

Important things to consider when doing business in Nigeria

- English is normally the spoken language of business.
- Business hours are 8am to 4pm or 9am to 5pm, Monday to Friday.
- Business dress etiquette is smart and stylish; Dark colors are preferred.
- Greetings are mostly a warm handshake. Also, some cultures do not shake women. So do not be offended.
- There are no general practices for giving Gifts in Nigeria. Although, it is always appreciated to reciprocate.
- In Nigeria, it is vital to cement a working relationship with associates. Be prepared to wait for this trust to develop before diving into a concrete business discussion. Hence most of these meetings are likely social occasions. Bargaining and haggling are an important part of Nigerian business negotiations.
- Nigerians are famously friendly and hospitable people who take a genuine interest in the lives and experiences of foreigners. If one makes an effort to get to know the locals, this friendliness will be

repaid tenfold.

- Punctuality is important; however, depending on the client's culture, it may be necessary to wait patiently. Government officials are often late.

For more information: <https://www.expatarivals.com/africa/nigeria/doing-business-nigeria>

Market data sources and other useful links

- <https://www.nipc.gov.ng/>
- <https://data.worldbank.org/country/nigeria>
- <https://www.nigerianstat.gov.ng/>
- <https://www.trade.gov/>
- <https://fmdqgroup.com/>
- <https://kpmg.com/ng/en/home/insights.html>