An Examination of the Regulatory Environment for Foreign /Alien Participation in Business in Nigeria

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ABSTRACT

In light of the progressive rise in foreign participation in the Nigerian business environment, there is an apparent need for a coherent and well-structured regulatory framework. This paper examines the regulatory environment for foreign participation in business in Nigeria, exploring key legislative instruments including the Companies and Allied Matters Act 2020, the Nigerian Investment Promotion Commission Act, the Investments and Securities Act 2025 and the Nigeria Tax Act 2025, together with the complementary statutes and institutional policies that shape the corporate landscape for foreign entities, with the object of assessing their coherence, accessibility and sufficiency in promoting investment while safeguarding national interests. The study further examines the compliance requirements, requisite approvals, policy incentives and dispute-resolution mechanisms available to Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) within Nigeria's corporate space, and it evaluates the structural challenges of weak regulatory coordination, overlapping fiscal obligations, administrative bottlenecks and unpredictable policy shifts. The study identifies a significant gap in the existing literature: although individual statutes and policy reforms have been analysed separately, and although a substantial econometric literature measures capital flight and exchange rate adjustment in Nigeria, few studies read the fragmented regulatory structure against that empirical record in order to assess its effect on investor certainty.

Anchored on regulatory and institutional theories, the study adopts a doctrinal methodology supplemented by published quantitative evidence, relying on academic books, statutes, case law, administrative instruments and official statistics. The analysis finds that notwithstanding post-indigenisation reforms, and notwithstanding the fiscal, securities and foreign exchange reforms completed between 2024 and 2026, these structural issues continue to undermine regulatory clarity and investor confidence. In particular, the study finds that the 2024 reconstitution of the foreign exchange market around the Electronic Foreign Exchange Matching System (EFEMS) has substantially repaired the pricing dimension of the Certificate of Capital Importation repatriation guarantee while leaving its access dimension intermediated and legally unprotected, and that Nigeria's capital account is now dominated by portfolio inflows, which accounted for some 85 per cent of recorded capital importation in 2025 as against under 4 per cent for foreign direct investment. The study concludes that Nigeria's investment framework, though formally liberal, lacks the coherence required for a predictable business environment, and it recommends a consolidated, investor-friendly regulatory framework with institutional harmonisation and enforceable administrative service standards in order to enhance transparency, confidence and regulatory compliance.

Keywords: Foreign Participation, Regulatory Framework, Institutional Harmonisation, Certificate of Capital Importation, Electronic Foreign Exchange Matching System, Capital Flight, Nigeria

INTRODUCTION

BACKGROUND TO THE STUDY

Globally, foreign participation in business, including foreign direct investment (FDI), is widely recognized as a driver of economic growth and development. While much research on foreign involvement focuses narrowly

on FDI, this study adopts a broader perspective, examining both historical and contemporary legal and institutional frameworks governing foreign participation in Nigeria.

Lessons from FDI studies highlight that global investment remains concentrated in developed economies, with African countries receiving a disproportionately low share, emphasizing the need for an effective and coherent regulatory framework in Nigeria.[1]

Nigeria, with its large population, abundant natural resources, and expanding consumer market, has long attracted foreign interest in its commercial and industrial sectors.[2] Foreign participation in business is not a recent development; rather, it has evolved from informal pre-colonial trade networks to a structured modern framework governed by domestic legislation, international instruments, institutional regulators, and procedural requirements. Understanding this historical evolution is central to analyzing the current regulatory environment and the ongoing tension between economic openness and national control.

In the pre-colonial era, commercial relations were dominated by trans-Saharan trade networks and later by European coastal traders who exchanged manufactured goods for local products such as palm oil and slaves. During the eighteenth and nineteenth centuries, foreign trading posts in places like Badagry, Bonny, and Opobo reinforced Nigeria's integration into global trade. However, with colonial rule, foreign participation became more formal and dominant.[3] British companies such as UAC, John Holt, Patterson Zochonis, and G.B. Ollivant controlled the import–export economy, determining prices, distribution channels, and access to international markets.

Under this system, Nigerians were largely marginalized. Indigenous entrepreneurs were excluded from large-scale commercial transactions and were often restricted to petty trading. Foreign firms secured monopoly-like positions, leveraging access to capital, shipping networks, and government support[4]. This entrenched imbalance created structural weaknesses that persisted even after independence. Scholars have observed that such patterns of marginalization had long-term effects, limiting the growth of local entrepreneurs and shaping attitudes toward foreign investment that remain evident today.

Following independence in 1960, Nigeria experienced rapid economic expansion, particularly after the discovery of crude oil[5]. Foreign investment increased significantly, and multinational corporations dominated sectors such as manufacturing, agriculture, pharmaceuticals, banking, and oil. By the late 1960s, concerns grew that foreign dominance threatened economic sovereignty and hindered indigenous participation. These concerns, and the patriotic need of the then military government to ensure Nigerians were 'on the driver's seat' of the growing economy led to the country's most radical attempt to restructure foreign participation in business: the Nigerian Enterprises Promotion Decree (NEPD).[6]

The Nigerian Enterprises Promotion Decree (NEPD) also known as The Indigenisation Decree of 1972 was promulgated under the administration of General Yakubu Gowon, the then Head of State. The decree marked the first systematic effort to reduce foreign ownership and increase Nigerian control of the economy.

It established categories of enterprises reserved exclusively for Nigerians (22 enterprises) and imposed ownership ceilings on foreigners in others (33 enterprises). While the policy recorded moderate success in increasing Nigerian participation, it also triggered divestments and reluctance from foreign investors who

[1] Samson Ogbonna Eze, *'An Analysis of the Legal Framework for the Promotion of Foreign Direct Investment in Nigeria*' (LLM thesis, Ahmadu Bello University Zaria 2011).
[2] Tobi Oshinnaike, *'The Impact of Foreign Investment in Nigeria: Current Trends and Market Potential'* (AFSIC) http://afsic.net/ accessed 21 November 2025
[3] Samuel, Shiikaa, *'Historical Development of Commerce in Nigeria'* (26 September 2023) accessed 21 November 2025.
[4] *The History of Entrepreneurship in Nigeria*" (Omanja F Blog, 30 March 2013) https://omanjaf.wordpress.com/2013/03/30/the-history-of-entrepreneurship-in-nigeria/ accessed 21 November 2025.
[5] *'The Impact of Foreign Investment in Nigeria'* (AFSIC, n.d.) https://www.afsic.net/the-impact-of-foreign-investment-in-nigeria/ accessed 23 November 2025
[6] Samuel A Osamolu, *Corporate Law Practice in Nigeria* (4th edn, 2023) 55.

perceived the regulatory climate as unpredictable. Studies examining the decree have highlighted both its successes in promoting local ownership and its unintended consequences in discouraging sustained foreign investment.[7]

A more drastic phase emerged under General Obasanjo's military regime, with the 1977 NEPD (Phase II). This Decree required Nigerians to hold at least 60% equity in major sectors such as banking, insurance, boat building and plantain agriculture, and at least 40% in manufacturing (engines and turbines), construction, and mining.[8] Multinationals were compelled to surrender majority ownership or completely hand over operations. Overall, the policy affected approximately 1,031 companies across Nigeria. Major foreign banks such as Barclays and Standard Bank were nationalized or restructured into Nigerian-owned institutions—Union Bank of Nigeria PLC and First Bank of Nigeria Plc. Other foreign-owned companies affected included United African Company (UAC) which became UAC Nigeria Plc, Lever Brothers became Unilever Nigeria Plc, Patterson and Zochonis (PZ) became PZ Cussons Nigeria Plc. In the oil sector, British Petroleum (BP) merged its operations with Shell to form Shell-BP Nigeria, later becoming Shell Nigeria, other BP downstream assets were nationalized in 1979 and contributed to the NNPC joint venture holdings.

While the policy was presented as "economic liberation," its implementation was widely regarded as confiscatory rather than reformist. Many foreign investors withdrew, halted expansion plans, or utilized indirect ownership structures to limit exposure. The manufacturing, agricultural and oil sectors were particularly affected, for instance, the fall in total foreign direct investment in the oil sector from 50 percent in 1966 to 39 percent in 1977.[9] The aftermath of these divestments resulted in declining production capacity, reduced foreign exchange inflows, and technological stagnation. The General Obasanjo-era indigenisation policies thus reshaped foreign participation in Nigeria, leaving long-term implications for regulatory stability, investor confidence, and economic development. Previous analyses of this period note that the policy created uncertainty for foreign investors and weakened Nigeria's attractiveness as a destination for sustained capital inflows and led to an increase in capital flight and decrease in foreign investments.[10]

By the mid-1980s, weaknesses in the protectionist model, coupled with economic recession and the oil price collapse necessitated a shift toward liberalization. The **Structural Adjustment Programme (SAP) of 1986** introduced under the military regime of General Ibrahim Babangida ushered in deregulation, export-oriented industrialisation, and currency reforms that made Nigeria more accessible to foreign investors. This paved the way for the Nigerian Investment Promotion Commission (NIPC) Act of 1995, which formally liberalized investment, repealed earlier indigenisation policies, and permitted 100% foreign ownership in most sectors except those on the negative list (e.g., arms, narcotics, military equipment),[11] with a further exception of the petroleum sector (where FDI is limited to joint ventures or production sharing).[12] Other key laws such as the Companies and Allied Matters Act (CAMA) 2020, Foreign Exchange Monitoring Act, Immigration Act 2015, and various sector-specific statutes now govern entry and participation of foreign businesses.

Despite these reforms, Nigeria's investment climate remains complex. While the One-Stop Investment Centre (OSIC) was established to centralize approvals, it consolidated over twenty agencies including the Corporate Affairs Commission (CAC), NIPC, NOTAP, and the Nigerian Immigration Service, yet challenges of bureaucratic coordination and overlapping mandates persist.[13]

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[7] Nnaemeka N Obasi, *'Foreign Direct Investment Policies and the Sectors of the Nigerian Economy'* (2015) 5(11) International Journal of Academic Research in Business and Social Sciences 95–97 https://dx.doi.org/10.6007/IJARBSS/v5-i11/1895 accessed 21 November 2025.

[8] Ibid

[9] Ibid

[10] Osamolu (n 6) 55

[11] Obasi (n 7) 105

[12] UNCTAD, Investment Policy Review: Nigeria (UNCTAD, 2008) Box II.2 https://unctad.org/system/files/official-document/diaepcb20081_en.pdf accessed 23 November 2025;
Banwo & Ighodalo, "*The NIPC One-Stop-Investment-Center …*" (PDF) https://www.banwo-ighodalo.com/media-files/2024/01/6fa58c9ad86aa9074f19bac9b9739453.pdf accessed 23 November 2025

[13] Ibid 26

Several studies have examined aspects of Nigeria's foreign investment policies, highlighting historical marginalization, regulatory inefficiencies, and the effects of liberalization[14]. However, existing research often focuses on specific sectors, individual decrees, or historical periods, with limited comprehensive analysis of the entire legal and institutional framework governing foreign participation and its implications for both investors and national development. There is also limited comparative analysis of how Nigeria's regulatory framework aligns with international best practices in attracting and regulating foreign investment.

Given the legacy of Nigerian marginalization under colonial rule, the historical oscillation between protectionism and liberalization and the far-reaching impact of the 1972 and 1977 Indigenisation Decrees, there is a clear research gap. This study, therefore, critically examines the legal and institutional framework regulating foreign participation in Nigeria, evaluates the historical evolution of these policies, analyses their impact on investment patterns, and identifies gaps within existing laws and procedures. It also considers current administrative challenges such as overlapping mandates, regulatory bottlenecks, and weak policy implementation while proposing reforms to enhance Nigeria's competitiveness, align with global best practices, and promote sustainable economic development.

Statement of Problem

Despite Nigeria's comprehensive legal and institutional framework governing foreign participation including the Companies and Allied Matters Act (CAMA 2020), the Nigerian Investment Promotion Commission Act, the Investments and Securities Act 2007, the Foreign Exchange (Monitoring & Miscellaneous Provisions) Act, Immigration Act and expatriate quota laws, and several sector-related laws, the system remains fragmented, overlapping, cumbersome and somewhat difficult to navigate.

Numerous regulators (CAC, NIPC, SEC,CBN, NRS, NOTAP, Nigerian Immigration Service, Ministry of Interior, and other sectoral bodies) impose duplicative requirements which result in unnecessary delays, increased transaction cost and create uncertainty and confusion for foreign investors. This avalanche of rules, guidelines and regulatory agencies, further compounds the complexity of the system, increasing compliance burdens for investors.

Though there exist a number of incentives (pioneer status, tax exemptions, free trade zones), they fail to provide adequate compensation for the regulatory uncertainty, cumbersome processes, incoherence and weak inter-agency coordination inherent in the system.

As a result, the Nigerian regulatory environment, though comprehensive and accommodative of foreign investors, poses cumbersome, repetitive, and ambiguous, making it unclear. Further, due to its complexity, some of its various provisions and procedures remain largely unknown.

If these legal impediments are not swiftly and efficiently addressed, foreign investors will be hesitant to participate in business in Nigeria and those already participating will be unmotivated to follow through with the procedures, thus making foreign participation in the country grow at a slow pace.

Available studies on the regulatory framework and procedures for foreign participation often address these issues in fragments and therefore fail to present their comprehensive and cumbersome nature in one consolidated work.

As such, this study seeks to fill a notable gap by exploring the limited attention accorded to the complex, fragmented and insufficiently harmonized regime governing foreign participation.

AIM AND OBJECTIVES OF THE RESEARCH

The central aim of this project is to examine Nigeria's legal and regulatory framework for the protection and enforcement of the interests of foreign investors alongside Nigerian businesses, identify loopholes in the laws

[14] Obasi (n 7), UNCTAD (n 12)

and procedures governing them and provide solutions and recommendations for adequate integration and harmonization of the system.

The specific objectives are:

- To examine the legal and institutional framework for foreign participation in business in Nigeria.
- To explore the procedural requirements for foreign participation in business in Nigeria.
- To analyze the incentives and allowances available to foreign investors.
- To identify the key challenges, gaps and bottlenecks within Nigeria's regulatory environment for foreign business participation.
- To investigate the foreign participation framework that have been put in place in international instruments and other jurisdictions.
- To give recommendations on how to improve the regulation of foreign participation in Nigeria, including harmonization of the framework.

Research Questions

Having stated the problems above, this paper presents the following research questions:

- What are the legal and institutional frameworks governing foreign participation in business in Nigeria?
- What procedural requirements must foreign investors satisfy to participate in business in Nigeria?
- What incentives and allowances are available to foreign investors, and how effective are they?
- What gaps, bottlenecks, and challenges exist within Nigeria's regulatory environment for foreign business participation?
- How do Nigerian regulatory frameworks compare with international best practices for facilitating foreign business involvement?
- What measures or reforms can be implemented to improve Nigeria's regulation of foreign participation in business?

Scope of the Study

This research examines the laws and regulations that govern foreign participation in business in Nigeria. It focuses on the legal framework, procedural requirements for investors, and incentives available to encourage foreign investment. The law is stated as at 1 November 2026, and the analysis accordingly treats the fiscal, securities and foreign exchange instruments enacted between 2024 and 2026 as settled and operative law rather than as prospective reform.

The study also looks at challenges and gaps in the regulatory system and considers lessons from international best practices that could improve Nigeria's framework.

The research is limited to formal business operations under regulatory oversight in Nigeria and does not cover labor or employment laws, sector-specific foreign business regulations, or informal business activities.The research does not include detailed analyses of individual companies except where necessary to illustrate broader regulatory trends.

The study focuses on developments over the last twenty years, highlighting current laws, policies, and recent changes.

Significance of the Study

This study is significant because the knowledge derived provides a detailed analysis of the legal and regulatory framework governing foreign participation in business in Nigeria. By highlighting loopholes, bottlenecks, and shortcomings in the existing framework, the study provides insights that can guide policymakers, regulatory authorities, and legislators in formulating appropriate and robust policies that strengthen the regulatory environment for foreign business participation.

The research is also valuable to prospective foreign investors seeking to do business in Nigeria. By providing a clear understanding of procedural requirements, legal provisions, financial implications, the existing business environment, and the challenges existent therein, the study assists investors in making strategic decisions, minimizing risks, and identifying valuable opportunities.

The study further enlightens the general public on the regulatory policies influencing daily business and investment activities. It not only fosters their understanding of the influence of foreign participation on the local economy, employment creation and business opportunities but exposes them to the processes that well-known foreign companies operating in Nigeria undergo behind the scenes, beyond what is visible to the public.

Academically, the study contributes significantly to the body of knowledge on business law and foreign investment regulations in Nigeria and offers a resource for future research and scholarly inquiry in the field.

Furthermore, by analyzing international best practices, the study provides recommendations for improving Nigeria's regulatory framework to enhance transparency, efficiency, and competitiveness.

LIMITATION OF THE STUDY

This study is subject to a number of limitations.

The first limitation is the scarcity of consolidated and up-to-date materials on the overall regulatory framework for foreign participation in Nigeria. Existing literature often treats the subject in fragments, focusing on specific laws and procedures, making it challenging to access comprehensive and harmonized sources relevant to the topic.

Secondly, due to time constraints, the research is unable to conduct extensive comparative analysis of multiple jurisdictions. Only selective reference to international best practices is adopted, rather than a broad cross-jurisdictional study that could have enriched the analysis further.

Finally, the study relies principally on published materials, statutes, judicial decisions and secondary data, and does not include empirical interviews with regulatory agencies, investors or policymakers. Certain practical difficulties encountered by foreign investors, notably informal processing delays and unofficial payment demands, are therefore not captured through direct observation.

To mitigate this limitation, the doctrinal analysis is triangulated with published quantitative evidence, including capital importation statistics issued by the National Bureau of Statistics, foreign exchange market data published by the Central Bank of Nigeria, and peer-reviewed econometric studies on capital flight and exchange rate adjustment in Nigeria.[15] Such evidence is no substitute for primary fieldwork, but it permits the legal guarantees examined in this study to be assessed against measurable investor behaviour.

[15] National Bureau of Statistics, *Nigeria Capital Importation Report* (Q4 2025; Q1 2026); Central Bank of Nigeria, *Nigerian Foreign Exchange Market: Revised Guidelines* (CBN, 29 November 2024) and monthly foreign exchange market statistics (2026).

RESEARCH METHODOLOGY

This study adopts the doctrinal research method. The legal rules, doctrines, principles and policies that govern foreign participation in business in Nigeria are analytically examined, and the law is stated as at 1 November 2026.

The research relies extensively on both primary and secondary sources. Primary sources include statutes, case law, regulations, codes of practice and guidelines. Secondary sources encompass works of prominent scholars in the field of study, mainly in the form of academic textbooks, journals, articles, commentaries, online publications, and other scholarly materials that analyse and interpret these primary sources.

The choice of the doctrinal method is justified by the nature of the research topic and the focus of the study, which involves legal and policy analysis rather than empirical fieldwork.

The doctrinal method is nevertheless supplemented in two respects, in recognition of its limited capacity to capture the operational realities of regulation. First, the statutory and institutional analysis is tested against published quantitative evidence on capital importation, exchange rate movement and capital flight, so that the divergence between formal legal guarantees and actual investor conduct may be demonstrated rather than merely asserted. Secondly, regulatory practice is traced through the administrative instruments by which the agencies in fact operate, including circulars, guidelines, compendia and official fee schedules, which disclose compliance burdens not evident from the enabling statutes alone.[16] The study therefore remains doctrinal in character while drawing on secondary empirical material to evaluate the effectiveness of the framework it examines.

LITERATURE REVIEW

CONCEPTUAL FRAMEWORK

Concept of Foreign Participation

The analysis begins with the debates surrounding the definition of foreign investment in the scholarly literature. The absence of a universally accepted definition stems largely from the varying legal and economic contexts in which the concept is applied across jurisdictions. Notwithstanding those differences, a number of shared characteristics may be identified across the various definitions, irrespective of the jurisdiction or the author advancing them.

Foreign participation could be referred to as “Alien Participation”. “Alien” is defined in section 868 of Companies and Allied Matters Act, 2020 as a person or association, whether corporate or incorporated, other than a Nigerian citizen or association. Foreign participation means a cross-border kind of investment in which a resident of a particular economy acquires control or a significant degree of influence in the management of a resident of another economy.[17] Foreign investment refers broadly to the processes through which a state sources capital, technology, and managerial expertise from outside its borders. It encompasses a wide range of activities, including manufacturing, agriculture, trade, and the provision of services.[18]

Some scholars have provided definitions of foreign investment to illustrate its scope and characteristics.

[16] On the use of published economic data to test the practical operation of investment law, see A I Lawal and others, ‘Capital Flight and the Economic Growth: Evidence from Nigeria’ (2017) 8(2) Binus Business Review 125; A M Adewale, B C Olopade and E O Ogbaro, ‘Effect of Exchange Rate on Foreign Direct Investment in Nigeria’ (2024) 5(2) ABUAD Journal of Social and Management Sciences 302.

[17] O. M. Atoyebi, SAN., and Romeo Osogworume, Esq.,“Foreign Participation Regulations in Nigerian Businesses” (2024) https://omaplex.com.ng/foreign-participation-regulations-in-nigerian-businesses/

[18] Ejike F Okaphor, ‘An Appraisal of the Legal Framework for Foreign Direct Investments (FDIs) in Nigeria and Implications for Food Security’ (n.d.) 1 Journal of International Economic Relations and Development Economics (JIERADE) 1.

Akper in his article Infrastructural Development as an Imperative for Attraction of Foreign Investment Promotion and Protection in Nigeria, defines foreign investment as: "the transfer of tangible or intangible assets from one country to another for the purpose of use in the country to generate wealth under the total or partial control of the owner of the assets." He further explains that foreign investment can also be understood as the injection of externally sourced resources directly into the real sector of the economy, where these resources are transformed not only into financial assets such as shares and bonds but also into factories, goods, and services.[19]

The Encyclopaedia of Public International Law defines "foreign investment" as:

"… a transfer of funds or materials from one country (called the capital exporting country) to another country (called the host country) in return for a direct or indirect participation in the earnings of the enterprise."[20] This definition is largely consistent with those advanced by legal scholars in the field of international investment law, differing only in minor respects.

As Sornarajah explains, foreign investment entails the movement of both tangible and intangible assets across national borders for their utilisation in the host State with the objective of wealth creation, while remaining wholly or partly under the control of the asset owner.

Despite this general alignment, the definition adopted by the Encyclopaedia of Public International Law adopts a narrower approach by confining foreign direct investment to tangible property or financial resources. Such a restrictive interpretation fails to account for intangible assets, including intellectual property rights such as patents and copyrights, which are widely recognised in investment law and practice as legitimate forms of foreign investment. Accordingly, for the purpose of this study, foreign direct investment is understood to encompass the injection of capital through shares and equity interests, as well as intangible assets such as trademarks and patents, or direct participation in projects within the host State.[21] The nature and scope of foreign investment are shaped by the economic policies of the host country and the methods through which investment is pursued.[22]

Historical Context of Foreign Participation

The concept of cross-border investment, particularly in the form of financial contributions to transnational projects, has a long history, dating back to early human commercial activity. Over time, the development of foreign investment has been shaped by changing economic, political, and cultural conditions, with economic and political factors especially influencing patterns of growth for both individual enterprises and national economies, whether in capital-exporting or capital-receiving countries. Before the First World War, roughly 90% of international capital flows took the form of portfolio investments, where individuals or institutions acquired securities in foreign enterprises without participating in their management. Such investments were often linked to international trade; for example, an European investor might acquire shares in a sugar plantation in the Caribbean or a cotton estate in Egypt.

In the eighteenth and nineteenth centuries, foreign investment was largely a byproduct of colonial expansion and occurred without the protection of international law, which only began to extend safeguards under the customary principle of state responsibility in the early twentieth century. Although Europe played a central role, similar investment activities were also present in Africa, Asia, and the Middle East. In Africa, investment projects often focused on the extraction of natural resources, with raw materials flowing to Europe and consumer goods moving in the opposite direction. Local traders and entrepreneurs were frequently excluded from these ventures, instead concentrating on domestic retail trade involving imported goods. Overall, foreign

[19] Ibid
[20] Mohammed Wakil, A Critical Analysis of the Legal Framework for Investment Promotion and Protection in Selected ECOWAS Member States (PhD thesis, University of Huddersfield 2023).
[21] Ibid
[22] Ejike op.cit

investment patterns closely mirrored the geopolitical reach of dominant empires, such as the Roman Empire, and were influenced by imperial laws that primarily sought to maximise revenue and control trade.[23]

Following the dissolution of empires, foreign investment expanded as investors gained freedom from restrictive imperial regulations. During the colonial era of the modern eighteenth century, similar patterns reemerged, with colonial powers exporting capital to their territories while maintaining monopolistic control over trade. This clientelist pattern persisted into the post-colonial period until globalization and the establishment of the World Trade Organization opened markets to international competition.

Foreign direct investment (FDI) in its modern form only became a dominant feature of the global economy after 1914. Investors, particularly from the United States, increased their direct investments in European and Latin American enterprises during and after World War I, often gaining managerial control. The economic shifts of the inter-war period, along with Keynesian thought, further encouraged liberal approaches to trade and investment, including capital movements via paper currency, fixed exchange rates, and regulatory oversight. Despite these changes, portfolio investment remained significant, with theorists such as Keynes focusing their analyses largely on these capital movements.[24]

Today, FDI is primarily carried out by multinational corporations in sectors such as natural resources (oil, gas, mining), telecommunications, and large-scale infrastructure projects, including airports, seaports, roads, and railways. Empirical studies by UNCTAD indicate that transnational corporations dominate global FDI flows, with a peak of approximately USD 2,000 billion in 2016 before a decline of 42% due to the COVID-19 pandemic. The emergence of new financial instruments and markets, including Eurodollars and Eurobonds, has further enhanced capital mobility. While FDI and portfolio investment have different objectives, portfolio investments still account for roughly 20% of international capital flows. Additionally, foreign aid continues to play a minor, yet notable, role in influencing FDI, particularly in developing regions.[25]

The concept of Foreign Direct Investment

Definition

Foreign Direct Investment (FDI) is defined and explained in various ways across different economic studies, as well as in scholarly works on international investment law.[26]

Foreign direct investment (FDI) refers to a situation in which a company or individual from one country commits capital to business activities in another country, either by acquiring ownership in an existing enterprise or by setting up new operations.[27] It generally refers to investments made by non-resident individuals or entities who acquire at least a 10% equity stake in an enterprise established in another economy, thereby indicating a lasting interest and a degree of managerial influence.[28] Business entities that undertake such cross-border investments are commonly identified as Multinational Enterprises (MNEs).[29]

The International Monetary Fund (IMF) defines FDI as "a category of cross-border investment made by a resident in one economy with the objective of obtaining a lasting interest in an enterprise resident in another

[23] Ibid
[24] Ibid
[25] Ibid
[26] Mohammed op.cit
[27]
[28] O Keita and Y Baorong, 'Foreign Direct Investment and Economic Growth Nexus: Empirical Insight from Guinea' (2022) 12(1) Asian Economic and Financial Review 58 https://doi.org/10.18488/5002.v12i1.4407 accessed 23 February 2026.; AO Adegboyega and LE Olajide, 'Foreign Direct Investment and Macroeconomic Dynamics in Nigeria' (2024) 9(4) Journal of Economics and Allied Research 17 https://www.jiardjournals.org accessed 23 February 2026.
[29] PJ Buckley, 'Corporate Reactions to the Fracturing of the Global Economy' (2023) 32(6) International Business Review 1; AO Adegboyega and LE Olajide, 'Foreign Direct Investment and Macroeconomic Dynamics in Nigeria' (2024) 9(4) Journal of Economics and Allied Research 17 https://www.jiardjournals.org accessed 23 February 2026.

economy."[30] The World Bank observed that ownership of at least 10% of the ordinary shares or voting stock is the criterion for the existence of a direct investment relationship.[31] Similarly, The Organization for Economic Co-operation Development (OECD) regards FDI as an integral part of the international economic system and a major catalyst for development or the flow of capital and human resource from one country to another.[32]

The defining feature of FDI is the investor's intention to exercise control or significant influence over the foreign assets. This typically occurs where the investor holds a controlling or substantial ownership interest, enabling participation in the management and decision-making of the foreign entity.[33]

Economic significance of Foreign Direct Investment

FDI has increasingly been acknowledged as a key driver of economic transformation, particularly within developing and emerging economies. It contributes to capital formation, facilitates the transfer of technology and managerial expertise, and enhances productivity.[34]

Foreign direct investment promotes economic growth through three principal mechanisms. First, it alleviates the constraints imposed by limited domestic savings by supplying supplementary capital, thereby supporting a higher level of investment and capital formation within the host economy.

Second, it functions as a critical channel for the transfer of technology and technical expertise. This process enhances productivity, improves resource utilisation, and strengthens overall operational efficiency, all of which contribute to sustained economic advancement.

Third, FDI expands productive capacity and enhances the competitiveness of domestic industries, which frequently results in increased export performance and a stronger presence in international markets.[35]

Developmental rationale for Foreign Direct Investment

There is an increasing acknowledgement of the important role that private sector participation, particularly through FDI, plays in the economic development of developing and emerging economies. Consequently, many of these economies have become more welcoming of foreign direct investment and actively seek to enhance and optimise their FDI inflows, despite earlier concerns about the uncertain impact of FDI on national development.

This openness is largely driven by strategic policy considerations, chief among them being a preference for equity investment rather than loans at commercial interest rates as a means of financing development projects. This is because borrowing from commercial banks for project financing has often been unstable, unpredictable, and burdensome, with inflexible repayment obligations, making it either unattractive or inaccessible for many low-income developing countries. In contrast, FDI not only brings in initial capital but

[30] Fope Agbede, Foreign Direct Investment (FDI) and Company Regulation in Nigeria: Legal Incentives and Barriers (April 2025) https://www.researchgate.net/publication/390946658_Foreign_Direct_Investment_FDI_and_Company_Regulation_in_Nigeria_Legal_Incentives_and_Barriers accessed 31 December 2025.
[31] Temitope Omole, 'Foreign Direct Investment (FDI) in Nigeria: Opportunities, Challenges and Way Forward' (2021) 7 International Journal of Law 116.https://www.lawjournals.org/assets/archives/2021/vol7issue5/7-5-34-892.pdf
[32] Ibid
[33] The Trusted Advisors, 'Understanding Foreign Direct Investment Regulations in Nigeria' Legal 500 (11 May 2025) https://www.legal500.com/developments/thought-leadership/understanding-foreign-direct-investment-regulations-in-nigeria/ accessed 21 February 2026.
[34] Z Habibu and AK Murtala, 'Effect of Foreign Direct Investment on Environmental Quality in West Africa' (2024) 9(2) Journal of Economics and Allied Research 123 https://jearecons.com/index.php/jearecons/article/view/407 accessed 23 February 2026; IG Okereke, TG Duniya and AJ Lateef, 'FDI and Welfare in Nigeria: Evidence from ARDL Model' (2023) 8(1) Journal of Economics and Allied Research 166.
[35] Omole, 'Foreign Direct Investment (FDI) in Nigeria' (n 13).

also allows for greater regulatory oversight, with profit repatriation typically tied to the performance of the investment project.[36]

Forms / Types of Foreign Direct Investment

FDI may be structured in several forms, reflecting different modes through which foreign investors establish or expand their presence in the host economy.

Mergers and Acquisitions (M&A)

Mergers and acquisitions represent a common vehicle for FDI, involving either the transfer of assets and operations of domestic firms to foreign entities or the consolidation of enterprises across jurisdictions into a single corporate structure. This form of investment enables foreign investors to obtain an immediate market presence and may provide certainty for both investors and domestic companies seeking strategic partnerships. M&A transactions are often associated with more developed capital markets and regulatory systems. Their relative scarcity in less developed markets has been attributed to structural and institutional limitations. The effectiveness of this investment model is therefore closely linked to the existence of an enabling legal and regulatory environment.[37]

Greenfield Investment

Greenfield investment refers to the establishment of a new enterprise or business operation within the host state. This form of FDI is particularly valued for its potential to generate new production capacity, employment opportunities, and technology transfer. Despite its advantages, Greenfield investment may pose challenges for domestic firms that lack the capital and technological capacity to compete with multinational enterprises. Concerns have also been raised regarding the possibility of profit repatriation without substantial reinvestment in the host economy.[38]

Brownfield Investment

Brownfield investment involves the acquisition or expansion of an existing domestic enterprise or operational facility. It may serve as a mechanism for revitalising financially distressed enterprises and enhancing export capacity. However, this form of investment may generate apprehension relating to shifts in ownership and control, potential employment effects, and broader national economic considerations.[39]

Joint Venture Investment

Joint venture (JV) investment entails the pooling of capital and resources by two or more parties to establish a separate business entity. This structure may take the form of equity-based participation or contractual collaboration. Joint ventures are widely utilised in sectors requiring substantial capital and technical expertise, such as petroleum and mining. They are often viewed as a mechanism for balancing foreign investment participation with domestic involvement.[40]

The concept of Foreign Portfolio Investment

A portfolio investment refers to a collection of financial assets, including equities, debt instruments, and liquid assets such as cash equivalents. These investments may be owned and controlled directly by individuals or administered on their behalf by financial experts. Within the field of economics, foreign portfolio investment

[36] Mohammed Wakil, *A Critical Analysis of the Legal Framework for Investment Promotion and Protection in Selected ECOWAS Member States* (n 4) 191.
[37] Ibid
[38] Ibid
[39] Ibid
[40] Ibid

(FPI) describes the movement of capital across national borders, typically involving non-residents placing funds in domestic banks or acquiring securities in a country's equity and bond markets, often motivated by return expectations or speculative interests. More broadly, FPI represents a strategy through which investors achieve international diversification by allocating capital to foreign financial markets.[41]

Foreign portfolio investment (FPI) denotes cross-border investment in a country's financial instruments, particularly equities and debt securities, undertaken by non-residents. Unlike foreign direct investment, FPI does not confer managerial influence or control over the assets acquired. This form of investment enables investors to achieve international diversification and pursue potentially superior returns, while simultaneously supplying developing and emerging economies with external capital that can support economic expansion. In recent years, capital flows in the form of FPI to developing states have grown markedly, driven by favourable growth prospects and relatively stable political conditions. Nevertheless, such flows are characteristically unstable, as investors may rapidly withdraw funds during episodes of heightened risk or uncertainty. Consequently, regulators must weigh the advantages of FPI — including financial market deepening and greater integration into global capital markets — against vulnerabilities arising from sudden reversals and potential crises as observed by the IMF in 2016. In sum, while FPI offers mutual benefits to both capital-exporting and capital-importing countries, its effective management depends on sound macroprudential oversight to preserve financial stability.[42]

Foreign portfolio investment (FPI) involves purchasing financial assets such as stocks, bonds, or money market instruments in a foreign country, generally for a short-term period. Its short-term nature allows investors to take advantage of favourable interest rates and exchange rate movements when buying and selling securities. FPI occurs in foreign secondary markets and aims primarily at obtaining higher returns. Investors can engage through either passive holding of securities or active trading in financial or capital markets. FPI also enhances the liquidity of the host economy and contributes to increasing foreign reserves, which can support exchange rate stability.[43]

FPI is effective in generating higher returns and reducing risk through international diversification. It plays a notable role in the economic growth of host countries and encourages the inflow of new investment capital, thereby raising overall investment levels. Being a shorter-term investment, FPI can still attract foreign investors to a country despite market or political instability.[44]

Portfolio investment generally involves cross-border capital movements in debt and equity securities, excluding direct investment or reserve assets. It includes bonds, equities (direct stock purchases and country funds), and money market instruments such as certificates of deposit and commercial papers. Portfolio investment may also take the form of derivatives or other credit instruments. Investors typically aim to maximise returns within a given level of risk, but FPI is inherently volatile. While this volatility can create opportunities for arbitrage and improve market efficiency, it may also lead to economic disturbances, particularly during periods of financial booms or busts.[45]

FPI can be disaggregated into foreign institutional investment (FII) flows and American/Global Depository Receipts (ADR/GDR), with determinants for FII similar to aggregate portfolio flows, while ADR/GDR are influenced by domestic equity returns, exchange rates, and domestic and foreign output growth. Well-

[41] Albert O Ilugbemi and Ayodele Damilola L Ogunlokun, 'Foreign Direct Investment, Foreign Portfolio Investment and Capital Market Growth: The Nigerian Experience' (2020) 8(2) International Journal of Economics, Commerce and Management 262 http://jecm.co.uk/ accessed 22 February 2026.
[42] Samuel Tyoga Mgbangun, Amanda Lawani Ene, Nasamu Gambo and Umar Ibrahim Abbas, 'Impact of Macroeconomic Determinants on Foreign Portfolio Investment in Nigeria' (2024) 12(2) European Journal of Accounting, Auditing and Finance Research 73 https://doi.org/10.37745/ejaafr.2013/vol12n27183 accessed 22 February 2026.
[43] Godson Ikechi Anyanwu, Uzoamaka S Chigbu and Angeline Chinyere Nnadozie, 'Foreign Portfolio Investment and Nigerian Economic Growth' (2024) 10(2) IIARD International Journal of Banking and Finance Research 53 https://doi.org/10.56201/ijbfr.v10.no2.2024.pg51.67 accessed 22 February 2026.
[44] Ibid
[45] Ibid

regulated financial markets are necessary to manage the volatility of FPI. For a financial system to remain healthy, institutions must be able to monitor and manage business risks efficiently, maintain reliable payment systems, and withstand economic or systemic shocks, such as sudden capital withdrawals or major interest or exchange rate fluctuations. Adequate capitalisation and risk management capacity are therefore essential to ensure that FPI contributes positively to economic growth and market stability.[46]

Distinction Between FDI and Portfolio Investment

FDI is distinguishable from foreign portfolio investment primarily by the element of control and long-term interest. While FDI entails a sustained involvement in the management of an enterprise, portfolio investment typically involves the acquisition of securities through capital markets without conferring managerial authority.[47]

Portfolio investors are generally motivated by financial returns rather than operational participation and do not ordinarily engage in the governance of the enterprise. Furthermore, portfolio investments may lack a direct territorial nexus with the host state, rendering them more susceptible to rapid withdrawal and market fluctuations. By contrast, FDI is anchored in the host state through physical assets, operations, and business establishments.[48]

From a legal perspective, FDI has historically enjoyed stronger protection under principles of international law relating to the treatment of foreign property. Portfolio investments, lacking a fixed situs, have not always benefited from comparable levels of customary international law protection.[49]

Capital importation

Capital importation describes the entry of foreign capital into a country, including foreign direct investment (FDI), portfolio investment, and other financial assets. Such inflows are essential for augmenting domestic savings, supporting industrial growth, and advancing overall economic development. In Nigeria, capital importation has been an important factor influencing the structure and performance of the economy.[50] More broadly, capital importation can be understood as the transfer of funds into a country for investment, commercial activities, or business purposes. At the firm level, it may involve the injection of investment funds, expenditure on operational activities, and financing for research and development (R&D).[51]

Certificate of Capital Importation (CCI)

A Certificate of Capital Importation (CCI) is a regulatory document issued by an authorised dealer bank in Nigeria to evidence the inflow of foreign currency into the country. It is typically required where external funds are introduced for purposes such as equity investment, intra-company loans, or the financing of capital assets, including machinery and other high-value equipment. The CCI functions as formal proof that the funds have entered Nigeria through recognised foreign exchange channels, which is essential for protecting the investor's ability to repatriate capital, dividends, and loan repayments.[52]

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[46] Ibid 54

[47] Mohammed Wakil, *A Critical Analysis of the Legal Framework for Investment Promotion and Protection in Selected ECOWAS Member States* (n 4) 106.

[48] Ibid 107-108

[49] Ibid

[50] Hilary O Obigwe, Felix N Echekoba and Amalakchukwu C Ananwude, 'Capital Imports and Economic Growth: Empirical Evidence from an Emerging Economy in Africa – Nigeria' (2025) 6(1) Journal of Development Economics and Finance 159.

[51] Ibid; K O Chukwu, C B Ubah and C N Ezeaku, 'Effect of Capital Importation on Nigeria's Economic Growth' (2020) 3(5) International Journal of Management Studies and Social Science Research 229

[52] A Olu and A Kunle, 'Certificate of Capital Importation for Capital Goods and Equipment Imports into Nigeria: Key Considerations for Foreign Investors' (14 January 2026) Mondaq

The significance of the CCI becomes more pronounced in transactions involving expensive or technically specialised equipment. Where the certificate is not obtained, investors may encounter a range of difficulties, including regulatory queries, restrictions affecting remittances, and potential compliance concerns during audits[53].

From a practical standpoint, compliance gaps frequently occur. In some cases, investors treat the importation of capital goods as ordinary commercial transactions and fail to initiate the CCI process. In other instances, the application is made only after the relevant assets have been imported, which may lead to administrative delays and procedural complications. Challenges may also arise where supporting records — such as transactional documents, payment evidence, or corporate authorisations — are incomplete, thereby preventing the issuance of the certificate by the bank.[54]

Failure to secure a CCI may have material consequences. Under the Central Bank of Nigeria's foreign exchange regulations, the certificate serves as a key requirement for processing remittances relating to profits, dividends, and shareholder loans. Authorised dealers may also delay transactions while verifying the legitimacy and source of funds, particularly in high-value cases. In addition, deficiencies in documentation may attract scrutiny from auditors and tax authorities, potentially affecting financial disclosures and governance compliance. Taken together, these issues may disrupt business operations, increase transaction costs, and expose investors to regulatory risk.[55]

Relevance of CCI to Foreign Investors

Possession of a Certificate of Capital Importation (CCI) confers several legal and practical benefits for foreign investors. These include the ability to repatriate capital, profits, and dividends at official foreign exchange rates in a convertible currency, the right to operate domiciliary accounts with authorised banks for investment purposes, and the capacity to invest in Nigerian securities. Such provisions are particularly important in economies like Nigeria, where currency fluctuations can significantly impact the value of foreign investments.[56]

Electronic Certificate of Capital Importation (e-CCI)

Regulatory reforms introduced by the Central Bank of Nigeria (CBN) in 2017 significantly modernised the framework governing capital importation. One of the key developments was the replacement of the physical Certificate of Capital Importation (CCI) with the Electronic Certificate of Capital Importation (e-CCI), reflecting a broader policy shift towards digitisation and administrative efficiency. Under this revised system, authorised dealer banks are empowered to process and issue the e-CCI as evidence of foreign capital inflows. The reform streamlined the documentation and verification procedures associated with foreign currency inflows intended for equity investments, shareholder loans, and the acquisition of capital goods. Foreign investors are required to channel funds through licensed banks, specifying details such as the identity of the transferor, the amount remitted, the beneficiary company, and the purpose of the transaction.[57]

https://www.mondaq.com/nigeria/inward-foreign-investment/1730914/certificate-of-capital-importation-for-capital-goods-and-equipment-imports-into-nigeria-key-considerations-for-foreign-investors accessed 22 February 2026.

[53] Ibid

[54] Ibid

[55] Ibid

[56] Aderonke Alex-Adedipe and Praise Adetunmibi, Doing Business in Nigeria: The Relevance of the Certificate of Capital Importation to Foreign Investors in Nigeria (Pavestones Legal, 9 April 2021) https://pavestoneslegal.com/doing-business-in-nigeria-the-relevance-of-the-certificate-of-capital-importation-to-foreign-investors-in-nigeria/ accessed 22 February 2026.

[57] Banking & Finance Law: Capital Importation by Foreign Investors to Nigeria (Bam & Gad Solicitors, 23 April 2024) https://bamandgadsolicitors.com.ng/2024/04/23/banking-finance-law-capital-importation-by-foreign-investors-to-nigeria/ accessed 22 February 2026.

Upon receipt of the funds, the Nigerian beneficiary entity typically undertakes internal corporate approvals, including board resolutions acknowledging and accepting the investment. Following regulatory confirmation and foreign exchange conversion at the applicable market rate, the authorised dealer bank issues the e-CCI to the investor.

The introduction of the electronic certification regime was intended to enhance transparency, improve regulatory oversight, and facilitate capital mobility, while also strengthening investor confidence in Nigeria's foreign exchange system.[58]

Investment incentives

Meaning of investment incentives

Although there is no single, universally accepted definition of investment incentives, they are generally described as special benefits or preferential measures granted to particular investors or investment projects that go beyond the standard conditions available to all businesses within a country[59]. In the Nigerian context, investment incentives constitute an important element of the government's strategy to attract and promote both foreign and domestic investment, serving as policy tools to stimulate economic growth and enhance competitiveness.

To attract and retain Foreign Direct Investment (FDI), the Nigerian government has implemented a range of fiscal, tax, and non-tax incentives across various sectors of the economy. These incentives are designed to reduce entry barriers, lower operational costs, encourage reinvestment, and ensure investor confidence in the Nigerian business environment.[60]

Tax incentives are measures introduced by the government to encourage specific activities by granting tax benefits or advantages to businesses and organisations. The purpose of such incentives is to influence economic behaviour in desired ways, promote growth, and stimulate investment in targeted sectors or regions. Governments may, for instance, grant incentives to encourage innovation, industrial development, export expansion, or sectoral growth.[61]

Investment incentives in Nigeria are of varying forms as contained in relevant laws and regulations, such as tax holidays, tax credits, capital allowances, tax exemptions, investment allowances, subsidies, double taxation reliefs, duty drawback schemes, export expansion grants, export development funds,, and investment promotion and protection agreements.

Forms/classification of Investments incentives in Nigeria

Nigeria's federal investment incentives are formally classified under the Nigerian Investment Promotion Commission (NIPC) Compendium into five broad categories, namely: **tax-based incentives, sector-specific incentives, tariff-based incentives, export incentives, and special economic zone incentives**. These incentives are provided under various statutory instruments including the Companies Income Tax Act (CITA), the Industrial Development (Income Tax Relief) Act, the Export (Incentives and Miscellaneous Provisions) Act, the Customs and Excise Management Act, and the Personal Income Tax Act.[62]

Tax-based incentives include pioneer status incentives, rural investment allowances, research and development deductions, investment tax reliefs, and capital allowances. Tariff-based incentives generally

[58] Ibid
[59] OECD, *The Role of Incentives in Investment Promotion: Trends and Practices in OECD Member Countries* (OECD Publishing, Paris, 16 Dec 2024) 10, https://doi.org/10.1787/e3338264-en
[60] Fope Agbede, 'Foreign Direct Investment (FDI) and Company Regulation in Nigeria' (n 12).
[61] O. M. Atoyebi, 'Investment Incentives under Nigerian Laws' (n 1).
[62] Katsina State Investment Promotion Agency, *Investment Incentives* (PDF, November 2022) https://kipa.kt.gov.ng/wp-content/uploads/2022/11/Investment-Incentives-1-1.pdf accessed 23 February 2026.

provide import duty exemptions or reduced rates on machinery, equipment, and raw materials in priority sectors such as agriculture, manufacturing, mining, aviation, and power. Export incentives, particularly the Export Expansion Grant (EEG), provide post-shipment rebates to enhance the competitiveness of Nigerian non-oil exports. In addition, entities operating within approved export processing or free trade zones enjoy tax holidays, duty-free importation of inputs, full foreign ownership, and unrestricted repatriation of capital and profits, subject to statutory conditions.[63]

Fiscal and Tax-Based Incentives

One of the primary methods used by the Nigerian government to encourage investment is through tax-based incentives provided under the Companies Income Tax framework and other relevant legislation.

Pioneer Status Incentive (PSI)

Pioneer Status was granted in order to enable a qualifying industry to earn a reasonable level of profit during its formative years, the expectation being that such profit would be reinvested in the business to promote expansion and sustainability.[64] The incentive was administered by the Nigerian Investment Promotion Commission under the Industrial Development (Income Tax Relief) Act, which has since been repealed. The Commission ceased to accept new applications after 10 November 2025 and, with effect from 1 January 2026, the scheme was replaced for new entrants by the Economic Development Tax Incentive established under the Nigeria Tax Act 2025. Companies whose Pioneer Status was granted before that date retain the relief for the unexpired portion of their relief period.[65]

Under the scheme, eligible companies were granted a tax holiday of up to five years, consisting of an initial three-year exemption from companies income tax, renewable for a further period where applicable. The incentive applied to companies in sectors regarded as significant to Nigeria's economic development, including manufacturing, agriculture, power, solid minerals and information technology.[66] The Pioneer Status Incentive therefore remains legally material to this study only in respect of subsisting beneficiaries; for all new investment it has been superseded by the credit-based regime examined in section 4.2 below.

Companies Income Tax Reliefs and Investment Allowances

The Companies Income Tax framework provides additional incentives in the form of investment tax reliefs and deductions. Companies that incur expenditure on infrastructure such as electricity, water supply, tarred roads, or telecommunications facilities for business purposes may qualify for investment tax relief, subject to specified conditions.[67] Furthermore, companies engaged in research and development activities for the purpose of commercialisation are allowed to deduct a percentage of qualifying R&D expenditure from their taxable profits. This measure is aimed at encouraging innovation and technological advancement within the Nigerian economy.[68]

Export and Customs-Based Incentives

To enhance competitiveness in international markets and promote non-oil exports, Nigeria provides export-related incentives.

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[63] Ibid

[64] Nairametrics, *Investment Incentives* (PDF, July 2011) https://nairametrics.com/wp-content/uploads/2011/07/Investment-Incentives.pdf accessed 23 February 2026

[65] Nigerian Investment Promotion Commission, *Cessation of Pioneer Status Incentive Applications* (NIPC, November 2025), by which the Commission ceased to receive PSI applications after 10 November 2025; Nigeria Tax Act 2025, Ch 8 Pt II and Tenth Schedule. The Industrial Development (Income Tax Relief) Act was repealed by the Nigeria Tax Act 2025.

[66] Ibid

[67] O. M. Atoyebi, 'Investment Incentives under Nigerian Laws' (n 1).

[68] Ibid

Export Expansion Grant (EEG)

The Export Expansion Grant, administered by the Nigerian Export Promotion Council, provides financial incentives to exporters of qualifying non-oil products. The grant operates as a post-shipment rebate calculated on the Free on Board (FOB) value of eligible exports. This incentive is particularly relevant to companies engaged in export-oriented manufacturing.[69]

Customs incentives also include duty drawback schemes, which allow manufacturers who export finished goods to obtain refunds of import duties paid on raw materials used in production.[70]

Territorial Incentives: Free Trade Zones (FTZs)

Nigeria has established Free Trade Zones to further encourage investment. Companies operating within these zones enjoy exemption from federal, state, and local government taxes, levies, and rates. They are also permitted to import capital goods, raw materials, and components duty-free.[71]

In addition to fiscal advantages, Free Trade Zones provide streamlined administrative procedures and regulatory support to facilitate business operations.[72]

Investment Promotion and Protection Agreements (IPPAs)

Beyond fiscal measures, Nigeria has entered into Investment Promotion and Protection Agreements with various countries. These agreements provide assurances to foreign investors, including protection against expropriation, guarantees of full protection and security, and access to international arbitration in the event of disputes.[73]

Such agreements serve to enhance investor confidence by providing a legal framework for the protection of foreign investments.[74]

Empirical Evidence on Capital Flows, Currency Adjustment and Capital Flight in Nigeria

The statutory and institutional material reviewed above describes the legal architecture of foreign participation. It does not, by itself, disclose how that architecture performs. Because this study does not undertake primary fieldwork, the practical operation of the framework is assessed in this subsection against the published empirical record on capital importation, exchange rate adjustment and capital flight. Three bodies of evidence are relevant: official statistics on the composition of capital inflows, econometric studies of the relationship between exchange rate movement and foreign investment, and the literature on capital flight and its determinants.

The composition of capital inflows

The most significant feature of Nigeria's recent capital account is not the volume of inflows but their composition. Following the unification of the exchange rate windows in June 2023 and the subsequent reform of the foreign exchange market in 2024,[75] recorded capital importation rose sharply. Total capital importation increased from US$12.32 billion in 2024 to US$23.22 billion in 2025. Foreign direct investment, however,

[69] Fope Agbede, 'Foreign Direct Investment (FDI) and Company Regulation in Nigeria' (n 12)
[70] O. M. Atoyebi, 'Investment Incentives under Nigerian Laws' (n 1).
[71] Fope Agbede, 'Foreign Direct Investment (FDI) and Company Regulation in Nigeria' (n 12)
[72] Fope Agbede, 'Foreign Direct Investment (FDI) and Company Regulation in Nigeria' (n 12)

[73] Ibid
[74] Ibid
[75] Central Bank of Nigeria, 'Operational Changes to the Foreign Exchange Market' (Circular FMD/DIR/PUB/CIR/001/004, 14 June 2023); Central Bank of Nigeria, *Nigerian Foreign Exchange Market: Revised Guidelines* (CBN, 29 November 2024).

accounted for only US$923.01 million of the 2025 total, or 3.97 per cent, notwithstanding that this represented an increase of some 36.8 per cent in absolute terms over the US$674.71 million recorded in 2024. Portfolio investment, by contrast, rose from 68.00 per cent to 85.03 per cent of total inflows.[76] Inflows in the first quarter of 2026, at approximately US$10.37 billion, maintained the same pattern.[77] These figures are of direct legal significance to the present inquiry. Nigeria's investment framework, from the liberalisation effected by the NIPC Act through the incentive regime of the NTA 2025, is constructed principally around foreign direct investment: the incorporation requirement, the expatriate quota, the technology transfer regime, the share capital threshold and the Economic Development Tax Incentive all presuppose an investor who establishes a durable productive presence in Nigeria. Yet the capital that the market is in fact attracting is overwhelmingly short-term portfolio capital, which engages almost none of that apparatus beyond securities registration and capital importation. The inference is that the compliance burden examined in sections 3 and 4 falls most heavily on precisely the category of investor that Nigeria attracts least successfully, while the category that dominates recorded inflows is the one most readily reversible. A framework that is formally oriented towards direct investment is thus operating in a market dominated by capital for which its principal protections and obligations are largely immaterial.

Exchange rate adjustment and foreign investment

The empirical literature on the relationship between exchange rate movement and foreign investment in Nigeria is substantial, though not uniform in its conclusions. Adewale, Olopade and Ogbaro, applying fully modified ordinary least squares to Nigerian data for 1981 to 2021, find a statistically significant relationship between the exchange rate and foreign direct investment, and caution against depreciation on the ground that it deters foreign investors.[78] Studies adopting non-linear specifications report an asymmetric relationship, in which depreciation and appreciation do not exert equal and opposite effects, and in which the response of reinvested earnings differs from that of fresh equity capital.[79] The divergence in these findings is itself instructive: what the studies consistently identify is not a stable directional effect of the exchange rate on investment but the sensitivity of investment decisions to currency volatility, as distinct from the currency level. That distinction matters for the present analysis, because the legal guarantees examined in section 4.3 operate at the level of convertibility and access, not at the level of the rate itself.

Capital flight and the credibility of legal guarantees

The capital flight literature supplies the clearest evidence of the gap between Nigeria's formal investment guarantees and investor behaviour. Lawal and others, employing an autoregressive distributed lag model, find that capital flight exerts a negative effect on Nigerian economic growth and recommend policies that both promote domestic investment and discourage outflows.[80] More recent work extending the series to 2024 finds capital flight to be procyclical, rising with real gross domestic product and domestic investment, and positively associated with inflation, which suggests that outflows reflect structural conditions and portfolio reallocation rather than weak macroeconomic performance alone.[81] The policy conclusion common to this literature is that

[76] National Bureau of Statistics, *Nigerian Capital Importation* (Q4 2025), reporting total capital importation of US$23.22 billion in 2025 (2024: US$12.32 billion), of which foreign direct investment accounted for US$923.01 million or 3.97 per cent (2024: US$674.71 million or 5.48 per cent) and portfolio investment for US$19.74 billion or 85.03 per cent (2024: 68.00 per cent).

[77] National Bureau of Statistics, *Nigerian Capital Importation* (Q1 2026), reporting total inflows of approximately US$10.37 billion for the quarter, again dominated by portfolio investment.

[78] A M Adewale, B C Olopade and E O Ogbaro, 'Effect of Exchange Rate on Foreign Direct Investment in Nigeria' (2024) 5(2) ABUAD Journal of Social and Management Sciences 302, employing fully modified ordinary least squares on data for 1981–2021.

[79] J M Usman, A Alhassan, S S Safiyanu and A Haruna, 'Asymmetric Impact of Exchange Rate Instability on Foreign Direct Investment in Some Selected African Countries' (2025) 8(7) International Journal of Business Economics and Management Science 209, examining Nigeria, South Africa and Egypt within a panel framework.

[80] A I Lawal, K P Kazi, J O Adeoti, O G Osuma, S O Akinmulegun and B Ilo, 'Capital Flight and the Economic Growth: Evidence from Nigeria' (2017) 8(2) Binus Business Review 125, 125–132.

[81] See further *Macroeconomic Consequences of Prolonged Capital Flight on Sustainable Economic Growth in Nigeria* (2026) 2(97) Ukrainian Society, applying an autoregressive distributed lag error-correction model to Nigerian data for 1990–2024.

institutional credibility, rather than the formal content of investment protection, is the operative determinant of whether capital remains.

That conclusion is borne out by Nigeria's recent experience. The Central Bank of Nigeria inherited unmet forward foreign exchange obligations of approximately US$7 billion, including some US$831 million in blocked airline ticket revenues, and cleared the validated portion of that backlog only in March 2024.[82] During the same period a number of multinational enterprises either exited the Nigerian market or substantially restructured their operations, and several of the largest listed companies with foreign parentage reported material exchange losses attributable to currency revaluation and constrained access to foreign exchange.[83] None of these outcomes involved any breach of the statutory guarantee of repatriation. The guarantee was not suspended, qualified or litigated; it simply could not be performed at the time and at the rate at which investors required performance. This is the central empirical finding against which the investment protection framework is assessed in section 4.3.2 below, and it supports the broader argument of this study that the deficiency in Nigeria's regulatory environment is one of institutional reliability rather than of statutory design.[84]

THEORETICAL FRAMEWORK

Despite extensive research on foreign direct investment (FDI), no single theoretical framework has fully captured the complexity of the phenomenon. Early economic explanations, including Ricardo's theory of comparative advantage, attempted to account for international capital movements but were limited by simplified assumptions that do not reflect the realities of modern cross-border investment. Similarly, portfolio theory treated foreign investment as part of a diversified financial allocation model, predicting capital flows based on interest differentials under ideal market conditions. However, such approaches fail to explain the distinctive features of FDI, particularly the element of managerial control and long-term strategic engagement in foreign markets.[85]

Over time, scholars developed broader frameworks to explain not only the motivations behind foreign investment decisions but also the regulatory responses of host states. Accordingly, FDI has been examined through economic theories focusing on firm behavior and market structure, as well as regulatory and governance theories that analyse the role of the state in managing foreign participation in domestic economies. The following section examines these major theoretical perspectives:

Economic Theories Explaining Foreign Investment Behaviour

Classical Theory

The classical theory maintains that foreign direct investment and multinational corporations can serve as important drivers of development in host states. From this perspective, FDI is believed to promote growth by supplying additional capital, introducing advanced technology and managerial expertise, strengthening the balance of payments, expanding government revenue through taxation, generating employment, and linking domestic markets to the global economy. Supporters of this theory often refer to the rapid industrial progress recorded by Hong Kong, Taiwan, Singapore, and South Korea in the 1980s and early 1990s, as well as China's

[82] Central Bank of Nigeria, 'Clearance of Valid Foreign Exchange Backlog' (Press Release, 20 March 2024). The Bank had inherited unmet forward obligations of approximately US$7 billion, including some US$831 million in blocked airline ticket revenues.

[83] The exits and restructurings announced between 2023 and 2024 by Procter & Gamble, GlaxoSmithKline, Sanofi, Equinor, Bolt Food and Jumia, and the exchange losses reported in that period by MTN Nigeria, Nestlé Nigeria, Guinness Nigeria, Airtel Africa and Dangote Cement, were attributed principally to currency revaluation and constrained access to foreign exchange.

[84] The naira opened 2025 at approximately ₦1,541 to the United States dollar and closed the year at ₦1,435.75, an appreciation of about 7.4 per cent. By early November 2026 the rate at the Nigerian Foreign Exchange Market stood at approximately ₦1,347 to ₦1,350, with parallel market quotations between ₦1,390 and ₦1,415.

[85] A. A. Oyediran and L.E Olajide, 'Foreign Direct Investment and Macroeconomic Dynamics in Nigeria' (2024) 9 Journal of Economics and Allied Research 17.

sustained economic expansion, as evidence that FDI can accelerate national development.[86] This viewpoint continues to be reflected in the policy positions of global bodies such as the United Nations, the World Bank, and the International Monetary Fund. These institutions generally advocate for investment-friendly environments and a more limited regulatory role for the state, arguing that a liberal approach encourages higher levels of foreign participation and increases the developmental benefits of FDI.

Internalization (Industrial Organization) Theory

Internalization theory, influenced by industrial organization and market failure concepts, emphasizes that firms seek to maximize profits in imperfect markets by internalizing cross-border transactions. Hymer's work highlighted that multinational corporations manage these transactions internally rather than relying on external markets. Buckley and Casson (1976) extended this by showing how modern firms integrate interdependent activities—such as marketing, research and development, training, and managerial operations—through flows of intermediate products that would otherwise require separate markets. This approach highlights the strategic importance of control and coordination within multinational enterprises, rather than simply participating in external markets.[87]

Ownership-Location-Internalization (OLI) Framework

The OLI eclectic framework, introduced by Dunning in the 1970s, sought to unify existing FDI theories, combining trade and internalization concepts to explain why firms choose to invest abroad. According to this framework, the advantages associated with ownership, location, and internalization differ between firms and are influenced by the socio-economic and political characteristics of host countries. As a result, a firm's objectives, investment decisions, and production strategies are shaped both by its own capabilities and by the opportunities and challenges present in the foreign environment. The OLI framework provides a comprehensive lens for understanding the diverse motivations behind FDI and why investment patterns vary across countries and industries.[88]

Theories Explaining State Regulation of Foreign Participation

Liberal Economy Theory

Liberal Economy Theory forms a central framework for understanding international economic relations and the regulatory approach to foreign participation in domestic economies.The theory is grounded on the premise that free markets, minimal state interference, and liberalization of trade and investment encourage maximum productivity and efficiency.[89] Economic liberalism is further understood within development literature as a framework advocating market-oriented reforms designed to stimulate growth, efficiency, and structural transformation. The theory promotes deregulation, privatization, and reduced state participation in productive sectors as mechanisms for enhancing competitiveness and attracting investment. Within this view, economic growth is expected to arise from market efficiency, capital mobility, and the expansion of private enterprise.[90]

Historically, liberal economic thought emerged as a challenge to mercantilism, which dominated European economic policy between the sixteenth and eighteenth centuries. Mercantilists equated national wealth with

[86] Aninoritse Lisa Edafiaje, Sunday M Aguwamba and Raphael Adeghe, 'FDI and Economic Growth in West Africa' (Open Access Journal of Management Sciences Research, Vol 2, Issue 4, October–December 2024) https://www.ijaar.org accessed 23 February 2026.
[87] Ibid
[88] Ibid
[89] Abyssinia Law, 'The Liberal Consensus Theory on Foreign Direct Investment' (Abyssinia Law, 2026) <https://abyssinialaw.com/study-on-line/investment-law/the-liberal-consensus-theory-on-foreign-direct-investment> accessed 20 February 2026.
[90] Hadiza Bilyaminu Yakubu and Sangeeta Mathur, 'Theories of Political Economy and Economic Growth and Development in Contemporary Nigeria: An Application of Economic Liberalism' (2024) 12(7) International Journal of Creative Research Thoughts <https://www.ijcrt.org/papers/IJCRT2407071.pdf> accessed 20 February 2026

the accumulation of gold and advocated extensive state regulation to restrict imports and promote exports[91]. In contrast, liberal economists such as Adam Smith and David Ricardo rejected this bullionist notion of wealth. They argued that the productivity of people, rather than the amount of gold held by the state, is a more accurate measure of national wealth.[92] Classical liberal thinkers further emphasized that productivity is best achieved through unregulated markets, advocating for the removal of restrictions on trade and the promotion of free-market principles.

In the modern international context, liberal economic principles were institutionalized with the establishment of the General Agreement on Tariffs and Trade (GATT) in 1947, which sought to reduce trade barriers and encourage international economic cooperation. These reforms laid the foundation for a liberal investment regime that facilitates foreign business participation by allowing for greater capital mobility and the free flow of goods and services.[93]

Within the Nigerian context, the adoption of liberal economic policies gained prominence with the Structural Adjustment Programme (SAP) in 1986.[94] The SAP marked a policy shift from state-controlled economic management toward deregulation, privatization, and trade liberalization. Tariff reforms were introduced to enhance transparency and predictability, aligning Nigeria's economic policy with liberal market principles. However, subsequent administrations exhibited varying degrees of commitment to liberalization. Notably, the regime of General Sani Abacha (1993–1998) pursued "guided deregulation," demonstrating a moderated application of liberal reforms. These developments illustrate the continuing tension between economic liberalization and regulatory control in Nigeria's efforts to manage foreign participation in business.[95]

Within developing economies, liberal economic prescriptions are frequently justified on the basis that state-dominated systems often generate inefficiencies, fiscal burdens, and limited innovation. Liberalization is therefore presented as a corrective strategy aimed at improving resource allocation, encouraging private sector participation, and integrating domestic economies into global markets.[96]

Scholarly analyses of Nigeria's reform experience observe that the adoption of liberalization policies was driven by macroeconomic instability, declining oil revenues, and structural distortions within the economy. Economic liberalism thus informed policy measures intended to reduce state intervention, promote private enterprise, and enhance foreign investment participation. However, the Nigerian experience also illustrates the complexities of implementing liberal reforms within environments marked by institutional constraints, governance challenges, and socio-economic pressures.[97]

Contemporary interpretations of liberalism recognize that markets do not always function perfectly, especially in developing countries characterized by institutional weaknesses and structural inefficiencies.[98]Therefore, liberal theory also allows for a strategic and limited role of the state in regulating markets, correcting failures, and strengthening the legal and institutional framework necessary for efficient economic functioning.[99]

Accordingly, Liberal Economy Theory provides an analytical lens for examining Nigeria's regulatory framework for foreign participation in business. It facilitates an assessment of whether Nigeria's regulatory policies promote liberal objectives such as investment facilitation, market efficiency, and economic openness, or whether regulatory restrictions limit the expected benefits of liberal economic participation.

[91] Abyssinia Law (n 1).
[92] Ibid
[93] Ibid
[94] Yakubu & Mathur (n 1)
[95] Ibid
[96] Ibid
[97] Ibid
[98] Abyssinia Law (n 1).
[99] Ibid

Regulatory Theory

Regulatory theory provides a conceptual framework for understanding how governments design and enforce rules to guide economic activity, protect the public interest, and correct market inefficiencies. It positions regulation not merely as legal obligations but as a mechanism to manage market failures, negative externalities, and systemic inequities. In Nigeria, the effectiveness of regulation is shaped by formal laws, institutional capacity, and social norms, particularly in the context of foreign participation in domestic markets.[100]

Public Interest Theory

The Public Interest Theory of Regulation (PITR), often termed the "helping hand" theory, rests on two central assumptions: first, that markets, if left unchecked, are prone to failure due to monopolies, externalities, or other inefficiencies; second, that governments are benevolent and competent actors capable of addressing these failures through regulatory action.[101] Governments may control prices in natural monopolies, enforce safety and labor standards, and oversee financial markets to protect social welfare. Historically, PITR has underpinned much of modern public economics and justified the expansion of public ownership and regulatory intervention throughout the twentieth century.[102]

The intellectual roots of PITR extend to classical political thought. Philosophers such as Aristotle, Aquinas, Locke, Hume, Madison, and Rousseau articulated ideas of the "common good" or "public interest," which have informed contemporary regulatory objectives.[103] From a legal standpoint, Lord Matthew Hale's De Portibus Maris (1718) further established that licensed businesses acquire a public dimension, obliging operators to consider societal interests alongside private goals. Pigou highlighted the role of regulation in addressing collective action problems and market failures, distinguishing between social and economic dimensions of intervention. Ogus emphasized that regulation serves as a legitimate exercise of collective state power to prevent monopolistic behavior, negative externalities, and abusive practices, while cautioning that public interest goals are context-specific[3]. Wilson similarly described government regulation as a redistributive tool aimed at correcting market failures.[104]

PITR assumes a benevolent and rational regulator capable of identifying market failures and implementing cost-effective solutions. Progressive scholars in the "New Haven" or "Progressive School" of Law and Economics have refined this assumption, recognizing that regulatory intervention entails transaction and information costs[3]. In certain sectors, such as public utilities or environmental regulation, government oversight may achieve social welfare goals at lower cost than unregulated markets.[105]

Critiques of Public Interest Theory

Despite its influence, PITR has been critiqued, especially by scholars associated with the Chicago School of Law and Economics on several grounds. First, many alleged market failures can be resolved without government intervention. Second, where markets are imperfect, private litigation or contractual enforcement can often address disputes. Third, even when regulators attempt to act in the public interest, they may be incompetent, corrupt, or subject to industry capture, reducing the effectiveness of regulation.[106]

[100] Franklin Nakpodia, Emmanuel Adegbite & Folajimi Ashiru, Corporate governance regulation: a practice theory perspective, 73-98, 2021, https://doi.org/10.1080/01559982.2021.1995934.
[101] D.C. Obialor, 'Effect of Government Regulations on New Businesses (A Case of Beverage Industry in Owerri Metropolis)' (2020) 4(3) Journal of Economics and Allied Research
[102] Ibid
[103] S.V. Akaayar, 'Public Interest Theory and Micro-Insurance Regulation in Nigeria: A Critique' (2025) 3(1) WDULJ
[104] Ibid
[105] Ibid
[106] Obialor (n 29).

This critique highlights that PITR assumes regulators are rational and benevolent, which may not reflect the realities of developing economies like Nigeria.[107]

Enforcement Theory

Enforcement Theory complements PITR by emphasizing that regulation is effective only when it is properly implemented. Regulatory success depends on agents' responses to incentives, sanctions, and monitoring mechanisms. Djankov et al. identify four strategies of enforcement: market discipline, private litigation, public enforcement through regulation, and state ownership. These strategies are not mutually exclusive, and hybrid mechanisms—such as private litigation enforcing public rules—often operate alongside formal regulatory oversight.[108]

The theory also underscores the importance of certainty versus severity of punishment. Empirical studies in Nigeria show that corporate actors may resist regulatory rules when enforcement is weak, and that certainty of punishment is often more influential than its severity in ensuring compliance.[109] Moreover, regulatory capture—where firms dominate agencies—can further undermine enforcement, allowing circumvention of rules and limiting the effectiveness of public-interest regulation.[110]

Application to Nigeria's Regulatory Framework

In the Nigerian context, corporate governance regulation illustrates how PITR and Enforcement Theory intersect. Firms' compliance behavior is shaped by institutional weaknesses, social and cultural norms, and the relative power of actors within regulatory fields.[111] Bourdieu's practice theory provides a lens to interpret these dynamics, emphasizing how agents' habitus, capital (economic, social, cultural, technical), and positions in regulatory fields influence compliance.[112]

Recent reforms in Nigerian corporate governance reflect this understanding. The shift from "comply or explain" to "apply and explain" requires firms to demonstrate the actual application of regulatory principles, aiming to reduce opportunistic behavior and enhance transparency. However, weak enforcement and regulatory capture continue to challenge these objectives, particularly for foreign investors seeking to participate in domestic markets.[113]

In practice, effective regulation in Nigeria requires both robust legal frameworks and adaptive enforcement mechanisms that account for the socio-economic realities of corporate actors. By integrating PITR with Enforcement Theory and insights from practice theory, policymakers can better align regulatory objectives with actual market behavior, promoting compliance and protecting societal welfare.[114]

These theories collectively provide an analytical framework for examining Nigeria's legal and regulatory regime governing foreign participation.

Summary of Review and Gap in Knowledge

The literature reviewed in this section demonstrates extensive scholarly engagement with foreign investment and its regulation in Nigeria. Existing works examine the concept and forms of foreign direct investment, the distinction between direct and portfolio investment, and the economic rationale underpinning foreign participation in developing economies. Scholars have also analysed statutory mechanisms such as the

[107] Ibid
[108] Ibid
[109] F. Nakpodia, E. Adegbite and F. Ashiru, 'Corporate Governance Regulation: A Practice Theory Perspective' (2021) 73–98 https://doi.org/10.1080/01559982.2021.1995934
[110] Ibid
[111] ibid
[112] Ibid
[113] Ibid
[114] Ibid

Companies Income Tax framework, Pioneer Status Incentive, export incentives, Free Trade Zones, and Investment Promotion and Protection Agreements, alongside the role of regulatory institutions including the Nigerian Investment Promotion Commission and the Central Bank of Nigeria.

In addition, theoretical perspectives such as Liberal Economic Theory, Regulatory Theory, Public Interest Theory, and Internalization Theory have been employed to explain the motivations for foreign investment and the regulatory responses of host states. These works collectively provide valuable insights into the legal, institutional, and economic dimensions of foreign participation in business.

However, much of the available literature addresses these issues in isolation. While certain studies focus primarily on investment incentives, others concentrate on international investment protection, economic impact, or corporate governance regulation.

There remains limited comprehensive examination of Nigeria's legal and institutional framework as an integrated system governing foreign participation in business. In particular, insufficient attention has been paid to the procedural requirements for foreign participation, the interaction between domestic regulatory mechanisms and international investment instruments, and the practical challenges affecting enforcement and implementation.

Furthermore, although various regulatory measures and incentives have been identified, there is limited critical analysis of existing loopholes, structural bottlenecks, and areas requiring harmonisation within the Nigerian framework.

A further and connected gap concerns the relationship between the doctrinal and the empirical literature on the subject. The legal scholarship on Nigeria's investment framework and the economic scholarship on capital flight, exchange rate adjustment and capital importation have developed largely in isolation from one another.

Legal analyses establish the content of the statutory guarantees but seldom test them against recorded investor behaviour, while the econometric literature measures capital flows and outflows without interrogating the legal instruments, such as the Certificate of Capital Importation and the foreign exchange market guidelines, through which those flows must pass.

The consequence is that neither body of work explains why formally robust guarantees of convertibility and repatriation coexist with persistent capital flight and a capital account dominated by short-term portfolio inflows. This study addresses that gap by reading the statutory framework against the published empirical record, as set out in section 2.1.8 above.

This study therefore seeks to bridge these gaps by undertaking a structured examination of Nigeria's legal and regulatory framework for foreign participation in business. It evaluates the institutional and procedural mechanisms governing foreign investors, analyses the incentives available under Nigerian law, assesses the challenges and weaknesses within the system, and considers comparative and international frameworks with a view to proposing reforms aimed at improving coherence, protection, and effective regulation.

Legal and Institutional Framework for the Regulation of Foreign Participation in Business in Nigeria

Legal framework for the Regulation of Foreign Participation in Business in Nigeria

National Legal Framework

Companies and Allied Matters Act, 2020

The Act as the foundational framework

The Companies and Allied Matters Act 2020 (CAMA 2020), which repealed and replaced the Companies and Allied Matters Act 1990, constitutes the principal legislation regulating the formation, incorporation,

management and administration of companies in Nigeria.[115] As the primary corporate statute, it provides the legal foundation upon which foreign participation in Nigerian business is structured.[116]

Although CAMA is not exclusively an investment statute, its provisions are central to foreign participation as it regulates all businesses, companies, and other corporate entities in Nigeria[117], thus establishing the legal framework within which both Nigerian citizens and foreign investors may conduct business. Section 20(4) of CAMA, 2020 provides that an alien or foreign company may join in the formation of a company.

The Act, as revised, heralded reforms geared towards improvement in ease of doing business such as permitting single-shareholder companies, removing mandatory share capital thresholds in specific cases, and simplifying procedures for company registration.[118] It further mandates the registration of foreign companies seeking to carry on business in Nigeria with the Corporate Affairs Commission[119], which is the regulatory body empowered under the Act to register companies that have satisfied the conditions for registration under the Act[120], as well as oversee the operations of businesses in the country.[121]

Mandatory Incorporation Requirement for Foreign Companies

Section 78(1) of CAMA 2020 provides that a foreign company incorporated outside Nigeria and intending to carry on business in Nigeria must incorporate a separate legal entity in Nigeria for that purpose.

The effect of this provision is that a foreign company must register with the Corporate Affairs Commission (CAC) before it can lawfully conduct business activities in Nigeria[122]. Until such incorporation is completed:

- The foreign company cannot establish a place of business;
- It cannot maintain a business address;
- It cannot engage in commercial activities within Nigeria.[123]

To this effect, the provision establishes a strict territorial incorporation rule: a foreign company cannot legally operate in Nigeria merely by virtue of its registration in another jurisdiction. Accordingly, even where a company is validly registered in its home country, it must incorporate a distinct legal entity in Nigeria before

[115] ThankGod Chinonso Ekenobi, 'A Review of the Regulatory Requirements for Foreign Participation in Nigeria's Business Ecosystem' (22 May 2025) SSRN https://ssrn.com/abstract=5268750 accessed 3 March 2026; Precious Inioluwa Adedokun, 'Liberalization of Foreign Participation in Nigerian Businesses: An Examination of the Impact of Companies and Allied Matters Act (CAMA) 2020 and Other Legislations' (14 November 2025) https://recordoflaw.in/liberalization-of-foreign-participation-in-nigerian-businesses-an-examination-of-the-impact-of-companies-andallied-matters-act-cama-2020-and-other-legislations/ accessed 3 March 2026; Pukka Logistics and Support Services Ltd, 'Foreign Participation in Nigerian Business' (Pukka Logistics, 27 January 2026) https://pukkalogistics.com.ng/foreign-participation-in-nigerian-business/ accessed 3 March 2026.

[116] Pukka Logistics, 'Foreign Participation in Nigerian Business' (27 January 2026) https://pukkalogistics.com.ng/foreign-participation-in-nigerian-business/ accessed 4 March 2026.

[117] Olawunmi Ojo, 'Doing Business in Nigeria: What Investors Must Know About Nigeria's FDI Environment' (Mondaq Legal 500, 17 April 2025) https://www.mondaq.com/nigeria/inward-foreign-investment/1612738/doing-business-in-nigeria-what-investors-must-know-about-nigerias-fdi-environment accessed 4 March 2026.

[118] Fope Agbede, 'Foreign Direct Investment (FDI) andCompany Regulation in Nigeria: Legal Incentives and Barriers' (2025) Academia.edu https://www.academia.edu/128881068/Foreign_Direct_Investment_FDI_and_Company_Regulation_in_Nigeria_Legal_Incentives_and_Barriers accessed 4 March 2026; CAMA 2020, Sections 18 and 27

[119] Ibid

[120] Ekenobi (n 1).

[121] Ojo (n 3).

[122] Ikogho Akpomerene, *'Foreign Participation in Nigeria: Registering and building a successful business with expatriates'* **BusinessDay** (24 April 2025) https://businessday.ng/news/legal-business/article/foreign-participation-in-nigeria-registering-and-building-a-successful-business-with-expatriates/?amp accessed 3 March, 2026; Pukka Logistics, 'Foreign Participation in Nigerian Business' (27 January 2026) https://pukkalogistics.com.ng/foreign-participation-in-nigerian-business/ accessed 4 March 2026.

[123] Ibid

it can lawfully carry out business activities in Nigeria. Registration in a foreign jurisdiction does not confer the right to operate locally without compliance with Nigerian law.[124] Without it, any business activity is unlawful.[125]

Section 78(2) further provides that any act carried out in contravention of this requirement is void. As such, contracts, transactions, and operations carried out before incorporation are of no legal effect.[126] In addition, section 79 imposes liability for non-compliance and provides that officers or agents who authorise or permit the default may be held personally liable. Continuing violations may attract penalties.[127]

Judicial decisions have reinforced this statutory requirement. In Agip (Nig.) Ltd. v. Agip Petrol International[128], the Supreme Court affirmed the necessity for compliance with statutory incorporation requirements before a foreign company can validly conduct business in Nigeria.[129]

Upon incorporation, the company acquires a separate legal personality distinct from its shareholders.[130] Following incorporation, it is also required to obtain a Tax Identification Number (TIN) from the **Nigeria Revenue Service (NRS)**, which with effect from 1 January 2026 replaced the Federal Inland Revenue Service, in order to fulfil its tax obligations, including companies income tax and value added tax registration.[131][132]

Exemptions from Incorporation under Section 80

Although section 78 establishes a strict incorporation requirement, section 80 of CAMA 2020 provides exemptions for certain categories of foreign companies. Section 80(1) of the Act, 2020 provides that a foreign company may apply to the Minister for exemption from incorporation where it falls within specified categories, including:

- Foreign companies invited into Nigeria by or with the approval of the Federal Government to execute a specified individual project;
- Foreign companies executing specific loan projects on behalf of a donor country or international organisation; (UNICEF, WHO, IMF, World Bank[133])
- Foreign government-owned companies engaged solely in export promotion activities;
- Engineering consultants and technical experts engaged in specialist projects under contract with any government in the Federation or its agencies, where such contract has received Federal Government approval;[134]

Also exempt from requirements of registration are[135]:

[124] Ibid
[125] Pukka Logistics, 'Foreign Participation in Nigerian Business' (27 January 2026) https://pukkalogistics.com.ng/foreign-participation-in-nigerian-business/ accessed 4 March 2026.
[126] Ibid
[127] Ibid
[128] (2010) 5 NWLR (Pt. 1187)348 sc.
[129] Precious Inioluwa Adedokun, 'Liberalization of Foreign Participation in Nigerian Businesses: An Examination of the Impact of Companies and Allied Matters Act (CAMA) 2020 and Other Legislations' (2025) https://recordoflaw.in/liberalization-of-foreign-participation-in-nigerian-businesses-an-examination-of-the-impact-of-companies-andallied-matters-act-cama-2020-and-other-legislations/ accessed 3 March 2026
[130] CAMA 2020, Section 42
[131] Akpomerene (n 8); Adedokun (n 15)
[132] Nigeria Revenue Service (Establishment) Act 2025. With effect from 1 January 2026 the Federal Inland Revenue Service was replaced by the Nigeria Revenue Service, which assumed its functions, assets and liabilities. References to the Federal Inland Revenue Service in earlier instruments are to be read as references to the Nigeria Revenue Service.
[133] Stren & Blan Partners, 'Foreign Investment Principles And Immigration Regulations In Nigeria' (2023) </https://strenandblan.com/foreign-investment-principles-and-immigration-regulations-in-nigeria/>
[134] CAMA 2020, Section 80(1)(a-d)
[135] Ekenobi (n 1)

- Companies that were granted exemption under the preceding Companies Act prior to the commencement of CAMA 2020;
- Companies granted exemption under any bilateral or multilateral treaty to which Nigeria is a party;[136]e.g foreign airlines, shipping companies.[137]
- Companies granted exemption under any Act of the National Assembly, pursuant to the Business Facilitation (Miscellaneous Provisions) Act 2023.[138]

Section 80(2) sets out the procedural requirements for applying for such exemption. The grant of exemption is not automatic and is subject to approval.[139]

The content of the application shall include:

- the name and place of business of the foreign company outside Nigeria;
- the name and place of business or the proposed name and place of business of the foreign company in Nigeria;
- the name and address of each director, partner or other principal officer of the foreign company;
- a certified copy of the charter, statutes, or memorandum and articles of association of the company, or other instrument constituting or defining the constitution of the company and if the instrument is not written in the English language, a certified translation thereof;
- the names and addresses of some one or more persons resident in Nigeria authorized to accept on behalf of the foreign company services of process and any notices required to be served on the company;
- the business or proposed business in Nigeria of the foreign company and the duration of such business;
- particulars of any project previously carried out by the company as an exempted foreign company; and
- such other particulars as may be required by the Minister or Secretary to the Federal Government.[140]

Where the Minister upon the receipt of an application for exemption is of the opinion that the circumstances are such as to render it expedient that such an exemption should be granted, the Minister may, subject to such conditions as it may prescribe, exempt the foreign company from the obligations imposed by law.[141]

Every such exemption granted shall specify the period or, as the case may be, the project or series of projects, for which it is granted and shall lapse at the end of such period or upon the completion of such project or series of projects. The Minister may at any time revoke any exemption granted to any company if it is of the opinion that the company has contravened any provision of the Act or has failed to fulfill any condition contained in the exemption order or for any other good or sufficient reason.[142]

Exemption is not indefinite; it is granted for a specified duration, typically indicated in the letter of exemption. Despite being exempted from full incorporation requirements, such companies may still have reporting obligations.[143]

The courts have recognised the legal status of exempted companies in certain circumstances. In Ritz Pumpen Fabrik GMBH & Co. KG v. Techno Continental Engineers Nig. Ltd.[144], it was held that such companies may sue and be sued in Nigeria in their corporate name or through an agent.[145]

[136] Ibid, Section 78(3)(a-b)
[137] Adedokun (n 15)
[138] Business Facilitation (Miscellaneous Provisions) Act, No.5, 22, Part. 1, para. 2.
[139] Pukka Logistics (n 11)
[140] Companies and Allied Matters Act s 80(2).
[141] Ibid
[142] Ibid
[143] Adedokun (n 15).
[144] (1999) 4 NWLR (Pt. 598) 298.
[145] Adedokun (n 15)

Minimum Share Capital Requirement for Companies with Foreign Participation

An important regulatory development affecting foreign participation is the increase in the minimum share capital requirement for companies with foreign involvement.[146]

The Ministry of Interior, through the Revised Handbook on Expatriate Quota Administration 2022, increased the minimum share capital requirement for companies with foreign participation from ₦10,000,000 to ₦100,000,000. Consequently, for a company with foreign participation to register with the Corporate Affairs Commission, it must comply with this ₦100,000,000 threshold.

This requirement applies irrespective of the percentage of foreign ownership. Whether a foreign investor holds 100%, 50%, 10%, or even 1% equity, the company must meet the minimum share capital requirement of ₦100,000,000.[147]

The ₦100,000,000 requirement refers to the total issued share capital of the company and not solely the foreign investor's portion. However, the foreign shareholder's contribution must be supported by a Certificate of Capital Importation (CCI).[148]

In December 2023, the Corporate Affairs Commission clarified that the requirement relates to minimum issued share capital rather than paid-up capital, following public discourse surrounding the announcement.[149]

Failure to comply with statutory requirements may attract consequences, including potential regulatory action under relevant provisions of CAMA 2020.[150]

Corporate Forms and Governance Requirements

CAMA 2020 provides various corporate vehicles through which foreign participation may occur. Foreign investors may register:

- A private company limited by shares (Ltd);
- A public limited company (PLC);
- A company limited by guarantee (Ltd/GTE);
- An unlimited company;
- Partnerships or incorporated trustees, depending on the nature of the intended activity.[151]

The Act introduced reforms aimed at improving the ease of doing business. For example, it permits the incorporation of a single-shareholder private company.[152] In addition, section 127(1), as amended, allows a company to increase its share capital through a board resolution, subject to its Articles of Association.[153]

The Act also accommodates virtual meetings and electronic corporate documentation, reflecting modern corporate practices.[154]

Under section 271(1) of CAMA 2020, a company is generally required to appoint at least two directors, except in the case of a small company.[155]

[146] Ekenobi (n 1); akpomerene (n 8).
[147] Pukka logistics (n 11)
[148] Ibid
[149] Ekenobi (n 1)
[150] Adedokun (n 15).
[151] Ekenobi (n 1).
[152] Ibid
[153] Pukka logistics (n 11)
[154] Ibid
[155] Ekenobi (n 1).

Nigerian Investment Promotion Commission (NIPC) Act

The Nigerian Investment Promotion Commission Act is one of the principal legislations regulating foreign direct investment in Nigeria. The Act establishes the Nigerian Investment Promotion Commission (NIPC),[156] which serves as the primary government body responsible for promoting, coordinating and monitoring investment activities in the country.[157] The Commission is tasked with encouraging foreign participation in the Nigerian economy and facilitating investment opportunities within the business sector.[158] In carrying out these responsibilities, the Commission is charged with functions such as registering foreign investments, coordinating investment promotion activities[159], disseminating information on investment opportunities, maintaining records of investments and advising the Federal Government on policies relating to investment promotion.[160]

A central provision of the Act is contained in **section 17**, which affirms the right of non-Nigerians to invest and participate in the operation of enterprises in Nigeria. The section provides that, subject to the provisions of the Act, a non-Nigerian may invest in and operate any enterprise in Nigeria.[161] Consequently, foreign investors are generally permitted to establish and own businesses in Nigeria and may hold up to one hundred percent equity ownership in Nigerian subsidiaries.[162] However, this right is subject to certain restrictions contained in the negative list.[163] The restricted sectors include the production of arms and ammunition, narcotic drugs and psychotropic substances, as well as military and paramilitary wears and accoutrements including those of the Police and the Customs, Immigration and Prison Services; and such other items as the Federal Executive Council may, from time to time, determine.[164]Although the FEC has the power to add additional businesses to the negative list, it appears from the nature of items already specified in the Act that only enterprises involved in products that relate to national security may be added to the list.[165] Outside these limited areas, foreign participation in Nigerian business activities is largely permitted.[166]

The Act further provides for the registration of enterprises with foreign participation. Section 20 stipulates that any enterprise in which foreign participation is permitted under section 17 must apply to the Nigerian Investment Promotion Commission for registration before commencing business operations.[167] Accordingly, in addition to incorporating a company under the Companies and Allied Matters Act, enterprises with foreign investment are required to register with the Commission[168] and obtain the necessary certification.[169] Registration with the Commission formally recognises the presence of foreign investment in the enterprise and enables the investor to benefit from the protections and incentives provided under the Act.

In addition to facilitating foreign participation in Nigerian enterprises, the Act contains several provisions designed to protect foreign investments. It guarantees protection against nationalization or expropriation of foreign-owned enterprises by the government[170] except in circumstances permitted by law, that is, for national

[156] Section 1, NIPC Act, 2004
[157] Agbede (n 4),
[158] Temitope Omole, 'Foreign Direct Investment (FDI) in Nigeria: Opportunities, Challenges and Way Forward' (2021) 7(5) *International Journal of Law* 116.
[159] Ekenobi (n 1).
[160]Section 4, NIPC Act 2004; Omole (n 29).
[161] Section 17, NIPC Act 2004
[162] Ojo (n 3).
[163] Section 18, NIPC Act 2004
[164] Section 31, NIPC Act 2004; Pukka logistics (n 11); Agbede (n 4); akpomerene (n 8)
[165] Josephine Tite-Onnoghen, Esther Omo Dania and Praise Ntem, 'Foreign Direct Investment Regimes – Nigeria 2026' (ICLG.com, 17 November 2025) https://iclg.com/practice-areas/foreign-direct-investment-regimes-laws-and-regulations/nigeria/amp accessed 9 March 2026.
[166] Pukka logistics (n 11)
[167] Section 20, NIPC Act 2004; Ekenobi (n 1)
[168] Adedokun (n 15); pukka logistics (n 11)
[169] Ojo (n 3)
[170] Agbede (n 4);

or public interest[171] and subject to appropriate compensation. The Act also guarantees foreign investors the right to repatriate capital, profits and dividends in freely convertible currency.[172] Furthermore, the Act provides mechanisms for the resolution of disputes between investors and government authorities, including access to arbitration under the Arbitration and Mediation Act and other dispute resolution procedures, in line with international ADR standards.[173]

Through these provisions, the Nigerian Investment Promotion Commission Act seeks to encourage foreign investment by liberalising access to the Nigerian business environment, providing legal protections for investors and establishing a regulatory framework for the supervision and promotion of investment activities in Nigeria.

Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, 1995

The **Foreign Exchange (Monitoring and Miscellaneous Provisions) Act 1995 (FEMMP Act)** constitutes the principal legal framework regulating foreign exchange transactions in Nigeria.[174] The Act provides the statutory basis for the inflow and outflow of foreign capital[175] and was enacted with the objective of liberalizing Nigeria's foreign exchange regime and improving access to foreign currency for trade and investment purposes.[176] By establishing a more flexible and transparent system, the legislation was designed to encourage foreign investment and facilitate Nigeria's integration into the global financial system.[177]

A major feature of the Act is the establishment of the **Autonomous Foreign Exchange Market[178]**, which enables foreign exchange transactions to be conducted within a regulated but relatively liberalized environment. Through this framework, the Central Bank of Nigeria is empowered to regulate the procedures for transactions in the market by issuing guidelines from time to time, subject to the approval of the Minister of Finance.[179] The Act therefore provides a legal structure for monitoring foreign exchange dealings while ensuring that investors are able to access foreign currency for legitimate commercial activities.

In addition, the Act governs the importation of foreign capital into Nigeria. Foreign investors are permitted to bring in capital, whether in the form of foreign currency or other assets, through authorized dealers,[180] typically licensed commercial banks.[181]An authorized dealer means a bank licensed under the Banks and Other Institutions Act (BOFIA), and such other specialized bank and issued with license to deal in foreign exchange.[182] Upon the receipt of such funds, a **Certificate of Capital Importation (CCI)** must be issued within a stipulated period.[183] The CCI serves as an official confirmation that the investment has been properly brought into the country through the approved channel. Importantly, possession of this certificate guarantees the investor the right to transfer dividends, profits, and capital out of Nigeria in freely convertible currency.[184]

Furthermore, the Act permits foreign investors to operate foreign currency domiciliary accounts in Nigeria for the conduct of their business transactions.[185] It also recognizes the repatriation of profits and dividends, the remittance of proceeds arising from the sale or liquidation of investments, and payments related to the

[171] Adedokun (n 15)
[172] Section 24 NIPC Act, 2004; akpomerene (n 8)
[173] Adedokun (n 15)
[174] Omole (n 30)
[175] Agbede (n 4); Ojo (n 3); Ekenobi (n 1); World Bank Group, *Nigeria: Investment Policy and Regulatory Review* (World Bank 2022) 7 https://www.worldbank.org accessed 9 March 2026.
[176] Adedokun (n 15)
[177] Ibid
[178] Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, 1995 s 1; Ekenobi (n 1) ; Omole (n 30)
[179] Omole (n 30)
[180] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 7.
[181] Section 15, FEMMP Act 2004; Agbede (n 4); Ojo (n 3)
[182] Ibid, section 30; Ekenobi (n 1)
[183] Ibid; Akpomemere (n 8)
[184] Ibid; Ekenobi (n 1); Ojo (n 3)
[185] Section 17, FEMMP Act 2004; Ekenobi (n 1); Omole (n 30)

servicing of foreign loans,[186] provided such transactions comply with applicable regulations and tax obligations. In essence, the FEMMP Act ensures that investors who have complied with the prescribed procedures are able to repatriate investment returns without undue restrictions.

The legislation also outlines provisions relating to matters such as securities transactions, export of goods and services, and the collection of debts involving foreign exchange.[187] In doing so, it establishes a regulatory framework for monitoring foreign exchange activities while promoting a business environment that facilitates foreign participation in Nigeria's economy. Overall, the FEMMP Act plays a significant role in promoting foreign investment by providing legal assurance that capital, profits, and dividends may be transferred abroad through the official foreign exchange system once the relevant statutory requirements have been satisfied.[188]

Nigeria Immigration Act 2015

The **Nigeria Immigration Act 2015** forms an important part of the regulatory framework governing the entry, residence and employment of foreign nationals in Nigeria.[189] The Act contains provisions relating to immigration control, including matters concerning passports, visas, residence permits, work permits and other immigration requirements applicable to non-citizens seeking to enter or reside in the country.[190] It also addresses issues relating to the prohibition of migrant smuggling and provides mechanisms for the protection and assistance of victims of such offences.[191] In addition, the Act confers jurisdiction on the Federal High Court to hear and determine matters arising from immigration and migrant smuggling offences.[192]

Under the Act, the **Nigeria Immigration Service (NIS)**, working in conjunction with the **Federal Ministry of Interior**, is responsible for administering immigration requirements applicable to foreigners.[193] In this regard, the Service manages processes relating to business permits, expatriate quotas and employment authorisations for foreign nationals in accordance with the provisions of the legislation.[194] Consequently, foreign investors seeking to establish or operate a business in Nigeria are required to comply with the immigration requirements prescribed by the Act and must obtain the necessary permits and approvals before commencing business operations in the country.[195]

Furthermore, the Act provides that foreign investors who intend to establish businesses in Nigeria and employ foreign nationals in positions where qualified Nigerians are not readily available must obtain an **expatriate quota** from the appropriate authority.[196] In addition, a foreign national who wholly owns or intends to operate a business in Nigeria is required to obtain a **Business Permit** from the Federal Ministry of Interior in order to lawfully conduct business activities in the country.[197] Compliance with these requirements enables such foreign nationals to work legally in Nigeria and facilitates the lawful remittance of their earnings abroad.[198]

The regulatory framework under the Act also provides for several immigration permits and visas that authorize the entry and employment of foreign nationals in Nigeria.[199] These include the **Subject to Regularization Visa**, **Temporary Work Permit**, **Temporary Residence Visa**, and the **Combined Expatriate Residence Permit and Aliens Card (CERPAC)**.[200] The CERPAC, often referred to as a "green card," authorises a non-

[186] Ibid, section 15(4)
[187] Omole (n 30)
[188] Adedokun (n 15)
[189] Omole (n 30)
[190] Ibid
[191] Ibid
[192] Ibid
[193] Adedokun (n 15)
[194] Ojo (n 3)
[195] Ibid
[196] Ekenobi (n 1)
[197] Adedokun (n 15)
[198] Ekenobi (n 1)
[199]Ojo (n 3)
[200] Ibid

Nigerian to reside and work in Nigeria and effectively serves as evidence of both residence and work authorisation for expatriates,[201] subject to the applicable visa requirements. However, citizens of member states of the Economic Community of West African States (ECOWAS) are generally exempt from certain permit requirements under the regional free movement arrangements.[202]

Overall, the Nigeria Immigration Act 2015 establishes a structured system for regulating the entry and employment of foreign nationals in Nigeria.[203] By requiring business permits, expatriate quotas, visas and residence authorisations, the Act ensures that foreign participation in business activities occurs within a regulated framework that balances national security considerations with the need to facilitate investment, trade and the provision of specialised skills in the Nigerian economy.[204]

Investments and Securities Act 2025

The **Investments and Securities Act 2025 (ISA 2025)**, which was signed into law on 29 March 2025 and is now the operative capital market statute, constitutes a central part of the legal framework regulating Nigeria's capital market.[205] The Act repealed the Investments and Securities Act 2007 and re-established the **Securities and Exchange Commission (SEC)** as the apex regulatory authority responsible for supervising and regulating activities within the Nigerian capital market.[206] In performing this role, the Commission is charged with protecting investors, maintaining a fair, efficient and transparent market environment and reducing systemic risk within the financial system.[207] The Act further empowers the Commission to maintain records relating to **Foreign Direct Investment (FDI)** and **Foreign Portfolio Investment (FPI)** in Nigeria.[208]

The Act also provides a comprehensive framework for regulating capital market activities and participants.[209] In this regard, it governs the operations of capital market operators and regulates transactions involving the public offering and sale of securities. It further covers corporate transactions such as mergers, acquisitions and takeovers of companies,[210] thereby providing rules that guide various activities carried out within the Nigerian capital market.

The ISA 2025 introduced reforms that have strengthened regulatory supervision and investor protection within the capital market.[211] The legislation enhances transparency in financial transactions and aligns Nigeria's securities regulation with international standards.[212] These reforms now operate to build confidence in the financial system and to encourage both domestic and foreign investment in the Nigerian capital market.[213]

Furthermore, the Act expanded the regulatory authority of the Securities and Exchange Commission to cover emerging forms of investment, including digital and virtual assets. It also introduced measures addressing fraudulent investment practices such as Ponzi schemes, while promoting improved access to capital for a wider range of issuers.[214] As part of these reforms, the Act introduced **Legal Entity Identifiers (LEIs)**, unique identification codes that promote transparency, strengthen market integrity[215] and enhance confidence among participants in financial transactions.

[201] Adedokun (n 15)
[202] Ibid
[203] Ibid
[204] Ibid
[205] Ojo (n 3)
[206] Omole (n 30)
[207] Ibid
[208] Investment and Securities Act 2025 s 8.
[209] Ojo (n 3)
[210] Ibid
[211] Adedokun (n 15)
[212] Ibid
[213] Ibid; Ojo (n 3)
[214] Ibid
[215] Ibid

The Investments and Securities Act 2025 therefore constitutes the governing framework for transparency, investor protection and market oversight in Nigeria's capital market,[216] and it aligns the country's securities regulation with prevailing international standards.

National Office for Technology Acquisition and Promotion (NOTAP) Act 1979

The **National Office for Technology Acquisition and Promotion Act (NOTAP Act)** establishes the **National Office for Technology Acquisition and Promotion** to oversee the acquisition and transfer of foreign technology and technical knowledge into Nigeria.[217] Its core objective is to ensure that technology transfer agreements entered into within Nigeria or between Nigerian entities and foreign parties are properly recorded, monitored,[218] and aligned with national interests.[219]

Notably, the 2004 amendment of the NOTAP Act reinforced that monitoring of technology transfer is to be carried out on a continuous basis,[220] ensuring that oversight is not limited to occasional review but occurs throughout the life of agreements.

Under the Act, it is **mandatory for any person in Nigeria to register all contracts or agreements involving the transfer of foreign technology** with NOTAP.[221] This requirement also extends to agreements executed with parties outside Nigeria, which must be registered within sixty days of their execution or conclusion.[222] The Act specifically covers agreements involving trademarks, patented inventions, provision of technical expertise, engineering drawings, machinery and plant, operating staff, managerial assistance, and personnel training, ensuring that all relevant forms of technology and technical services are regulated.[223] Prior to the remittance of royalties or payments for intellectual property or technical services to non-residents, the NOTAP Act requires that these agreements be submitted to NOTAP for registration, ensuring oversight of foreign technology inflows.[224] The Act also regulates payments for foreign technical assistance and intellectual property, including:

- Royalties for patents and other industrial property rights, ranging from 1% to 5% of the intellectual property value;
- Technical service fees between 1% and 5% of net sales;
- Management fees between 2% and 5% of profit before tax, or 1%–2% of net sales during the initial 3–5 years if profits are not expected;
- Consultancy fees capped at 5% of the project cost;
- Lump sum payments are permitted, consistent with international technology market practices[225]

Beyond mere registration, the NOTAP Act functions as a regulatory and developmental tool, aiming to prevent the uncontrolled inflow of foreign technology under unfavorable terms, protect Nigeria from excessive outflows of capital due to overpriced technology agreements, and promote the development of local technical capabilities.[226] By mandating the registration and approval of technology transfer agreements, the Act ensures that foreign technology adoption contributes positively to Nigeria's industrial and technological growth.[227]

[216] Ibid; Ojo (n 3)
[217] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 7; Ojo (n 3)
[218] Omole (n 30)
[219] Adedokun (n 15)
[220] Bisi Akodu, *Foreign Direct Investment in Nigeria – A Challenge to the Foreign Investor* (OAL, online, 2026) https://oal.law/foreign-direct-investment-in-nigeria-a-challenge-to-the-foreign-investor/ accessed 10 March 2026.
[221] Omole (n 30)
[222] National Office for Technology Acquisition and Promotion (NOTAP) Act 1979 s 5.
[223] Akodu (n 95)
[224] Ojo (n 3)
[225] Akodu (n 95)
[226] Adedokun (n 15)
[227] Ibid

Industrial Inspectorate Act

The **Industrial Inspectorate Act**, Cap. 18 Laws of the Federation of Nigeria 2004, provides a legal framework for the **inspection, monitoring, and evaluation of industrial undertakings and investments in Nigeria**.[228] The Act was enacted to enable the investigation and supervision of industrial activities, particularly those involving capital investment in various sectors of the economy.[229]

To achieve these objectives, the Act established the **Industrial Inspectorate Division**, which is responsible for conducting investigations into **proposed, new, and existing industrial undertakings that involve capital expenditure**.[230] The Division evaluates such undertakings primarily to determine their **investment valuation**, including the actual amount of capital—whether foreign or domestic—employed or intended to be employed in the enterprise. In addition, it assesses the value of physical assets such as **buildings, machinery, plants, and other equipment**, including any additions made to them.[231]

Furthermore, the Act requires companies that intend to incur capital expenditure to **notify the Director of the Industrial Inspectorate Division of the Ministry responsible for industries** of their intention before undertaking such expenditure.[232] Following this notification, the Division verifies the information provided by the company concerning the value of the capital equipment and other assets involved in the project. Where the valuation submitted by the company corresponds with the Division's assessment, a **Certificate of Acceptance** is issued to confirm the approved investment valuation.[233]

Through these mechanisms, the Industrial Inspectorate Act plays an important role in **monitoring industrial investments and ensuring proper evaluation of capital employed in industrial enterprises**, thereby supporting transparency and regulatory oversight within Nigeria's industrial sector.[234]

Federal Competition and Consumer Protection Act 2019

The **Federal Competition and Consumer Protection Act (FCCPA) 2019** was enacted in 2019 and replaced the former **Consumer Protection Act**, while also repealing certain provisions of the **Investment and Securities Act relating to merger control**.[235] The Act establishes the **Federal Competition and Consumer Protection Commission (FCCPC)**, which serves as the regulatory authority responsible for supervising competition and consumer protection matters in Nigeria.[236]The Commission possesses the power to regulate and approve mergers, including **joint venture arrangements**, thereby making the Act a key statute governing merger control in Nigeria. [237]

In exercising this mandate, the FCCPC has issued **Guidelines for Foreign-to-Foreign Mergers with a Nigerian Component**, which apply to transactions conducted outside Nigeria but capable of producing effects within the Nigerian market.[238]

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[228] Olasupo Shasore, Oyinkansola Badejo-Okusanya, Solagbade Sogbetun, Orji Uka and Teniola Akeju, LexisNexis Company and Foreign Investment Law Guide 2021 (pdf, Africa Law Practice) http://alp.company/sites/default/files/Company-and-Foreign-Investment-Law-Guide-2021.pdf accessed 12 March 2026; Nigerian Investment Promotion Commission, *Investment Guide Nigeria 2025* https://www.nipc.gov.ng/wp-content/uploads/2025/11/20250713-Publication-on-Investment-Guide-.pdf accessed 12 March 2026

[229] Republic of Türkiye Ministry of Trade, Legal Framework https://ticaret.gov.tr/data/5b8a43355c7495406a227881/Legal%20Framework.pdf accessed 11 March 2026.

[230] Ibid

[231] Ibid

[232] Ken Akin, Foreign Participation in Nigeria (presentation, Scribd) https://www.scribd.com/presentation/848605415/FOREIGN-PARTICIPATION-IN-NIGERIA accessed 12 March 2026

[233] Ibid

[234] Shasore and others, *Company and Foreign Investment Law Guide 2021* (n 113).

[235] Ibid 81-82.

[236] Ibid; 2022 Investment Policy and Regulatory Review – Nigeria (n 60)

[237] Ibid

[238] Shasore and others, *Company and Foreign Investment Law Guide 2021* (n 113) 81-82.

These guidelines also introduce a revised payment structure for processing fees associated with such merger transactions and provide for an **accelerated procedure for merger filings** once the prescribed fees have been paid.[239]

Central Bank of Nigeria Foreign Exchange Manual 2018

The **Central Bank of Nigeria Foreign Exchange Manual 2018** functions as a regulatory guide for authorised dealers, authorised buyers and the general public involved in foreign exchange transactions.The manual outlines the categories of transactions that qualify for access to foreign exchange through the **official foreign exchange market** and specifies the documentation required to obtain such access. It also sets out the procedures and requirements for obtaining an **electronic Certificate of Capital Importation (CCI)**.[240]

The CCI is particularly important for foreign investors bringing capital into Nigeria, as it enables them to access the official foreign exchange market when repatriating capital, dividends, interest and other returns on their investments.[241]

Finance Act 2020

The **Finance Act 2020** introduced the concept of **digital taxation** and broadened the scope of the **Value Added Tax (VAT) regime** to include the supply of goods and services within the digital economy, including intangible products.[242] As a consequence of these provisions, non-resident companies supplying digital goods or services for the benefit of consumers in Nigeria are now required to comply with VAT obligations within the country.[243]

Nigerian Startup Act

The **Nigerian Startup Act 2022** establishes a regulatory framework intended to support the development of innovation-driven enterprises within Nigeria. Under the Act, a foreign-owned company seeking to obtain the **Startup Label** must satisfy certain eligibility conditions.[244]

Among these requirements is that the company must be incorporated as a **limited liability company under the Companies and Allied Matters Act 2020**, must not have been in existence for more than **ten years**, and must be involved in **innovation or technology-driven activities**.[245] The Act further requires that **at least one-third of the company's ownership must be held by Nigerian citizens** before the Startup Label can be granted. [246]

Sector-Specific Regulations

Foreign nationals seeking to participate in certain areas of the Nigerian economy must comply with the specific requirements prescribed by the legal frameworks governing those sectors. Some of these specialised sectors and the laws regulating them are as follows:[247]

Oil and Gas Sector:

The Nigerian oil and gas industry is a highly regulated sector, and its principal legal framework is the **Petroleum Industry Act (PIA) 2021**. Foreign investors intending to operate in this sector are required to

[239] Ibid
[240] Ibid
[241] Ibid
[242] Ibid
[243] Ibid
[244] Ekenobi (n 1).
[245] Ibid
[246] Ibid
[247] Ibid

satisfy a number of licensing and regulatory conditions. These include obtaining **Oil and Gas Industry Service Permits (OGISP)** from the **Nigerian Upstream Petroleum Regulatory Commission (NUPRC)**, submitting a **Tax Clearance Certificate** to the **Nigeria Revenue Service**, and providing evidence of payment to the **Nigeria Social Insurance Trust Fund (NSITF)** by way of a receipt or certificate.[248] They must also satisfy the local content obligations imposed under the **Nigerian Oil and Gas Industry Content Development Act (NOGICDA) 2010**. In addition, other approvals such as the **Department of Petroleum Resources (DPR) Permit**, **Nigerian Content Development and Monitoring Board (NCDMB) Licence**, and **Industrial Training Fund (ITF) Certificate** may also be required.[249]

Banking and Financial Services Sector:

Foreign participation in Nigeria's banking and financial services industry is regulated by the **Banks and Other Financial Institutions Act (BOFIA) 2020**.[250] The Act designates the **Central Bank of Nigeria (CBN)** as the apex regulatory authority for the financial services sector in the country.[251] Any foreign entity intending to establish a bank or carry on business as a financial institution must first incorporate a company, meet the minimum capital threshold prescribed by the CBN, and obtain the necessary banking licences from the Bank.[252]

Telecommunications Sector:

Foreign involvement in the Nigerian telecommunications industry is regulated by the **Nigerian Communications Act**.[253] This Act establishes the **Nigerian Communications Commission (NCC)** as the regulatory body for the sector. Foreign investors seeking to operate in this area must obtain the relevant operating licences and comply with the various regulations and guidelines issued by the NCC and the Minister of Communications. These include the Type Approval Regulations 2024, Type Approval Business Rules 2024, Quality of Service Regulations 2024, Consumer Code of Practice Regulations 2024, Numbering Regulations 2008, Universal Access and Universal Service Regulations 2007, Licensing Regulations 2019, Competition Practices Regulations 2007, Registration of Communications Subscribers Regulations, and the Draft Data Protection Regulations 2023. They must also comply with other guidelines such as the Guidelines on Short Code Operations in Nigeria 2023, Guidelines on Technical Specifications for the Deployment of Infrastructure in the Communications Sector 2023, Guidelines on Promotional Advertisement 2023, and the Legal Guidelines on Technical Standards on Interconnectivity, in addition to other directives issued by the Minister of Communications. Furthermore, in certain special circumstances, local content requirements may compel foreign telecommunications companies seeking to enter the Nigerian market to collaborate with Nigerian firms.[254]

Real Estate Sector:

Foreigners may invest in the Nigerian real estate sector, but such investment is subject to compliance with the **Land Use Act 1978** and the various land-related laws enacted by the different states. Section 1 of the **Land Use Act** vests all land comprised in the territory of a state in the governor of that state, to be held and administered for the use and common benefit of Nigerians. In interpreting this provision, the Supreme Court has held that foreigners do not possess an automatic right to own land in Nigeria, as seen in **Gerhard Huebner**

Aeronautical Industrial Engineering and Project Management Company Limited.[255]

[248] Guidelines and Requirements for the Grant of Oil and Gas Industry Service Permits (OGISP), 2023, issued by the Nigerian Upstream Petroleum Regulatory Commission.
[249] Ekenobi (n 1).
[250] BOFIA, Act. No. 5, 2020
[251] Ibid, s 1.
[252] Ekenobi (n 1).
[253] NCA No. 19, 2003.
[254] Ibid
[255] (2017) 14 NWLR (PT 1586) 396; Ekenobi (n 1).

International Legal Framework

Bilateral Investment Treaties (BITs) and Investment Promotion and Protection Agreements (IPPAs)

Nigeria has entered into approximately thirty-one Bilateral Investment Treaties (BITs), of which about fifteen are presently in force. These agreements provide important legal safeguards for foreign investors, including guarantees against unlawful expropriation, the assurance of fair and equitable treatment, protection from discriminatory practices, and the availability of international arbitration for dispute resolution. [256]

These international investment agreements form part of Nigeria's legally binding commitments undertaken at the bilateral, plurilateral and multilateral levels, and they generally address matters relating to entry and establishment conditions for investors, investment protection and the regulation of investment incentives.[257]

In addition to BITs, Nigeria has concluded a number of Investment Promotion and Protection Agreements (IPPAs), which further enhance investor confidence by ensuring reciprocal protection and equitable treatment for investors of the contracting states. Countries that currently maintain enforceable BITs or IPPAs with Nigeria include China, Finland, France, Germany, Italy, the Republic of Korea, the Netherlands, Romania, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan Province of China, and the United Kingdom.[258]

Nigeria has also entered into additional international investment agreements containing investment provisions, some of which are incorporated within broader trade agreements. These treaties commonly contain guarantees relating to national treatment, most-favoured-nation treatment, protection against expropriation, and the right of investors to transfer funds associated with their investments.[259] Similarly, Nigeria's bilateral investment treaties typically provide assurances such as fair and equitable treatment, protection against expropriation, and the availability of investor-state dispute settlement mechanisms.[260]

Double Taxation Treaties (DTTs)

In order to promote cross-border investment and minimise the burden of taxation on international business activities, Nigeria has concluded several Double Taxation Treaties with various partner countries. These include Belgium, Canada, China, the Czech Republic, France, Italy (limited to air and maritime transport), the Netherlands, Pakistan, Romania, Singapore, South Africa, South Korea, Spain, Sweden, and the United Kingdom. Such treaties determine how taxing rights are shared between the contracting states and help prevent the same income from being subjected to taxation in multiple jurisdictions. By reducing uncertainty in tax obligations and improving transparency, these agreements contribute to a more stable environment for foreign investors and international businesses.[261]

Nigeria currently maintains approximately fourteen Double Taxation Avoidance Agreements that are in force, which significantly influence the manner in which the country exercises taxing rights over foreign investors and cross-border investments.[262]

ECOWAS Trade Liberalisation Scheme (ETLS)

Nigeria is a longstanding participant in the ECOWAS Trade Liberalisation Scheme (ETLS), a key regional initiative established by the Economic Community of West African States (ECOWAS). The scheme is designed to eliminate tariffs and quantitative restrictions on goods originating within member states, thereby

[256] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 113) 31.
[257] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 9.
[258] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 113) 31.
[259] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 9.
[260] Agbede (n 4)
[261] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 113) 31.
[262] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 9.

facilitating the free movement of goods across the region. Through this arrangement, regional trade is strengthened while economic integration among West African countries is further promoted.[263]

In addition to the trade liberalisation framework, ECOWAS has adopted a regional investment framework through the ECOWAS Supplementary Act on Investment (2008), which contains provisions relating to investor protection, including guarantees concerning expropriation and standards of treatment. However, the framework emphasises the use of domestic remedies for dispute resolution rather than investor-state arbitration.[264]

African Continental Free Trade Area (AfCFTA) – Investment Protocol

Nigeria is also a member of the African Continental Free Trade Area (AfCFTA), which represents the largest free trade area globally in terms of the number of participating states. The AfCFTA Investment Protocol, adopted in 2023, seeks to establish a harmonised investment framework across African countries. Its key provisions include the protection of investor rights and obligations, the promotion of sustainable and inclusive investment practices, and the establishment of dispute settlement mechanisms such as investor–state and state–to–state arbitration. The protocol also places considerable emphasis on Environmental, Social, and Governance (ESG) principles, with the objective of encouraging transparent, predictable, and responsible investment throughout the continent.[265]

Nigeria signed the AfCFTA in July 2019 as part of the broader initiative to create a single African market for goods and services and deepen economic integration across the continent. The agreement also seeks to facilitate the movement of persons and enhance intra-African investment opportunities.[266]

By expanding market access and reducing trade barriers across African economies, Nigeria's participation in the AfCFTA creates significant opportunities for foreign direct investment and strengthens Nigeria's position as a potential regional investment hub.[267]

Negotiations on the AfCFTA Protocol on Sustainable Investment commenced in March 2021 as part of the second phase of the agreement, which also includes protocols on competition policy and intellectual property rights.[268]

European Union Generalised Scheme of Preferences (EU GSP)

Nigeria benefits from the European Union's Generalised Scheme of Preferences (GSP), which grants developing countries preferential access to the EU market through the reduction or elimination of tariffs on selected exports. This preferential arrangement improves Nigeria's competitiveness in international trade and encourages growth in sectors such as agriculture, textiles, and light manufacturing.[269]

Plurilateral Commitments

International Labour Organisation (ILO)

As a member of the International Labour Organisation, Nigeria is committed to observing internationally recognised labour standards. Through its membership, the country undertakes to promote decent work by supporting fair labour practices, protecting workers' rights, and encouraging employment generation.[270]

[263] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 113) 31.
[264] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 9.
[265] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 113) 31.
[266] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 9-11.
[267] Ojo (n 3).
[268] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 9-11.
[269] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 113) 31
[270] Ibid

World Trade Organisation (WTO)

Nigeria is also a member of the World Trade Organisation (WTO), through which it adheres to a system of global trade rules that emphasise transparency, non-discrimination, and predictability in international trade and investment. Participation in WTO negotiations and trade policy reviews enables Nigeria to contribute to the development of global trade governance while supporting its own economic development objectives.[271]

Nigeria has been a member of the WTO since 1 January 1995 and has undertaken commitments under several WTO agreements that affect foreign investment.[272] Under the General Agreement on Trade in Services (GATS), Nigeria grants certain rights to service suppliers from other WTO member states, including the right to establish a commercial presence in Nigeria through foreign direct investment in specified sectors such as communication services, financial services, tourism-related services and transport services.[273]

Nigeria has also undertaken obligations under the WTO Agreement on Trade-Related Investment Measures (TRIMS), which prohibits certain investment measures that distort trade, including local content requirements, trade balancing requirements and certain foreign exchange restrictions.[274]

Similarly, the WTO Agreement on Subsidies and Countervailing Measures regulates the use of investment incentives and prohibits specific forms of export subsidies.[275] In addition, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) ensures protection for intellectual property rights held by foreign investors.[276]

International Investment Dispute Settlement and Financial Commitments

Nigeria is also a party to several international dispute settlement and financial agreements that affect foreign investment protection. These include the International Centre for Settlement of Investment Disputes (ICSID) Convention and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention), both of which facilitate the enforcement of arbitral awards arising from investment disputes.[277]

Nigeria has also participated as a respondent in investor-state arbitration proceedings under the ICSID framework, including cases such as Shell Nigeria Ultra Deep Limited v Federal Republic of Nigeria[278] and Interocean Oil Development Company v Federal Republic of Nigeria.[279]

In addition, Nigeria is a member of the International Monetary Fund (IMF) and operates under the provisions of Article XIV of the IMF Articles of Agreement, which allows the country to maintain certain exchange measures while generally supporting current account convertibility for payments associated with foreign investments.[280]

Institutional Framework Regulating Foreign Participation in Business in Nigeria

Foreign participation in business in Nigeria is regulated through a number of statutory institutions established to supervise investment activities, regulate corporate entities, manage financial and foreign exchange

[271] Ibid
[272] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 9-11.
[273] Ibid
[274] Ibid
[275] Ibid
[276] Ibid
[277] Ibid
[278] [CSID Case No. ARB/07/18;
[279] ICSID Case No. ARB/13/20); 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 9-11.
[280] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 9-11.

transactions, and facilitate the entry and operation of foreign investors within the Nigerian economy.[281] These institutions perform regulatory, supervisory and facilitative roles designed to promote investment while ensuring compliance with the applicable legal and regulatory framework governing business operations in Nigeria.[282]

The institutional framework regulating foreign participation in business in Nigeria therefore comprises several agencies, including the **Corporate Affairs Commission (CAC)**, the **Nigerian Investment Promotion Commission (NIPC)**, the **Central Bank of Nigeria (CBN)**, the **National Office for Technology Acquisition and Promotion (NOTAP)**, the **Nigeria Immigration Service (NIS)** and the Federal Ministry of Interior, the **Nigeria Revenue Service (NRS)**, the **Securities and Exchange Commission (SEC)**, the **Federal Competition and Consumer Protection Commission (FCCPC)** and the **Nigerian Export Processing Zones Authority (NEPZA)**, together with other institutional mechanisms directed at improving the investment climate.[283]

Table 1: Comparative summary of the principal institutions regulating foreign participation in business in Nigeria[284]

Institution	Enabling instrument	Mandate relevant to foreign participation	Principal obligation or output for the foreign investor
Corporate Affairs Commission (CAC)	CAMA 2020, s 8	Incorporation, registration and post-incorporation regulation of companies, business names and incorporated trustees.	Incorporation of a Nigerian entity (s 78) or ministerial exemption (s 80); certificate of incorporation; annual returns.
Nigerian Investment Promotion Commission (NIPC)	NIPC Act, ss 4, 17, 20 and First Schedule	Promotion, coordination and monitoring of investment; custody of the negative list; administration of investment incentives.	Registration of the enterprise before commencement of business; business registration certificate, now subject to mandatory annual renewal; EDTI certification.
One-Stop Investment Centre (OSIC)	Administrative mechanism within the NIPC	Co-location of approximately twenty-five agency desks in order to streamline entry approvals.	Single point of lodgement for entry approvals, licences and permits; no binding service standards.
Central Bank of Nigeria (CBN)	CBN Act 2007; FEMMP Act 1995; BOFIA 2020; Foreign Exchange Manual 2018; Revised Guidelines for the Nigerian	Monetary policy; regulation of the Nigerian Foreign Exchange Market; supervision of authorised dealers and of the EFEMS platform.	Capital inflow through an authorised dealer; electronic Certificate of Capital Importation; access to the official window for repatriation.

[281] Eni Eja Alobo, *Business Law and Practice* (Princeton & Associates Publishing Co Ltd 2021); Arndale Solicitors, 'Regulatory and Legal Framework for FDI in Nigeria' (Global Law Experts) https://globallawexperts.com/regulatory-and-legal-framework-for-fdi-in-nigeria/ accessed 16 March 2026.
[282] ibid
[283] Arndale Solicitors (n 117); 2022 Investment Policy and Regulatory Review – Nigeria (n 60)
[284] Compiled by the authors from the enabling statutes and instruments examined in section 3.1, together with Nigerian Investment Promotion Commission, *Investment Guide Nigeria* (NIPC, 2026) and *Nigeria Investment Incentives and Statutory Reliefs* (NIPC, 1 January 2026).

	Foreign Exchange Market 2024		
Nigeria Revenue Service (NRS)	Nigeria Revenue Service (Establishment) Act 2025; NTA 2025; Nigeria Tax Administration Act 2025	Assessment, administration and collection of federal taxes; administration of statutory reliefs.	Tax identification; companies income tax, VAT and development levy compliance; tax clearance certificate; certification of qualifying capital expenditure for EDTI.
Securities and Exchange Commission (SEC)	ISA 2025; SEC Rules, r 406	Regulation of the capital market; maintenance of separate registers of FDI and FPI.	Registration of securities and of foreign participation; compliance for public offerings, mergers and takeovers.
Nigeria Immigration Service and Federal Ministry of Interior	Immigration Act 2015; Revised Handbook on Expatriate Quota Administration 2022	Control of the entry, residence and employment of foreign nationals; administration of the expatriate quota.	Business permit; expatriate quota; STR visa and CERPAC; minimum issued share capital of ₦100,000,000 for companies with foreign participation.
National Office for Technology Acquisition and Promotion (NOTAP)	NOTAP Act 1979 (as amended)	Registration and continuous monitoring of agreements for the transfer of foreign technology.	Registration of technology transfer agreements within sixty days; certificate of registration as a precondition for remitting royalties and technical and management fees.
Federal Competition and Consumer Protection Commission (FCCPC)	FCCPA 2019	Competition regulation and merger control, including foreign-to-foreign mergers with a Nigerian component.	Merger notification and approval; payment of prescribed filing fees.
Nigerian Export Processing Zones Authority (NEPZA) and Oil and Gas Free Zones Authority	NEPZA Act 1992; Oil and Gas Export Free Zone Act 1996	Licensing and supervision of free trade, export processing and oil and gas free zones.	Zone enterprise licence; eligibility for zone tax, customs and repatriation concessions.
Industrial Inspectorate Division, Federal Ministry of	Industrial Inspectorate Act, Cap I8 LFN 2004	Investigation and valuation of capital expenditure in industrial undertakings.	Notification of intended capital expenditure; Certificate of Acceptance of Fixed Assets; production-day certification for EDTI.

Industry, Trade and Investment			
Presidential Enabling Business Environment Council (PEBEC)	Established by executive action in July 2016	Coordination of regulatory reform and removal of administrative constraints to doing business.	No direct filing obligation; complaint and feedback platform in respect of administrative bottlenecks.

Table 1 replaces, rather than merely summarises, the agency-by-agency recitation of statutory functions. The subsections that follow therefore do not repeat the enumerated mandates set out above; they address only the distinctive regulatory significance of each institution for foreign participation, and the points at which its operation generates duplication, delay or uncertainty. The pattern disclosed by the table is itself one of the central findings of this study. No single institution is competent to admit a foreign investor to the Nigerian market, and the obligations in the final column are sequential rather than concurrent, so that delay at any one stage suspends the entire entry process. Several obligations are also mutually conditional: the business permit presupposes NIPC registration, which presupposes incorporation, while the expatriate quota presupposes the business permit and the Certificate of Capital Importation. Fragmentation is thus not merely a matter of the number of regulators but of the dependency between their approvals.

Corporate Affairs Commission (CAC)

The **Corporate Affairs Commission (CAC)** is the principal regulatory authority responsible for the registration and administration of companies and other business entities in Nigeria.[285] The Commission was established under the **Companies and Allied Matters Act 2020 (CAMA)** as the apex regulatory body charged with overseeing corporate regulation in the country. [286]

In practical terms, the CAC oversees the incorporation and regulation of companies in Nigeria and maintains the official registry of companies, partnerships and business names.[287] This role is particularly significant for foreign participation in business because foreign investors ordinarily establish their business presence in Nigeria through companies incorporated under the Companies and Allied Matters Act.[288]

The detailed procedure for incorporation, including the documents required and the position of unregistered and exempted companies, is examined in section 4.1 below and is not repeated here.[289]

In addition to its role in company formation, the Commission also performs post-incorporation regulatory functions, including the requirement that companies file annual returns and comply with statutory corporate governance obligations under CAMA 2020. [290]

Nigerian Investment Promotion Commission (NIPC)

The **Nigerian Investment Promotion Commission (NIPC)** is the principal government agency responsible for promoting, encouraging, coordinating and monitoring investment activities in Nigeria.[291] The Commission

[285] Ekenobi (n 1); Arndale solicitors (n 117).
[286] Ibid
[287] Arndale solicitors (n 117).
[288] Ibid; Ekenobi (n 1).
[289] CAMA 2020, s 36(2), (4), s 37; Ekenobi (n 1).
[290] Ekenobi (n 1).
[291] Alobo (n 117); 2022 Investment Policy and Regulatory Review – Nigeria (n 60); Ekenobi (n 1); Arndale solicitors (n 117).

was established under the **Nigerian Investment Promotion Commission Act**, which provides the statutory framework for the promotion and regulation of foreign investment in Nigeria.[292]

The Commission is widely regarded as the principal institution responsible for overseeing the participation of foreign nationals in business enterprises in Nigeria and therefore serves as a primary point of contact for foreign investors seeking to establish business operations in the country.[293]

In addition to these statutory responsibilities, the Commission also performs regulatory roles such as administering investment registration and granting pioneer status incentives to qualifying enterprises under the **Pioneer Status Incentives Framework**.[294]

One-Stop Investment Centre (OSIC)

The **One-Stop Investment Centre (OSIC)** operates within the Nigerian Investment Promotion Commission as a mechanism designed to facilitate investment processes in Nigeria. The Centre brings together several government agencies in one location in order to streamline administrative procedures relating to investment activities.[295]

The objective of the OSIC is to simplify the issuance of business approvals, licences and permits and thereby reduce bureaucratic bottlenecks associated with establishing and operating businesses in Nigeria.The Centre also provides information on the Nigerian economy, the investment climate, legal and regulatory frameworks and sector-specific investment opportunities to assist existing and prospective investors in making informed business decisions.[296]

The Centre provides services relating to business entry approvals, licences and authorisations, together with general information on the investment climate and sector-specific regulatory matters.[297] The Commission coordinates the various desks at the Centre and supports the initiation and follow-up of applications for investment incentives.[298]

According to the Investment Guide Nigeria, approximately **twenty-five agencies** are represented at the Centre, among them the Central Bank of Nigeria, the Corporate Affairs Commission, the Nigeria Revenue Service, the Federal Ministry of Interior, the Nigeria Immigration Service, the National Agency for Food and Drug Administration and Control, the Nigeria Export Promotion Council and NOTAP.[299]

The functions discharged at each desk correspond to the mandates set out in Table 1 above, and the remaining desks furnish regulatory guidance for sector-specific approvals in such fields as agriculture, mining, infrastructure, manufacturing, electricity, maritime business, customs, copyright, oil and gas and standards regulation.[300]

However, assessments of the practical effectiveness of the Centre vary, and some reviews have suggested that its effectiveness is limited by inter-agency coordination challenges and the absence of binding service agreements.[301]

[292] Ibid
[293] Alobo (n 117).
[294] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 11.
[295] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 103) 16.
[296] Ibid
[297] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 11;
[298] Investment Guide Nigeria 2025 (n 103) 16.
[299] Ibid
[300] Ibid
[301] Ibid; Ibekwe Emmanuel Chidi, 'Promoting Foreign Direct Investment (FDI) in Nigeria: Challenges and Opportunities in the Legal Framework, 2020–2023' (2025) 7(1) BUJOHIS: Babcock Journal of History and International Studies 99-100.

Central Bank of Nigeria (CBN)

The **Central Bank of Nigeria (CBN)** plays a critical role in regulating Nigeria's monetary system and foreign exchange market, both of which are central to foreign participation in business.[302]

Central banks generally play a pivotal role in regulating foreign exchange and monetary policies in order to maintain economic stability, foster trust in the economic system and ensure sustainable economic growth. A stable economy creates a predictable business environment that helps to improve investor confidence.[303]

Within the broader institutional framework, the CBN is also in charge of foreign exchange compliance.[304] In the exercise of its regulatory mandate, the Bank continues to issue policies aimed at improving the operational efficiency, transparency and integrity of the Nigerian foreign exchange market.[305]

In 2024, the CBN issued several important foreign exchange measures designed to curtail speculative trading, harmonise market practices with global standards and strengthen regulatory oversight.[306]

One of these measures was the issuance of the **Revised Guidelines for the Nigerian Foreign Exchange Market** on 29 November 2024 in order to streamline the regulatory framework and consolidate earlier circulars and policies governing the market. The revised guidelines introduced measures aimed at promoting transparency, efficiency and compliance within the foreign exchange market.[307]

Under the revised guidelines, interbank foreign exchange transactions are to be executed through the **Electronic Foreign Exchange Matching System**, thereby improving transparency and price visibility.[308]

The guidelines also prohibit the trading and negotiation of foreign exchange rates with unlicensed intermediaries or unauthorised dealers. Authorised dealers are further required to verify the relevant documentation before settling foreign exchange transactions. The revised guidelines also require authorised dealers to record and report completed foreign exchange transactions to the CBN within ten minutes of execution. This real-time reporting gives the Bank a central repository of transaction data and facilitates the dissemination of accurate market information. The CBN also approved and launched the **Bloomberg BMatch Electronic Matching System** as the platform for Nigeria's **Electronic Foreign Exchange Matching System (EFEMS)**.[309]

That platform now serves as the central order-matching system for foreign exchange trade execution, replacing the earlier Refinitiv FXT platform. The BMatch platform automatically matches buy and sell orders and reports real-time pricing data to the public, thereby enhancing market visibility and transparency.[310] All banks participating in the Nigerian Interbank Foreign Exchange Market are required to integrate and deploy the Bloomberg BMatch system for their trading operations, while other market participants are to obtain CBN approval and enter into agreements with Bloomberg for access to the platform.[311]

The platform is configured to execute foreign exchange transactions involving the Naira against the United States Dollar. Unresolved disputes between counterparties under the revised guidelines may be escalated to

[302] Damilola Akinsanya, 'A Review of Key CBN Foreign Exchange Policies in 2024' (Mondaq, 6 January 2025) https://www.mondaq.com/nigeria/financial-services/1564066/a-review-of-key-cbn-foreign-exchange-policies-in-2024accessed 16 March 2026; Arndale solicitors (n 117).
[303]
[304] Chidi (n 148).
[305] Akinsanya (n 149).
[306] Ibid
[307] Ibid
[308] Ibid
[309] Ibid
[310] Ibid
[311] Ibid

the **Financial Markets Dealer Association** for arbitration, with a further appeal lying to the CBN whose decision is final and binding.[312]

In furtherance of its objective of promoting a transparent, liquid and efficient foreign exchange market, the CBN also released the **Nigerian Foreign Exchange Code 2024**. The FX Code provides standards of good practice and ensures responsible participation in the Nigerian foreign exchange market.[313]

Effective from 14 October 2024, the Code applies to all market participants and aligns trading operations with global standards and international best practices. The Code also subjects market participants to a regulatory structure designed to uphold integrity and promote market stability. To ensure compliance, the boards of authorised dealers, their chief executive officers and chief compliance officers are required to attest annually to adherence with the FX Code and all relevant market guidelines and circulars issued by the CBN.[314]

In addition, and in exercise of its powers under **section 56 of the Banks and Other Financial Institutions Act 2020**, the CBN issued the **Regulatory and Supervisory Guidelines for Bureaux De Change Operations in Nigeria 2024**. Those guidelines introduced a revised regulatory framework for the Bureau De Change sub-sector, including new licensing requirements, categorisation of BDCs, minimum capital requirements and the definition of permissible activities. The guidelines also require existing BDCs to re-apply for licences under the specified categories established by the framework.[315]

Tier 1 BDCs may operate nationally, establish branches and appoint franchises subject to CBN approval, while Tier 2 BDCs may operate only within one state or the Federal Capital Territory and may establish up to five branches in that state but may not appoint franchises. The minimum capital requirement under the guidelines is stated as **N2,000,000,000** for Tier 1 BDCs and **N500,000,000** for Tier 2 BDCs.[316]

The guidelines further permit BDCs to acquire and sell foreign exchange subject to anti-money laundering, counter-terrorism financing and other applicable foreign exchange laws. The CBN also issued a circular dated 8 April 2024 prohibiting the use of foreign-currency-denominated collateral for securing Naira loans and directed that loans already secured with such collateral be wound down within ninety days.[317] That circular, however, exempted Eurobonds issued by the Federal Government of Nigeria and guarantees of foreign banks, including standby letters of credit.

Through these measures, the Central Bank of Nigeria plays a significant role in maintaining financial stability, regulating foreign exchange operations and supporting an investment environment that is more transparent, structured and predictable for foreign investors.[318]

National Office for Technology Acquisition and Promotion (NOTAP)

The **National Office for Technology Acquisition and Promotion (NOTAP)** is the statutory institution responsible for regulating the transfer of foreign technology and technical expertise into Nigeria.[319]

The transfer of technology in Nigeria is governed by the **National Office for Technology Acquisition and Promotion Act**, which establishes the Office as the regulatory authority responsible for supervising technology transfer agreements involving Nigerian enterprises and foreign entities.[320] Under the Act, the

[312] Ibid
[313] Ibid
[314] Ibid
[315] Ibid
[316] Ibid
[317] Ibid
[318] Ibid; Arndale solicitors (n 117)
[319] Alobo (n 117); 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 12; Arndale (n 117).
[320] Alobo (n 117).

Office is established as a **body corporate with perpetual succession and a common seal capable of suing and being sued in its corporate name**.[321]

NOTAP operates under the supervision of the **Federal Ministry of Science and Technology** and is charged with ensuring that technology transfer arrangements entered into by Nigerian enterprises contribute to national technological development and capacity building.[322]

The principal functions of the Office are provided under **section 4 of the NOTAP Act** and are summarised in Table 1 above.[323] In substance, the Office is charged with the identification and selection of suitable foreign technology, the development of Nigerian negotiating capacity, the adaptation of imported technology, and the registration and continuous monitoring of technology transfer agreements.[324]

The categories of agreement falling within the regulatory scope of the Office are those identified in section 3.1.1.6 above, namely agreements relating to the use of trademarks and patented inventions, the supply of technical expertise and engineering services, the supply of machinery and plant, and the provision of operating staff, managerial assistance or personnel training.[325]

The Office is also responsible for the **registration of agreements involving the licensing of intellectual property rights or the provision of technical services by non-resident companies** prior to the remittance of royalty payments in foreign currency.[326]

Similarly, agreements covering services provided by foreign companies must be registered with NOTAP as a pre-condition for obtaining foreign exchange required for the payment of fees such as royalties, management fees or software licensing charges. The fees payable under such agreements must comply with the limits prescribed by NOTAP. and the Central Bank of Nigeria. In addition, the agreement must clearly specify the nature of the services to be rendered or the characteristics of the process or product being licensed.[327]

Beyond its regulatory oversight of technology transfer agreements, the Office also promotes the **commercialisation of research and development results and inventions, the development of locally generated technologies and the encouragement of creative and inventive skills among Nigerian scientists, researchers and innovators**.[328]

Through these functions, the National Office for Technology Acquisition and Promotion plays a critical role in ensuring that foreign technology transferred into Nigeria contributes meaningfully to technological development and national economic growth.[329]

Nigeria Immigration Service / Ministry of Interior

The **Nigeria Immigration Service (NIS)** is responsible for regulating the entry and employment of foreign nationals involved in business and investment activities in Nigeria.[330]The Service is responsible for the issuance of necessary permits and approvals to foreign investors in Nigeria.[331] Such approvals include

[321] ibid
[322] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 12
[323] Alobo (n 117).
[324] NOTAP Act, s 4; Alobo (n 117); 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 12

[325] Alobo (n 117).
[326] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 12
[327] Alobo (n 117).
[328] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 12
[329] Alobo (n 117); 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 12; Arndale solicitors (n 117)

[330] Ibid;
[331] Ibid

expatriate quota approvals, business permits, subject-to-regularisation visas, Combined Expatriate Residence Permit and Aliens Card (CERPAC), and temporary work permits.[332]

The **Ministry of Interior** also plays a direct role in this framework because foreign investors are required to obtain a business permit from the Ministry pursuant to **section 36(1) of the Immigration Act 2015**.[333]The Ministry of Interior also facilitates the issuance of business permits and expatriate quota approvals through its OSIC desk.[334]

The Nigeria Immigration Service, through the OSIC, also provides information and guidance on immigration matters and facilitates the regularisation of permanent work permits and the issuance of STR visas.[335]

Through these responsibilities, the Nigeria Immigration Service and the Ministry of Interior ensure that the participation of foreign personnel in business activities in Nigeria is regulated in accordance with immigration laws and policies.[336]

Nigeria Revenue Service (NRS)

The **Nigeria Revenue Service (NRS)** is the principal agency responsible for the administration and collection of federal taxes imposed on companies operating within Nigeria.[337] The Service was established by the Nigeria Revenue Service (Establishment) Act 2025 and, with effect from 1 January 2026, replaced the Federal Inland Revenue Service, assuming its functions, assets and liabilities. Within the broader institutional structure of investment administration, the NRS is responsible for taxation.[338]

Every company incorporated in Nigeria is required to obtain a **Tax Identification Number (TIN)** and comply with its tax obligations pursuant to the **Companies Income Tax Act**.[339]

In addition to companies income tax, companies may also be required to pay **withholding tax, value added tax, stamp duties and education tax**. Employers are also required to deduct personal income tax for their employees, which must be remitted to the relevant State Inland Revenue Service.[340]

The role of the NRS is therefore central to ensuring the tax compliance of business entities operating in Nigeria, including those involving foreign investors.[341]

Securities and Exchange Commission (SEC)

The **Securities and Exchange Commission (SEC)** is the institution responsible for regulating the capital market and supervising companies that seek to raise capital from the public in Nigeria.[342]

Where a company intends to raise capital through the public for expansion or for other purposes, it may trade its shares on the Nigerian Stock Exchange and raise capital, provided that it is registered as a public company. This requirement is reflected in **section 22(5) of the Companies and Allied Matters Act 2020**.[343]

[332] Ibid
[333] Eknobi (n 1).
[334] Investment Guide Nigeria 2025 (n 103) 16.
[335] Ibid 17.
[336] Alobo (n 117); Ekenobi (n 1); Investment Guide Nigeria 2025 (n 103) 16.
[337] Ekenobi (n 1); Chidi (n 148)
[338] Chidi (n 148).
[339] Ekenobi (n 1).
[340] Ibid
[341] Ekenobi (n 1);
[342] Ibid
[343] Ibid

Through this role, the SEC regulates public securities offerings and capital market participation, both of which may be relevant to foreign investors seeking to access Nigeria's capital market.[344]

Nigerian Export Processing Zones Authority (NEPZA)

The **Nigerian Export Processing Zones Authority (NEPZA)** is the body responsible for overseeing free trade and export processing zones in Nigeria.[345] Within Nigeria's institutional structure for investment administration, free trade zones are governed by the Nigerian Export Processing Zones Authority.[346]

NEPZA oversees the establishment and management of export processing zones in Nigeria. These zones offer incentives such as tax holidays and simplified customs procedures in order to attract foreign investment in export-oriented industries. [347]

In the Nigerian context, zones in places such as **Calabar and Kano** were established to attract export-oriented investment. However, some reviews have observed that inadequate infrastructure, customs delays and weak linkages to domestic supply chains have limited the capacity of some zones to realise their full potential.[348]

NEPZA nevertheless remains an important institution within the framework governing foreign participation in business because it regulates a specialised investment environment designed to encourage export-oriented foreign investment.[349]

Presidential Enabling Business Environment Council (PEBEC)

The **Presidential Enabling Business Environment Council (PEBEC)** was established in July 2016 by President Muhammadu Buhari as an intergovernmental and inter-ministerial agency charged with removing bureaucratic constraints to doing business in Nigeria.[350] The Council works with government ministries and agencies to implement ease of doing business reforms in Nigeria. [351]

The **Enabling Business Environment Secretariat (EBES)** serves as the operational team of the Council.The Council is chaired by the Vice President and comprises a Vice Chair, a secretary, ten federal ministers, the Head of Civil Service of the Federation, the Governor of the Central Bank of Nigeria, representatives from Lagos and Kano State governments, the National Assembly and prominent members of the private sector.[352]

The Council generally meets monthly and may hold special meetings when necessary.It reviews investment bottlenecks and areas of reform and operates an online platform through which individuals may lodge complaints and provide feedback regarding their experiences with government agencies and ministries in relation to doing business in Nigeria.[353]

In February 2022, PEBEC released its **2020/2021 Business Made Easy Report**, the **2021 EO1 Compliance Report** and the **2021 Ease of Doing Business Subnational Baseline Survey** in line with its commitment to measuring transparency and efficiency under its reform agenda.[354] Some commentary also notes that PEBEC issued executive orders on transparency and timelines for regulatory approvals and contributed to improvements in Nigeria's position in the World Bank's Ease of Doing Business ranking between 2017 and

[344] Ibid
[345] Chidi (n 148).; Arndale solicitors (n 117).
[346] Ibid
[347] Arndale solicitors (n 117).
[348] Chidi (n 148)
[349] Arndale solicitors (n 117).
[350] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 12
[351] Ibid
[352] Ibid
[353] Ibid
[354] Ibid

2020. However, the impact of those reforms has also been said to have stalled due in part to the absence of legally binding enforcement mechanisms compelling agencies to comply with service timelines.[355]

PEBEC therefore serves as an important institutional reform mechanism within Nigeria's investment framework, particularly in relation to bureaucratic efficiency and ease of doing business.[356]

Sub-National Investment Promotion Agencies

In addition to national institutions, some states within the federation have established investment promotion agencies or units to assist foreign investors who seek to invest within their states.[357] These bodies operate under different institutional models depending on the state concerned. For instance, **Akwa Ibom State** has established the **Akwa Ibom Investment and Industrial Promotion Council**.[358]

Similarly, **Lagos State** has established the **Office of Sustainable Development Goals and Investment (Lagos Global)** to promote domestic and foreign investment and partnerships for the execution of sustainable development goal-related projects in the state. These institutions complement the work of national investment promotion agencies by facilitating investment opportunities and administrative support at the sub-national level.[359]

Procedures, Incentives and Protection of Foreign Participation in Business in Nigeria

Procedures and Regulatory Requirements for Foreign Participation in Business in Nigeria

Foreign participation in business in Nigeria operates within a structured regulatory regime which accommodates both foreign direct investment and foreign portfolio investment, while simultaneously imposing procedural safeguards to ensure compliance with the laws. A fundamental distinction is drawn between foreign direct investment and foreign portfolio investment. Foreign direct investment involves the establishment of a business presence in Nigeria, typically through the incorporation of a company, while foreign portfolio investment relates to the acquisition of shares or securities in Nigerian companies without necessarily establishing a physical or operational presence.[360] This distinction is important because each form of investment is governed by its own procedural framework, although certain regulatory requirements, such as capital importation and securities registration, may overlap.

Procedure for Foreign Direct Investment in Nigeria

The requirement for registration of foreign direct investment in Nigeria is anchored in statutory provisions and judicial authorities which define the scope of "carrying on business" within the country. By the provisions of the Companies and Allied Matters Act (CAMA) and section 19 of the Nigerian Investment Promotion Commission (NIPC) Act, and as established in Unipetrol Nigeria Plc v Agip Nigeria Plc[361] and E.I.I.A v C.I.E Ltd.[362] the phrase "carrying on business" denotes the conduct or continuation of a particular trade or vocation as a continuous operation or permanent occupation. This is distinguishable from the mere occurrence of foreign transactions within Nigeria, which do not amount to carrying on business, as illustrated in Ritz Pumpen Fabrik GmbH & Co KG v Techno Continental Engineers Nig Ltd.[363]

[355] Chidi (n 148)
[356] 2022 Investment Policy and Regulatory Review – Nigeria (n 60) 12; Chidi (n 148).
[357] Ibid
[358] Ibid
[359] Ibid
[360] Samuel A Osamolu, *Corporate Law Practice in Nigeria* (4th edn, 2023) 68.
[361] (2002) 14 NWLR (Pt. 789) 312.
[362] (2005) JELR 36356 (CA)
[363] (1999) 4 NWLR (Pt. 598) 298; Benson Ayodele Oloworaran, Uchechukwu Esther Oloworaran and Emmanuel Oluwafemi Olowononi, *Companies and Allied Matters Practice Manual* (Institute of Human Capacity Development and Continuing Education, 2021) 112.

Foreign participation in business in Nigeria may accordingly be undertaken by natural or corporate persons. Where a foreign company intends to carry on business in Nigeria, the incorporation requirement in section 78(1) of CAMA 2020, subject to sections 80 to 83, and the consequences of non-compliance confirmed in Agip (Nig) Ltd v Agip Petroleum International,[364] apply as analysed in section 3.1.1.1 above. The present section is concerned not with the content of that requirement but with the sequence in which it, and the other regulatory approvals, must be satisfied.[365]

Procedural Steps for registration of Foreign Direct Investment in Nigeria

The entry process for foreign direct investment comprises fourteen distinct steps, which are set out in Table 2. The table is presented in place of a narrative recital of each step because the significant feature of the process is not the content of the individual requirements, most of which have already been examined in section 3, but their number, their distribution among separate institutions and their sequential dependency. In practice several of these steps may be undertaken concurrently, and the detailed procedure at each of the principal agencies is examined in the subsections that follow.

Table 2: Sequence of regulatory requirements for the entry of foreign direct investment in Nigeria[366]

Step	Requirement	Institution	Principal legal or administrative basis
1	Preparation of pre-incorporation agreements, including joint venture, promoters' service, property acquisition and directors' service agreements, where required.[367]	Parties (no filing)	CAMA 2020, s 96 (pre-incorporation contracts)
2	Obtaining the appropriate entry visa, ordinarily a business visa or a visa subject to regularisation (STR).[368]	Nigeria Immigration Service	Immigration Act 2015; Visa Policy 2025
3	Securing an address in Nigeria for the service of documents, limited to notices preliminary to incorporation.[369]	Investor (no filing)	CAMA 2020, s 78(1)
4	Name availability search and reservation.[370]	Corporate Affairs Commission	CAMA 2020, ss 30–31
5	Incorporation of a Nigerian entity: preparation, stamping and filing of	Corporate Affairs Commission; Nigeria Revenue	CAMA 2020, ss 18, 27, 78

[364] (2010) 5NWLR PT. 1187
[365] Oloworaran, Oloworaran and Olowononi (n 4) 112; Osamolu (n 1) 68.
[366] Compiled by the authors. The sources for each step are cited in the corresponding row.
[367] Osamolu (n 1) 68
[368] Oloworaran, Oloworaran and Olowononi (n 4) 112.
[369] Companies and Allied Matters Act 2020, s 78(1).; Oloworaran, Oloworaran and Olowononi (n 4) 112.
[370] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 https://www.nipc.gov.ng/wp-content/uploads/2025/11/20250713-Publication-on-Investment-Guide-.pdf (accessed 12 March 2026) 2.

	incorporation documents and payment of filing fees and stamp duties.[371][372][373]	Service (stamp duties)	
6	Application for ministerial exemption from incorporation, where the company falls within an exempt category.[374]	Minister (Federal Ministry of Industry, Trade and Investment)	CAMA 2020, s 80; Business Facilitation (Miscellaneous Provisions) Act 2023
7	Tax registration and issue of a Tax Identification Number.[375]	Nigeria Revenue Service	Nigeria Tax Administration Act 2025
8	Registration of the enterprise before commencement of business, with mandatory annual renewal.[376]	Nigerian Investment Promotion Commission	NIPC Act, s 20
9	Importation of capital through an authorised dealer and issue of an electronic Certificate of Capital Importation.[377]	Authorised dealer bank; Central Bank of Nigeria	FEMMP Act 1995, ss 1, 12–15; CBN Foreign Exchange Manual 2018
10	Registration of securities and of the foreign investment.[378]	Securities and Exchange Commission	ISA 2025; SEC Rules, r 406
11	Obtaining a business permit and expatriate quota, followed by STR regularisation and CERPAC.[379][380]	Federal Ministry of Interior; Nigeria Immigration Service	Immigration Act 2015; Revised Handbook on Expatriate Quota Administration 2022
12	Registration of technology transfer agreements within sixty days of execution.[381]	NOTAP	NOTAP Act 1979, ss 4–6

[371] Osamolu (n 1) 68; Oloworaran, Oloworaran and Olowononi (n 4) 112.
[372] Oloworaran, Oloworaran and Olowononi (n 4) 112.
[373] G Okey Omeh, 'Thematic Examination of the Regulatory Framework Governing Foreign Investments in Nigeria' (2022) 6(2) African Journal of Law and Human Rights https://journals.ezenwaohaetorc.org/index.php/AJLHR/article/download/2158/2202 (accessed 17 April 2026) 88.
[374] Osamolu (n 1) 68, Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 4.
[375] Hans Offia & Associates, 'Foreign Business Registration in Nigeria' (Hans Offia Law Firm) https://hansoffialawfirm.com/foreign-business-registration-in-nigeria/ accessed 17 April 2026.
[376] Oloworaran, Oloworaran and Olowononi (n 4) 112; Osamolu (n 1) 68
[377] Osamolu (n 1) 68; Omeh (n 13) 90.
[378] Ibid; Omeh (n 13)
[379] Eni Eja Alobo, Business Law and Practice (Princeton & Associates Publishing Co Ltd 2021); Hans Offia & Associates (n 15).
[380] Ibid.
[381] Osamolu (n 1) 78.

13	Sector-specific licences and approvals.[382]	Sector regulators (NUPRC, CBN, NCC, NERC and others)	Sector-specific statutes (see section 3.1.1.12)
14	Application for applicable incentives.[383]	NIPC; Nigeria Revenue Service; Industrial Inspectorate Division	NTA 2025, Ch 8 Pt II; Export (Incentives and Miscellaneous Provisions) Act

Three features of the sequence in Table 2 bear emphasis. First, the fourteen steps engage no fewer than nine separate institutions, each with its own documentary requirements, fee schedule and processing timeline, and none of which is bound by a statutory service standard. Secondly, the steps are not merely numerous but conditional upon one another: incorporation at step 5 is a precondition of tax registration at step 7, which is in turn a precondition of the tax clearance certificate required for the business permit at step 11, while the Certificate of Capital Importation at step 9 is itself among the documents required for the business permit and the expatriate quota.

A delay at any single stage therefore propagates through the remainder of the process. Thirdly, the duplication is documentary as well as institutional: the memorandum and articles of association, the certificate of incorporation, the CAC status report, the tax clearance certificate and evidence of business premises are each filed separately with the NIPC, the Ministry of Interior and NOTAP, with no statutory mechanism for mutual recognition of documents already verified by a sister agency. It is this combination of multiplicity, conditionality and documentary duplication, rather than the substantive content of any individual requirement, that constitutes the principal procedural obstacle to foreign participation in Nigeria.

Procedure for Registration of Foreign Portfolio Investment in Nigeria

Foreign portfolio investment entails the acquisition of shares in Nigerian companies by foreign investors, particularly in publicly quoted companies through stockbrokers on the Stock Exchange, although such investors may also acquire shares in private companies by applying directly to the company.[384]

Procedural Steps for Foreign Portfolio Investment in Nigeria

Application for Acquisition of Shares

Shares in Nigerian companies may be acquired by foreign investors either by applying directly to private companies or through other recognised channels.[385] In this regard, the foreign investor initiates the process by submitting an application for shares to the Nigerian company.[386] Additionally, where the investment takes the form of portfolio investment, the investor may seek allotment of shares through the primary market by way of a public offer, or alternatively through a stockbroker in respect of shares listed on the stock exchange via the

[382] World Bank Group, Nigeria: Investment Policy and Regulatory Review (World Bank 2022) 7 https://documents1.worldbank.org/curated/en/099250201122328790/pdf/P17393802c4b840e50a637038b09da3478e.pdf accessed 9 March 2026.
[383] Osamolu (n 1).
[384] Omeh (n 13) 88.
[385] Oloworaran, Oloworaran and Olowononi (n 4) 112.
[386] Osamolu (n 1) 68

secondary market. Private placement also remains an available avenue through which a foreigner may undertake portfolio investment in Nigeria.[387]

Consideration and Allotment of Shares by the Board

Upon receipt of the application, the company's Board of Directors evaluates the request and, where satisfied, passes a resolution approving the allotment of shares to the foreign investor, subject to compliance with all necessary approvals and regulatory requirements.[388]

Issuance and Registration of Shares

Following the allotment, share certificates are issued to the foreign investor by the company's registrar. Thereafter, the investor is required to register the shares with the Central Securities Clearing System (CSCS), upon which a statement of stock holdings is issued as evidence of ownership.[389]

Registration with the Securities and Exchange Commission

In addition, the investor is obligated to apply to the Securities and Exchange Commission for the formal registration of the security.[390]

Importation of Capital and Issuance of Certificate of Capital Importation

The procedure also entails the importation of investment capital through an authorised dealer, following which a Certificate of Capital Importation is issued as proof of the inflow of funds into the country.[391]

Application for Exemption (Where Applicable)

It is also provided that, in appropriate circumstances, an application for exemption may be submitted to the Minister of Trade, accompanied by the specified particulars and any additional requirements that may be prescribed by the Secretary to the Federal Government.[392]

Incorporation with the Corporate Affairs Commission (CAC)

In practical terms, a foreign investor seeking to establish a business presence in Nigeria must approach the Corporate Affairs Commission either for the incorporation of a new company or for participation in an existing Nigerian company through share acquisition. The company may be registered in various forms, including private or public companies, whether limited or unlimited, or as a company limited by guarantee.

Where the investment structure involves collaboration with Nigerian partners, there may be a need for the preparation and execution of joint venture agreements and other pre-incorporation arrangements. It is also significant that foreign participation cannot be carried out through a business name structure, as such enterprises do not satisfy the legal requirement relating to share capital.

Furthermore, the law makes it clear that an unregistered foreign company (which is not exempted) cannot lawfully establish a business presence in Nigeria by maintaining an office or address for business purposes. However, such a company may still maintain an address strictly for the receipt of notices and documents preliminary to incorporation.[393]

[387] Omeh (n 13) 88.
[388] Osamolu (n 1) 69.
[389] Omeh (n 13) 88.
[390] Osamolu (n 1) 70
[391] ibid.
[392] Ibid.
[393] Omeh (n 13); Hans Offia & Associates (n 15)

Procedure for Incorporation with the Corporate Affairs Commission

The incorporation process is carried out through the CAC registration portal and involves several steps, which in practice may be undertaken simultaneously:

Creation of Account on the CAC Portal

The process begins with the creation of an account on the CAC online portal, which serves as the platform for all registration activities.[394]

Name Availability Search

The proposed company name is subjected to a search using the CAC public search tool to confirm availability.[395]

Reservation of Name

Once availability is confirmed, the name is reserved pending completion of registration.[396]

Completion of Pre-Registration Forms

The applicant completes the relevant forms, providing details of directors, shareholders, and the company secretary.[397]

Preparation and Upload of Required Documents

The incorporation process requires submission of the following documents:

- Approved name reservation slip issued by CAC
- Valid means of identification (e.g., National ID, driver's licence, voter's card, or international passport for foreigners)
- Form CAC 1.1 (Application for Registration), containing details of the company
- Memorandum and Articles of Association (MEMART), outlining the company's structure and objectives
- Proficiency certificate (where the business falls within a regulated profession)
- Foreign certificate of incorporation and board resolution (where a foreign entity is subscribing to shares)
- Residence permit of resident foreign shareholders or directors (where applicable)
- Evidence of payment of stamp duties through the Nigeria Revenue Service
- Evidence of payment of CAC filing fees
- Declaration of Compliance (Form CAC 4), signed by a legal practitioner
- Passport photographs of directors and shareholders

These documents collectively establish the legal identity and structure of the company.[398]

Submission of Application

The completed application is submitted electronically for processing.[399]

[394] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 2.
[395] Ibid.
[396] Ibid.
[397] Ibid.
[398] Ibid.
[399] Ibid.

Issuance of Certificate of Incorporation

Upon approval, the Certificate of Incorporation and certified extracts are issued via the CAC portal.[400]

Post-Incorporation Tax Registration

Following incorporation, the company is required to obtain a Tax Identification Number (TIN) from the Nigeria Revenue Service, which is necessary for the payment of corporate taxes and registration for Value Added Tax (VAT).[401]

Consequences of Failure to Register with the Corporate Affairs Commission

Failure to comply with incorporation requirements attracts serious consequences:

- The company cannot carry on business in Nigeria
- Any transaction undertaken is void and illegal
- Courts will not enforce such transactions
- The company cannot maintain a place of business except for preliminary notices
- The company and its officers may incur criminal liability[402]

In addition, where an unregistered foreign company carries on business in Nigeria, it may be exposed to penalties. However, it is noteworthy that such a company may still institute or defend legal proceedings in Nigeria, either in its own name or through its agent, as illustrated in the judicial position adopted in Ritz Pumpen Fabrik GMBH & Co KG v. Techno Continental Engineers Nig. Ltd.[403] In this case, A German company, though unregistered in Nigeria, lent machinery to the respondents for trade fairs, but they neither returned the equipment nor paid for it. When the company sued to recover the value, the Court of Appeal held that a foreign company can maintain an action in Nigeria, either directly or through a local agent, despite not being registered.[404]

Exemption from Incorporation under CAMA

The categories of foreign company that may apply to the Minister for exemption from incorporation under section 80(1) of CAMA 2020, and the particulars that must accompany such an application, are set out in section 3.1.1.1(c) above. For present purposes it is sufficient to note that exemption is not automatic: a formal application must be made and approval obtained before the foreign company may lawfully operate without incorporation, and the exemption lapses on the expiry of the period or the completion of the project for which it was granted.[405]

Effect of the Business Facilitation Act 2023

The Business Facilitation Act 2023 introduced further modifications by:

- Recognising exemption under other Nigerian laws

[400] Ibid.
[401] Hans Offia & Associates (n 15).
[402] Oloworaran, Oloworaran and Olowononi (n 4) 112.
[403] Supra;
[404] Omeh (n 13).
[405] Farinola (n 33).

- Providing for reciprocal exemptions for foreign companies from countries that grant similar privileges to Nigerian companies under bilateral or multilateral treaties.[406]

Registration with the Nigerian Investment Promotion Commission (NIPC)

The Nigerian Investment Promotion Commission Act regulates foreign participation and requires registration of enterprises with foreign involvement before commencement of business.[407]

By virtue of section 17 of the NIPC Act, a non-Nigerian may invest and participate in the operation of any enterprise in Nigeria. Furthermore, section 20(1) of the NIPC Act provides that an enterprise in which foreign participation is permitted shall, after its incorporation or registration, be registered with the Commission before commencing business.[408] In addition to incorporation with the Corporate Affairs Commission, only companies with foreign investment are required to register with the NIPC under section 20 of the NIPC Act.[409]

This requirement applies to all enterprises with foreign participation, particularly those established through foreign direct investment, as the newly incorporated company by the foreign investor must be registered with the NIPC before the commencement of business operations.[410]

Upon registration, the NIPC issues a certificate of business registration to the company. The process can be completed within approximately 1–2 weeks through the One Stop Investment Centre (OSIC).[411]

One-Stop-Investment-Centre (OSIC)

Applications may be lodged through the One-Stop Investment Centre examined in section 3.2.2.1 above, or directly with the relevant regulatory agencies, including NOTAP and the Nigeria Immigration Service.[412]

The formal application for registration, together with requisite documents, is to be addressed to the Executive Secretary of the NIPC, and such application is expected to be processed within 14 days, within which the registration should be completed or the applicant advised otherwise accordingly.[413]

Required Documents for Registration with NIPC

The following documents are required for registration:

- Completed NIPC Form / NIPC Form I
- Memorandum and Articles of Association
- Certificate of Incorporation issued by the Corporate Affairs Commission
- CAC Status Report (CAC Form 1.1 or CAC Forms CO2 and CO7 for older companies)
- Form CAC 1.1 (Application to Register a Company)
- Letter of Authority or Power of Attorney (where a third party undertakes the registration)
- Evidence of payment of registration/processing fee
- N15,000 (approximately US $30.00)
- N150,000 non-refundable processing fee payable via Remita[414]

[406] Ibid.
[407] Hans Offia & Associates (n 15).
[408] Farinola (n 44); Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 4.
[409] Pukka Logistics, 'Foreign Participation in Nigerian Business' (27 January 2026) https://pukkalogistics.com.ng/foreign-participation-in-nigerian-business/ accessed 4 March 2026.
[410] Omeh (n 13) 89.
[411] 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 17.
[412] Omeh (n 13) 89.
[413] Ibid.
[414] 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 17; Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 4.

The registration process can be completed online through the designated portal.[415]

Legal Effects and Benefits of NIPC Registration

One of the notable benefits of registration with the NIPC is that foreign-owned enterprises or establishments shall not be expropriated or nationalized by any government in Nigeria after proper registration.[416] In addition, a foreign enterprise may buy the shares of any Nigerian enterprise in any convertible foreign currency.[417]

A foreign investor in an approved enterprise is guaranteed unconditional transferability of funds through an authorised dealer, in freely convertible currency, including:

- Dividends or profits (net of taxes) attributable to the investment
- Payments in respect of loan servicing where a foreign loan has been obtained
- Remittance of proceeds (net of all taxes and other obligations) in the event of sale or liquidation of the enterprise or any interest attributable to the investment
- Total repatriation of capital where the investor chooses to relocate elsewhere[418]

Recent Regulatory Development: Mandatory Annual Renewal

Effective October 1, 2024, the NIPC introduced new registration fees, and from January 1, 2025, annual renewal of NIPC registration became mandatory. As a result, foreign-owned companies are required to renew their NIPC registration annually by paying the prescribed fee. Failure to renew may lead to loss of registered status and inability to access investment incentives and legal protections. This represents a significant shift from the previous regime where registration was done once and remained valid indefinitely.[419]

Registration with the National Office for Technology Acquisition and Promotion (NOTAP)

Registration of Technology Transfer Agreements

This requirement applies to contracts involving the transfer or acquisition of foreign technology between Nigerian entities and foreign parties. Pursuant to section 5(2) of the NOTAP Act, any contract or agreement entered into in Nigeria between a local party and a person outside Nigeria, in respect of matters specified under section 4(d) of the Act, is required to be registered with the National Office in the prescribed manner within sixty (60) days from the date of its execution or conclusion. The application for such registration is to be submitted to the Director and must be accompanied by certified true copies of the contract or agreement, including all annexures, as well as any additional documents or information that may be required in a particular instance.[420]

Either the transferor or the transferee may initiate the registration of the technology transfer agreement within the stipulated sixty (60) day period. Agreements regarded as technology transfer agreements include those relating to the use of trademarks or patented inventions; the provision of technical expertise such as plans, diagrams, operating manuals or other forms of technical assistance; the supply of basic or detailed engineering; the supply of machinery and plant; the provision of operating or managerial personnel; and the training of staff.[421]

[415] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 4.
[416] Hans Offia & Associates (n 15)
[417] Farinola (n 33).
[418] Ibid
[419] Pukka Logistics (n 49).
[420] *NOTAP Act s 5(3);* Alobo (n 19) 1430.
[421] Omeh (n 13) 91; 2022 Investment Policy and Regulatory Review – Nigeria (n 22).

Application Procedure and Documentation Requirements

The National Office for Technology Acquisition and Promotion is responsible for registering agreements involving the acquisition or transfer of foreign technology and, upon consideration, issues either a Certificate of Approval or a Certificate of Refusal of Registration. The application is required to be supported by the following documents:

- Memorandum and Articles of Association of the Company
- Certificate of Incorporation
- Two copies of the agreement sought to be registered
- Annual audited accounts (in the case of an existing company) or Statement of Affairs (for a newly established company)
- A duly completed NOTAP prescribed form[422]

Grounds for Refusal of Registration

Registration will be refused by the Director where it is determined that:[423]

- The agreement is intended to transfer technology that is already freely available within Nigeria
- The consideration payable is disproportionate to the value of the technology being acquired
- The agreement contains provisions permitting the supplier to interfere, directly or indirectly, in the management of the transferee's undertaking beyond what is necessary
- The transferee is required to assign patents, trademarks, or innovations developed independently to the transferor or a designated person
- Restrictions are imposed on the transferee's research or development activities
- The transferee is obligated to procure equipment, tools or raw materials exclusively from the transferor or a specified source
- Export of the transferee's goods or services is prohibited or subject to unreasonable restrictions
- The use of complementary technologies by the transferee is restricted
- The transferee is compelled to retain personnel nominated by the supplier for an unreasonable or indefinite period
- Production levels or resale prices are fixed in violation of applicable price control laws
- The transferee is required to appoint the supplier as its exclusive sales agent or representative
- The duration of the agreement exceeds ten (10) years or is otherwise unreasonable
- The transferee must obtain prior consent before making modifications to products, processes or plant
- The transferee is required to implement unnecessary design changes
- Quality control provisions are used to impose excessive or burdensome obligations
- Payment is required for technology that is not utilised by the transferee
- The transferee is compelled to accept additional services or technologies not necessary for the primary purpose of the agreement
- The transferee is required to submit disputes to a foreign jurisdiction for interpretation or enforcement of the agreement.[424]

Furthermore, registration may also be declined where the technology in question is already available in Nigeria, is obsolete, or where the pricing does not correspond with the value of the technology.[425]

[422] Ibid.
[423] NOTAP Act s 6(2).
[424] Alobo (n 19) 1430-1432; 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 15; Omeh (n 13) 91.
[425] Omeh (n 13) 91.

Effect of Registration and Legal Consequences of Non-Registration

Where the Director is satisfied that the agreement complies with the requirements of the Act, a certificate of registration will be issued in the prescribed form.[426] In accordance with section 7(1) of the NOTAP Act, no payment shall be made in Nigeria to any person outside Nigeria in respect of obligations arising from such contracts or agreements unless the parties present a valid certificate of registration along with a certified copy of the agreement.[427]
Accordingly, registration of technology transfer agreements constitutes a prerequisite for access to official foreign exchange channels for the remittance of royalties, fees, or other payments. A Nigerian company will therefore be unable to utilise official banking channels for such payments in the absence of NOTAP registration.[428]
The implication of non-registration is that the foreign party will be precluded from repatriating fees, profits, royalties or other financial benefits derived from the agreement, although such non-registration does not automatically render the contract void.[429]

Duration and Validity of Registration

A Certificate of Approval issued by NOTAP is generally granted within approximately six (6) months from the date of application and is valid for a period not exceeding ten (10) years.[430]

Immigration Requirements and Regulatory Permits for Foreign Participation

Nigerian Immigration Laws and Institutional Framework

A foreign investor seeking to invest in, or engage in, enterprise in Nigeria must be properly informed about the laws governing immigration into the country and the movement of foreign personnel from other jurisdictions. Applications for immigration-related approvals are processed through the Nigerian Immigration Service and the Ministry of Interior, and a proper understanding of this framework is necessary before business operations commence, particularly because foreign participation in business in Nigeria often involves the movement of investors, directors, and technical personnel into the country.[431]

Accordingly, a foreign investor is required to secure certain approvals both for the business vehicle itself and for expatriate personnel engaged by it. These include business permit, expatriate quota, work permit, residence permit and visa. Offshore companies and foreign investors intending to establish or carry on business in Nigeria must obtain an expatriate quota from the Minister of Interior as part of the applicable regulatory requirements. Immigrant workers must also obtain residence permits authorising them to lawfully work in Nigeria and, where necessary, remit their earnings abroad. In the same vein, a foreigner or alien who owns a company in Nigeria must obtain a business permit before carrying on business. In practical terms, a foreigner doing business in Nigeria is expected to have a business permit, residence permit, alien registration card and visa, although residence permit and alien registration have now been combined under the CERPAC regime.[432]

Business Permit

Under the Immigration Act, foreigners are required to obtain business permits. Such permits are ordinarily applied for through, and issued by, the Federal Ministry of Interior, and they may be amended where changes occur in matters such as the composition of the company's board, location of business, or other material particulars. Companies with foreign participation intending to do business in Nigeria, or foreign investors

[426] NOTAP Act, s 6(1); Alobo (n 19) 1430.
[427] Ibid.
[428] 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 15.
[429] Omeh (n 13) 91.
[430] Ibid.
[431] Farinola (n 44); Hans Offia & Associates (n 15); Pukka Logistics (n 49).
[432] Omeh (n 13); Farinola (n 44); Osamolu (n 1) 68; Hans Offia & Associates (n 15).

proposing to invest in Nigeria, are therefore required to obtain the consent of the Ministry of Interior, and that consent is granted in the form of a business permit. A business permit constitutes a mandatory approval issued to companies with foreign participation to enable them lawfully operate in Nigeria. It is granted by the Federal Ministry of Interior pursuant to section 36(1) of the Immigration Act 2015 and the Immigration Regulations 2017. Every company with foreign participation must obtain this permit before commencing business activities in Nigeria, and the permit is to be obtained after registration with the Corporate Affairs Commission and the Nigerian Investment Promotion Commission. Business permit is generally granted to a wholly foreign-owned company or to a foreign professional intending to establish a business, take over an existing one wholly, or practise a profession in Nigeria. It is equally required where a foreign company intends to carry on business alone or in joint venture with Nigerians. It has also been described as the document containing the essential particulars of the proposed foreign business enterprise, including the names, registered office of the business, and the addresses and nationalities of the directors. Its purpose is to authorise foreign companies to conduct business in Nigeria on a permanent basis with imported funds.[433]

Process for Obtaining a Business Permit

- Company Incorporation: The company must first be registered with the Corporate Affairs Commission (CAC).
- Application Submission: A formal application is submitted to the Federal Ministry of Interior, along with the required documentation.
- Review and Verification: The Ministry reviews the application and may conduct due diligence.
- Approval and Issuance: If the application meets all requirements, the Business Permit is granted.
- Registration with the NIPC is one of the prerequisites for obtaining a business permit from the Ministry of the Interior.
- Business permit registration generally takes between two and three months, although no definite statutory time limit is prescribed for the grant of approval.[434]

Documents Required for a Business Permit

- Duly completed NIPC form
- Certificate of incorporation
- A copy of Form CAC 2 / statement of share capital structure
- A copy of Form CAC 7 / particulars of first directors
- A copy of the company's memorandum and articles of association
- Certificate of capital importation
- Tax Clearance Certificate
- Evidence of acquisition of business premises / lease agreement for company premises
- Feasibility report or business plan
- Technical Service Agreement / Joint Venture Agreement, where applicable
- Evidence of payment of processing and registration fee
- Incorporation documents of the company, including Memorandum and Article of Company and Form CAC 1.1
- Company bank statement or confirmation of financial standing
- Taxpayer Identification Number (TIN) and proof of tax registration[435]

Amendment of Business Permit

Where a company has already obtained a business permit, it may apply for an amendment of that permit. Such

[433] Alobo (n 19) 1425-1426; Osamolu (n 1) 70; Pukka Logistics (n 49); Omeh (n 13) 89.
[434] Pukka Logistics (n 52); 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 18.
[435] Alobo (n 19) 1425-1426; Osamolu (n 1) 70; Pukka Logistics (n 52); 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 18.

application is to be accompanied by: A certified copy of the company's board resolution reflecting changes in the composition of the Board of Directors, location of business, or line of business activities

- Extract of minutes of the board meeting showing the decision taken and attendance
- Evidence of resignation or appointment of directors, where applicable
- Current Tax Clearance Certificate of the company[436]

Business permit is also a prerequisite for other regulatory approvals, particularly expatriate quota, through which foreign nationals are authorised to work in Nigeria. It is likewise a condition that must be satisfied before business operations commence.[437]

Expatriate Quota

Expatriate quota is a permit issued by the Ministry of Interior authorising a Nigerian company to employ non-Nigerian workers.[438] It is an approval granted to companies operating in Nigeria to employ foreign nationals in positions for which suitably qualified Nigerians are unavailable. The quota specifies the approved job designations to be occupied by expatriates and the duration of such engagement.[439] Foreigners may only be employed in positions that have been approved under an expatriate quota in a company duly registered in Nigeria. Accordingly, any company that intends to employ expatriates must apply to the Ministry of Interior for the grant of expatriate quota otherwise such expatriate may be summarily deported.[440] The application process requires proof of business viability, evidence that the required expertise is unavailable locally, and a training programme for Nigerian employees.[441] The Ministry of Interior retains absolute discretion to refuse a quota position where, in its opinion, the required expertise is already available in Nigeria; in such a case, the foreign investor must employ local staff for those positions.[442]

Duration and Nature of Expatriate Quota

- Expatriate quota is ordinarily granted for a period of two to three years at the discretion of the Ministry and remains renewable.[443] Such renewal may be biennially within a seven-year lifespan.[444]
- The quota is granted to the company and not to the expatriate employee personally. [445]

Consequently, once an expatriate leaves the company, the position returns to the company, which may assign another expatriate to that position while the quota remains valid.[446]

Types of Expatriate quota

Two forms of expatriate quota are identified, namely **Permanent Until Reviewed (PUR) Quota** and **Temporary Expatriate Quota.**[447]

[436] Osamolu (n 1) 71.
[437] Pukka Logistics (n 52); Ikogho Akpomerene, 'Foreign Participation in Nigeria: Registering and building a successful business with expatriates' BusinessDay (24 April 2025) https://businessday.ng/news/legal-business/article/foreign-participation-in-nigeria-registering-and-building-a-successful-business-with-expatriates/?amp accessed 3 March, 2026
[438] Omeh (n 13) 89.
[439] Osamolu (n 1) 66-67.
[440] Omeh (n 13) 89; Pukka Logistics (n 52).
[441] Akpomerene (n 80)
[442] 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 16.
[443] Osamolu (n 1) 67.
[444] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 5.
[445] Osamolu (n 1) 67
[446] Ibid.
[447] Osamolu (n 1) 71; Omeh (n 13) 89.

PUR quota is intended for positions to be occupied permanently, such as chairman of the board of directors or managing director. The grant of PUR quota is aimed at enabling the foreign company to protect its investment. It may also be obtained where a company intends to employ only one expatriate as chief executive officer or country manager, and its major advantage is that it is generally granted for a longer duration than the regular quota.[448]

Temporary expatriate quota, by contrast, applies to positions intended to be filled temporarily, and the expatriate's qualifications must correspond with the approved designation. It is granted for a minimum of five years and is renewable every two years, usually for middle-level management and technical staff whose positions are temporary in character.[449]

Expatriate quota slots may also be linked to the capital base of the company. A business with up to N15 million capitalization may obtain two automatic quota positions, while a business with up to N30 million capitalization may obtain four automatic quota positions, with additional requests being considered on merit.[450] The minimum share capital threshold for one expatriate slot is N10,000,000, while approximately N20,000,000 is required for four expatriate slots, and the threshold increases with the number of slots requested. In regulated sectors such as banking and insurance, even higher thresholds may apply.[451]

Process for Obtaining Expatriate Quota

- Application Submission: The company applies to the Federal Ministry of Interior, providing justification for hiring expatriates.
- Review and Assessment: The Ministry evaluates the company's business activities, justifications, and compliance with local employment laws.
- Approval and Issuance: If approved, the quota is granted, specifying the number of expatriates and their designated roles.[452]

Applications for Business Permit and Expatriate Quota are made simultaneously.[453]

Documents Required for Expatriate Quota

- Duly completed NIPC form
- Copy of certificate of incorporation
- Copy of Form CAC 2 / statement of share capital
- Copy of CAC 7 / particulars of directors
- Copy of MEMART / memorandum and articles of association
- Certificate of capital importation
- Tax clearance certificate
- Evidence of acquisition of business premises / lease agreement for office premises
- Feasibility report or business plan
- Technical services agreement or joint venture agreement
- Business permit, where the sponsor company has foreign ownership
- Company profile
- List of positions to be occupied by expatriates, including proposed annual salaries, job descriptions and qualifications
- Evidence that the required personnel are not likely to be available in Nigeria
- Licence or permits from the relevant government body for operation of the project

[448] Ibid; 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 16.
[449] Ibid; Omeh (n 13) 89.
[450] Omeh (n 13) 89.
[451] 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 15-16
[452] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 4
[453] Osamolu (n 1) 72

- Evidence of work at hand, duration of work and value attached to contract, particularly where the company is engaged in building, civil engineering or construction
- Application letter addressed to the Permanent Secretary, Federal Ministry of Interior
- CAC Form 1.1 detailing directors and shareholders
- Organisational structure showing positions for expatriates
- Evidence of local training programmes for Nigerian employees to facilitate skill transfer[454]

The quota application process is also designed to ensure that Nigerians are not displaced by foreigners in positions they are capable of occupying. Accordingly, the applicant is expected to show that the work to be performed by the alien cannot be done by a Nigerian and that Nigerians will be given the opportunity to understudy the expatriate so that they may subsequently assume such positions.

In the oil and gas sector, the Nigerian Oil and Gas Industry Content Development Act requires operators and companies to employ only Nigerians in junior and intermediate cadres and permits only five per cent of management positions to be occupied by foreigners, subject to approval by the Nigerian Content Development and Monitoring Board, which has sole discretion as to the maximum number of management positions allowed. Before any foreigner may be employed, the company must establish that no qualified Nigerian is available within or outside Nigeria for that role. The same Act also requires submission of a Nigerian content plan demonstrating, among other things, that first consideration is given to services provided from Nigeria and goods manufactured in Nigeria, and that Nigerians are given priority in training and employment.[455]

Renewal of Expatriate Quota

A company that has already obtained an expatriate quota may apply for renewal upon its expiration. Renewal is subject to ministerial discretion and is based on submission of the following documents:

- Completed Immigration Form
- Expatriate quota returns for the three months immediately preceding the application
- Copy of corporate tax clearance certificate
- Copy of current tax clearance certificate of the expatriates
- Detailed training programme for Nigerians
- List of Nigerians understudying expatriates, showing date employed and qualifications
- List of Nigerian senior and management staff, showing names, designations, qualifications and annual salaries
- Current audited accounts[456]

Request for Additional Expatriate Quota

Where a company that has already been granted expatriate quota requires additional expatriates for an ongoing project or for additional positions, it may apply for an increase, provided it can demonstrate full utilisation of the quota already granted. The request is considered at the discretion of the Ministry upon submission of:

- Evidence of acquired machinery or expansion of the company, in the case of manufacturing concerns
- Evidence of a new contract or extension of an existing contract, in the case of construction or engineering companies.[457]

[454] Alobo (n 19); Osamolu (n 1) 68; Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 4.
[455] Omeh (n 13); 2022 Investment Policy and Regulatory Review – Nigeria (n 22)
[456] Osamolu (n 1) 68
[457] Ibid.

Re-designation of Quota

If a company encounters difficulty filling a quota position or intends to promote an expatriate from one quota position to another, it may apply to the Ministry of Interior for re-designation of the quota.[458]

Restoration of Quota

A company which has failed to fully utilise its expatriate quota positions may apply for restoration, but must provide reasons for such failure together with evidence of reactivation and revitalisation of the company.[459]

As to responsibility for applying for a work permit, the obligation falls on the prospective employer rather than the employee. The employer is expected to state the position to be filled, the number of vacancies on the expatriate quota, and to accept immigration responsibility under section 34(1) of the Immigration Act. It is further stated that the controversy over whether the employer or the prospective employee bears this obligation appears to have been settled in Oliver v Dangote Industries Ltd,[460] where it was held that the prospective employer, and not the prospective employee, is the proper party to apply for and obtain the work permit. The same position serves as a caution to employers who engage workers already in possession of work permits, and reference is made in that regard to Santos M Batalha v West Construction Co Ltd and Oil Field Supply Centre Ltd v Joseph Lloyd Johnson (No 2).[461]

After expatriate quota has been obtained, work authorisation may then proceed through the Combined Expatriate Residence Permit and Alien Card for the approved designations. The process of obtaining such work permits may be lengthy. Although the Immigration Act does not prescribe a specific timeline for the issuance of a residence work permit, in practice, it is usually issued within two to three months.[462]

Residence Permit and CERPAC

Residence permit authorises a foreigner to lawfully reside in Nigeria. It is issued to aliens to enable them reside and carry on business in Nigeria or be employed by companies and other institutions in the country. It also extends to dependants such as spouse and children below the age of fifteen who accompany the holder. A residence permit is issued to a foreigner who entered Nigeria on a Subject to Regularization visa, and after entry such individual is expected to change immigration status from visitor to resident by obtaining the permit. It is generally stated to be valid for two years and renewable. Another account indicates that an alien entering Nigeria on a tourist visa may remain for up to three months without a residence visa, but any non-citizen who intends to remain for residential purposes beyond that period must obtain one.[463]

Procedure / Documents for Residence Permit

- Two copies of a letter of application written by the company on behalf of the alien requesting permission to employ the alien
- A valid international passport of the alien
- Submission of the application to the Immigration Department through the Consular Authorities[464]

CERPAC, which means Combined Expatriate Residence Permit and Alien Card, is the green card issued to enable an expatriate employee live and work in Nigeria for twenty-four months. The scheme was introduced in 2002 for foreigners living or working in Nigeria, excluding ECOWAS nationals, accredited diplomats, and children below the age of fifteen years. It was introduced to simplify the process of obtaining residence permit

[458] Ibid.
[459] Ibid
[460] 28 (2009) 10 NWLR (pt. 1150) CA 467 @ 484 Para. H.
[461] (1987) 2 NWLR 625 (1987) 18 NSCC 725; Omeh (n 13) 90.
[462] 2022 Investment Policy and Regulatory Review – Nigeria (n 22)
[463] Omeh (n 13); Osamolu (n 1) 68; Pukka Logistics (n 52).
[464] Osamolu (n 1).

and alien registration certificate. The system is computerized and linked to a central database containing information on foreigners residing in Nigeria, with access points at seaports, land borders and airports. The residence permit under this scheme allows a foreigner and his dependants or family to reside in Nigeria, while every foreigner residing in the country for more than fifty-six days is required to register. Under the scheme, registration remains valid for one year and must thereafter be revalidated. A foreigner relocating within Nigeria is required to notify the nearest Aliens Office, and a foreigner leaving Nigeria permanently must surrender the card to the Aliens Office. It is also stated that, without CERPAC, foreign residents may be treated as illegal residents and may be liable to repatriation.[465]

Types of CERPAC Forms

- CR forms: concessionary forms issued to missionaries, students and ECOWAS African nationals
- AO forms: forms for expatriate nationals
- AR forms: forms for exempted persons[466]

Documents Required to Apply for CERPAC (Employee)

- Employee's international passport bearing Subject to Regularization visa
- Duly completed CERPAC statutory form
- STR package containing the STR documentation received from the Nigerian Embassy or Consul[467]

Once approval is granted, the Immigration Service issues a green-coloured, non-transferable card known as CERPAC. An application fee of US$350 is payable. Upon payment and submission of the completed form, a temporary receipt is issued, and the holder is expected to carry it at all times as evidence of lawful residence until the date and place for collection of the card are communicated.[468]

Visa Requirements

Visa remains a central immigration requirement for a foreigner who seeks either to visit Nigeria or to reside and conduct business within the country. Ordinarily, the visa obtained must correspond with the purpose of entry, and where there is a mismatch between the visa and the purpose for which the holder entered Nigeria, the consequence may be deportation or refusal of entry. Nigeria provides different classes of entry visas under the Nigeria Visa Policy 2020, and these are issued by the Nigerian Immigration Service under the Immigration Act 2015 and the Immigration Regulations 2017.

The visa system has undergone significant changes. Although the Immigration Act 2015 laid the legal foundation for entry procedures, it did not prescribe specific timelines for processing. Subsequently, in May 2025, Nigeria introduced an electronic visa system with a target processing period of two business days. Prior to this, the Visa on Arrival regime operated with a similar two-day target. The e-Visa system has now replaced that arrangement, although the two-day timeline is presented as an administrative efficiency target rather than a statutory guarantee.[469]

[465] Ibid; Pukka Logistics (n 52).
[466] Ibid.
[467] Ibid.
[468] Ibid.
[469] Omeh (n 13); Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10); Pukka Logistics (n 52).

Classes of Entry Visas and Requirements

A. Short Stay Visas – intended for persons visiting Nigeria for up to ninety days:

- Tourism Visa (F5A)
- Visiting Visa – Single Entry (F6A)
- Transit Visa
- Business Visa – Single Entry (F4A), for meetings, conferences, contract discussions, trade fairs and job interviews

Requirements and Application Mode

- Valid passport with at least six months validity and two blank pages
- Two recent passport photographs measuring 35x40mm
- Return or onward ticket
- Evidence of sufficient funds
- Proof of accommodation or host address in Nigeria
- Application through the e-Visa portal[470]

Temporary Work Permit (TWP) Visa – applicable to expatriates invited by Nigerian companies for short-term technical services or installations. Under another account, cable visa is issued for Temporary Work Permit and lasts for no more than three months unless extended upon application to the Comptroller-General of Immigration. It is stated that repair or installation of machinery, feasibility studies, auditing of accounts and research assignments may require this type of visa.

Requirements and Application Mode

- Valid passport
- Two recent photographs
- Visa approval letter pre-approved by the NIS Comptroller-General
- Letter of invitation from the Nigerian company
- Proof of funds
- Application for NIS approval initiated by the Nigerian company
- Completion of the application by the applicant at the Nigerian Embassy or High Commission abroad.[471]

Subject to Regularization (STR) Visa – the visa required by foreigners who intend to take up employment in Nigeria and the visa ordinarily issued for residence and work authorisation. It is stated that no non-citizen may take up employment in Nigeria, other than employment with the Federal or State Government, without the consent of the Comptroller-General of Immigration. The prospective employer is therefore required to apply in writing to the Comptroller-General, confirming the existence of a vacancy on the expatriate quota, stating the position to be filled, and accepting immigration responsibility.

The employer company then applies to the Nigerian embassy or consular office in the country of residence of the prospective employee for issuance of the STR visa. One account states that the visa may be issued by the Nigerian mission without reference to the Comptroller-General once the applicant presents the specified documents, while another states that expatriate quota approval from the Ministry of Interior must first be obtained. The visa is granted for ninety days, during which the holder must apply to regularise the stay. After entry into Nigeria, the holder must proceed to apply for CERPAC.[472]

[470] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10).
[471] Ibid; Omeh (n 13).
[472] Osamolu (n 1) 68; Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10); Omeh (n 13).

Documents Required to Apply for STR Visa

- Employee's international passport with at least six months validity
- Four passport-sized photographs
- Four copies of STR Visa statutory form IMM/22
- Letter applying for STR visa from the company
- Copy of certificate of incorporation of the company
- Copy of certified copy of expatriate quota
- Four copies of the employee's letter of employment
- Four copies of the employee's letter of acceptance of employment
- Resume of employee
- Notarized and certified university or professional qualification
- Valid international health certificate against yellow fever
- Valid flight booking
- Appropriate visa fee paid.[473]

Dependant's Application

Where the expatriate employee intends to relocate with dependants, the following documents must accompany the application:

- Marriage certificate
- Birth certificate
- Letter from the company stating that the dependants will accompany the employee
- Letter from the expatriate employee requesting that the dependant accompany him or her and accepting immigration responsibility
- Valid international health certificate against yellow fever for the dependants
- Valid flight booking for the dependants
- Appropriate visa fee paid[474]

Diplomatic and Official Visas

- Valid diplomatic or official passport
- Note verbale or official letter from the relevant government or agency
- Application through the nearest Nigerian Mission, without online submission[475]

Academic Visas

- Valid passport
- Two recent passport photographs
- Invitation letter from a Nigerian academic institution
- Proof of sufficient funds
- Application for short-term academic visits through the e-Visa portal
- Long-term assignments through the Nigerian Embassy or High Commission[476]

Investor Visas – previously known as Visa on Arrival and now fully integrated into the e-Visa platform.

[473] Osamolu (n 1) 68
[474] Ibid
[475] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 4.
[476] Ibid

Eligible Applicants

- High-net-worth investors
- African Union nationals, excluding ECOWAS citizens who do not require visas

Requirements and Application Mode

- Pre-approval from NIS
- Invitation letter from a Nigerian business partner
- Valid passport
- Evidence of investment plan and financial capacity
- Flight itinerary
- Completed online application and payment
- Application through the e-Visa platform[477]

Sector-Specific Licences and Other Regulatory Approvals

A foreign investor or company must also ascertain the licences required for operating in the particular sector into which the investment is to be made. Some industries are subject to special licensing requirements which must be fulfilled before business operations may lawfully begin. Specific approvals may be necessary in sectors such as communications, banking and petroleum. Likewise, where foreign investment involves the importation of foreign technology, NOTAP approval may be required, and this may take between three and six months.[478] Examples of sector-specific approvals include the following:

- A foreign company intending to establish a sports betting company in Nigeria must first obtain a permit from the National Lottery Regulatory Commission
- A company providing logistics services must obtain a licence from the Nigerian Postal Service
- A company engaged in energy services, including generation, transmission and distribution of electricity, must obtain the relevant licences and permits from the Nigerian Electricity Regulatory Commission
- Under the Civil Aviation Act, foreigners cannot be granted an aviation licence or any related permit or authorisation for commercial air operations in Nigeria
- A company providing engineering services must be registered with the Council for the Regulation of Engineering in Nigeria, and one requirement is that Nigerian directors registered with COREN must hold at least fifty-five per cent of the company's shares
- Under the Private Guards Act, all directors of private guard companies must be Nigerians.

Several industrial sectors are regulated, and operators within those sectors are required by law to obtain operating licences before commencing business. In addition, the commercial production of certain products is regulated, and those products must be certified by the appropriate authority before they may be made available in the Nigerian market. Examples mentioned include certification procedures under the Standards Organisation of Nigeria through MANCAP and SONCAP, certification of manufacturing premises, import permits, and pre-arrival assessment report procedures, licensing by the Nigerian Communications Commission for telecommunications services, and product registration with the National Agency for Food and Drug Administration and Control for food, drugs, cosmetics, medical devices, chemicals and veterinary

[477] Ibid
[478] Farinola (n 44); 2022 Investment Policy and Regulatory Review – Nigeria (n 22).

products. There is also mention of state-level registration involving premises registration and state-specific taxes, with guidance provided by State Investment Promotion Agencies and state ministries.[479]

Registration of Securities with the Securities and Exchange Commission (SEC)

The Securities and Exchange Commission is mandated to keep and maintain distinct registers for foreign direct investment and foreign portfolio investment in Nigeria.[480] (From Samuel A Osamolu) Where foreign investors enter Nigeria through either foreign direct investment or foreign portfolio investment, and seek quotation on the Stock Exchange or the Capital Trade Point, there is a requirement to register their investment interests with the Securities and Exchange Commission, which maintains separate registers for both categories of investment.[481]

Furthermore, pursuant to Rule 406 of the Securities and Exchange Commission Rules, all foreign companies participating in Nigeria are required to register with the Securities and Exchange Commission.[482] A foreign investor is entitled to repatriate up to one hundred per cent of dividends, capital gains and interest accruing from investments in securities in Nigeria.[483]

The Investment and Securities Tribunal of the Nigerian Stock Exchange is vested with the responsibility of protecting foreign investors, including the power to sanction racketeers and compel the restitution of embezzled funds to investors.[484] Additionally, the Nigerian Stock Exchange performs the function of promoting and creating public awareness regarding investment opportunities in Nigeria.[485]

Certificate of Capital Importation (CCI)

A foreign investor is required to bring capital into Nigeria through an authorised dealer, such as the Central Bank of Nigeria (CBN) or any licensed commercial bank, upon which a Certificate of Capital Importation (CCI) is issued to the investor. This certificate serves as proof of the inflow of foreign capital and guarantees:

- Unrestricted repatriation of capital and profits
- Legal protection against expropriation[486]

The Certificate of Capital Importation constitutes formal evidence that capital has been imported into the country through official channels, and it is the document on which the statutory assurance of transferability examined in section 4.3.2 below operates.[487]

Capital may be imported in different forms, including direct inflow of foreign currency convertible into Naira through authorised dealers, usually commercial banks, at the official exchange market. Alternatively, capital importation may take place through the importation of raw materials, machinery, or equipment, or through participation in a Debt-Equity Scheme. Where capital is imported through authorised dealers, the foreign investor enjoys several advantages, including the ability to open a foreign currency domiciliary account with the authorised dealer, operate a special non-resident Naira account, acquire shares in Nigerian companies using funds in the Naira account, and repatriate capital, dividends, and other income (net of taxes) at prevailing market rates.[488] Under the Debt-Equity Scheme, capital importation occurs through the acquisition of Nigeria's debt instruments at discounted rates by a foreign investor, who then receives the Naira equivalent

[479] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 4.
[480] Osamolu (n 1).
[481] Omeh (n 13) 90; Osamolu (n 1).
[482] Farinola (n 44).
[483] Omeh (n 13) 90.
[484] Ibid
[485] Ibid
[486] Pukka Logistics (n 52).
[487] Omeh (n 13) 91.
[488] Ibid

of the face value of such instruments for investment purposes within Nigeria. These debt instruments may be purchased on any stock exchange worldwide by qualified individuals or corporate entities. The scheme was introduced in 1988 as part of Nigeria's national economic revival strategy, and its implementation is overseen by the Debt Conversion Committee (DCC) of the Central Bank of Nigeria.[489]

Beyond the general advantages associated with capital importation, the Debt-Equity Scheme specifically offers the benefit of acquiring foreign exchange at discounted rates. The scheme is accessible to both resident and non-resident investors, and Nigerians are equally eligible to participate in and benefit from it.[490] Participation in the Debt-Equity Scheme is subject to certain conditions, including the provision of evidence of approval in principle from the Debt Conversion Committee, completion of the relevant application forms (such as Form DCPII), submission of the company's Certificate of Incorporation, feasibility reports, evidence of the company's three-year financial statements, and its Memorandum and Articles of Association.[491]

It should be noted that, in practice, the procedural steps outlined above may not always be followed sequentially, as certain stages of the process may be undertaken concurrently, particularly within the framework of the One Stop Investment Centre (OSIC).[492]

These procedures and requirements for foreign participation in business in Nigeria reflect a multi-institutional approval framework involving several regulatory bodies across incorporation, investment registration, capital importation, and sectoral compliance. This structure indicates a coordinated regulatory environment requiring interaction among different agencies in the administration of foreign investment in Nigeria, which may give rise to some extent of procedural complexity.

Incentives for Foreign Participation in Business in Nigeria

Nigeria operates a broad and structured system of investment incentives aimed at attracting and sustaining both domestic and foreign participation in its economy. These incentives are designed to reduce operational costs, enhance profitability, and create a favourable investment climate across key sectors, thereby positioning Nigeria as a competitive environment for foreign investment, although its practical effectiveness often depends on implementation and regulatory consistency.They are embedded in various statutory and regulatory frameworks and include tax-based incentives, non-tax incentives, sector-specific benefits, tariff concessions, export incentives, and special economic zone advantages.[493]

General Tax-Based Incentives

Tax incentives in Nigeria are now governed principally by the **Nigeria Tax Act 2025 (NTA 2025)**, which took effect on 1 January 2026 as part of a four-statute fiscal package comprising the Nigeria Tax Act 2025, the Nigeria Tax Administration Act 2025, the Nigeria Revenue Service (Establishment) Act 2025 and the Joint Revenue Board of Nigeria (Establishment) Act 2025.[494] The NTA 2025 consolidated previously fragmented tax statutes into a single framework, aligned Nigeria's tax administration with global standards and introduced a more transparent and investor-oriented system, thereby materially improving the coherence of the fiscal

[489] Ibid.
[490] Ibid.
[491] Ibid.
[492] Ibid.
[493] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 21; 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 21; Fope Agbede, 'Foreign Direct Investment (FDI) and Company Regulation in Nigeria: Legal Incentives and Barriers' (2025) Academia.edu https://www.academia.edu/128881068/Foreign_Direct_Investment_FDI_and_Company_Regulation_in_Nigeria_Legal_Incentives_and_Barriers accessed 4 March 2026.
[494] Nigeria Tax Act 2025; Nigeria Tax Administration Act 2025; Nigeria Revenue Service (Establishment) Act 2025; Joint Revenue Board of Nigeria (Establishment) Act 2025. The four Acts were assented to on 26 June 2025 and took effect on 1 January 2026.

regime.[495] Under this regime a range of fiscal reliefs is available, including exemptions, deductions, credits and preferential tax treatments, although the multiplicity of reliefs remains complex for investors to navigate.

Core Tax Incentives

The Act provides several incentives aimed at easing the tax burden on businesses:

- **Small Company Relief:** Under section 56 of the Nigeria Tax Act 2025, companies with an annual turnover not exceeding ₦100 million and fixed assets below ₦250 million are exempt from Companies Income Tax, Capital Gains Tax, and Development Levy, although they are still required to comply with filing obligations.[496] This supports small businesses while maintaining regulatory oversight.
- **Export Profit Incentive:** Under section 51 of the Nigeria Tax Act 2025, profits derived from the export of goods and services are exempt from corporate taxation, provided that the proceeds are repatriated into Nigeria through official foreign exchange channels in compliance with regulatory requirements, which encourages inflow of foreign exchange while imposing strict compliance conditions on investors.[497]
- **Capital Gains Tax Reliefs:** The Act provides exemptions for certain categories of disposals, including qualifying reorganisations[498] and compensation[499] within statutory limits, as well as roll-over relief[500] where proceeds are reinvested in qualifying assets,[501] thus facilitating business restructuring and reinvestment activities.
- **Research and Development (R&D) Incentives:**By virtue of section 28 of the Nigeria Tax Act 2025, companies are entitled to deduct the full cost of qualifying R&D expenses incurred within Nigeria. Where such activities serve the public interest, an enhanced deduction of up to 120% may be granted, subject to appropriate approval. Where R&D results in tangible assets, such assets may also qualify for capital allowances.[502] However, under section 165 of the Act, the total R&D deduction is capped at 5% of turnover. This reflects a deliberate policy to promote innovation.
- **Innovation and Startup Financing Relief:** Under section 163 of the Nigeria Tax Act 2025, gains arising from investments in qualifying startups, including venture capital and similar funding arrangements, may be exempt from taxation under prescribed conditions,[503] thereby encouraging investment in emerging and innovation-driven sectors.
- **Deductible Donations:** Section 164 of the Act, provides that corporate donations to approved institutions are deductible for tax purposes, subject to a cap of 10% of profit before tax.[504]
- **Loss Relief:** Companies are permitted to carry forward losses to offset future taxable profits in accordance with statutory provisions,[505] thus allowing for financial flexibility for businesses, particularly in their early stages.
- **Development Levy:** Under section 59 of the Nigeria Tax Act 2025, a consolidated levy of 4% on assessable profits is imposed to replace multiple sector-specific levies, thereby simplifying the tax burden on companies.[506]
- **Minimum Effective Tax Rate (ETR):** In line with international tax standards, particularly the OECD Pillar Two framework, section 63 of the Nigeria Tax Act 2025 requires that large multinational

[495] Nigerian Investment Promotion Commission, Nigeria Investment Incentives & Statutory Reliefs (1 January 2026) https://www.nipc.gov.ng/wp-content/uploads/2026/02/Nigeria-Investment-Incentives.pdf accessed 17 April 2026 8.
[496] Ibid 11.
[497] Ibid.
[498] Nigeria Tax Act 2025, s 54-55.
[499] Ibid s 52.
[500] Ibid s 42.
[501] NIPC (n 137) 9.
[502] Ibid.
[503] Ibid
[504] Ibid.
[505] Nigeria Tax Act 2025, s 189; NIPC (n 137) 17.
[506] NIPC (n 137) 11.

enterprises maintain a minimum effective tax rate of 15%,[507] which helps curb tax avoidance among such entities.

- **Value Added Tax (VAT) Reliefs:** The Nigeria Tax Act 2025 provides that Certain goods and services are either zero-rated[508] or exempt from VAT, including exports, essential goods such as food and medical supplies, educational services, and specific categories of industrial equipment,[509] thereby reducing the cost burden on critical sectors of the economy.
- **Stamp Duty Incentives:** The Nigeria Tax Act 2025 provides exemptions from stamp duties for specific instruments, including government-related transactions, cooperative activities, and certain securities transactions, as well as low-value instruments[510] which facilitates seamless transactions, particularly within capital markets and public sector activities.

Special Investment Tax Incentives

Economic Development Tax Incentive (EDTI)

The Economic Development Tax Incentive, established under Chapter 8, Part II of the Nigeria Tax Act 2025 and operative from 1 January 2026, marks a shift from traditional tax holidays to a performance-based incentive model. It has replaced the Pioneer Status regime for new entrants and is directed at encouraging actual capital investment in priority sectors.[511]

Under this scheme, qualifying companies are entitled to a tax credit equivalent to 5% of their qualifying capital expenditure annually for a period of five years. Unutilised credits may be carried forward, and in certain circumstances, the benefit period may be extended where profits are reinvested[512] which enhances long-term investment planning for eligible companies.

Eligibility is confined to the priority sectors designated in the Tenth Schedule to the Act, which include manufacturing, agriculture, mining and renewable energy, and each sector carries a minimum qualifying capital expenditure threshold. Participation is subject to certification by the Nigerian Investment Promotion Commission, production-day certification by the Industrial Inspectorate Division and certification of qualifying capital expenditure by the Nigeria Revenue Service.[513][514] The design secures targeted growth, but it confines access to designated sectors and imposes a three-stage administrative process which, consistent with the wider pattern identified in this study, reintroduces inter-agency sequencing into what is formally a single incentive.

Pioneer Status Incentive (PSI)

The Pioneer Status Incentive was for several decades the most significant investment incentive in Nigeria. It granted qualifying companies in designated industries exemption from companies income tax for an initial period of three years, extendable to a maximum of five years.[515] Its rationale was to enable businesses in emerging or strategic sectors to stabilise and reinvest profits during their formative stages. The scheme is now closed: the Nigerian Investment Promotion Commission ceased to receive applications after 10 November 2025, and the Economic Development Tax Incentive took its place with effect from 1 January 2026.[516] Subsisting beneficiaries retain their reliefs for the unexpired portion of the relief period, so that the former

[507] Ibid.
[508] Nigeria Tax Act 2025, First Schedule, Part I
[509] Ibid First Schedule, Part II & III, s 223-233; NIPC (n 137) 16.
[510] Ibid s 185; NIPC (n 137) 15.
[511] Ibid s 166-183.
[512] Ibid s 178; NIPC (n 137); Pukka Logistics (n 52).
[513] NIPC (n 137) 15.
[514] Nigeria Tax Act 2025, Ch 8 Pt II and Tenth Schedule; s 165(3) (presidential power to amend the list of priority sectors). Approval requires certification by the NIPC, production-day certification by the Industrial Inspectorate Division and certification of qualifying capital expenditure by the Nigeria Revenue Service.
[515] 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 21; Agbede (n 136)
[516] Pukka Logistics (n 52).

regime continues to govern a closed class of enterprises while the credit-based model applies to all new investment. The transition confirms a settled policy preference for performance-based incentives over blanket tax holidays.

Additional Tax Reliefs under Existing Legislation

Beyond the NTA 2025, other statutes such as the Companies Income Tax Act (CITA) continue to provide supplementary incentives, ensuring that the incentive regime is not confined to a single legislative source. These include:

- Deduction of expenses incurred wholly, exclusively, and necessarily in generating taxable income;
- Reduced tax rates for small and medium enterprises;
- Tax exemptions or reductions on interest arising from foreign loans depending on repayment conditions;
- Investment tax credits for infrastructure development, local manufacturing, and research activities;
- Rural investment allowances for companies that provide essential infrastructure such as roads, electricity, and water in underserved areas. This fosters **development in less economically viable regions**.[517]

Export-Related Incentives

To promote non-oil exports and improve international competitiveness, several export incentives are available:

- **Export Expansion Grant (EEG):** A post-shipment incentive scheme under which exporters receive Export Credit Certificates that may be used to offset tax liabilities or meet other government obligations.[518]
- **Duty Drawback Scheme:** Refunds are granted on import duties paid on raw materials used in the production of exported goods, with partial refunds available upon preliminary verification.[519]
- **Manufacture-in-Bond Scheme:** Allows manufacturers to import raw materials duty-free for the purpose of producing export goods, subject to compliance with prescribed conditions.[520]

Tariff-Based Incentives

Tariff concessions form an important part of Nigeria's incentive framework and are aimed at reducing production costs:

- Zero or reduced import duties on machinery and equipment used in sectors such as agriculture, manufacturing, mining, energy, and health;
- Concessional duty rates for components used in local assembly (e.g., CKD and SKD schemes);
- Availability of Import Duty Exemption Certificates (IDEC) for qualifying manufacturers, subject to regulatory approval and compliance requirements.[521]

Special Economic Zones

Export Processing Zones (EPZs)

Enterprises operating within Export Processing Zones enjoy several benefits:

[517] Fidelis Adewole and Marian Asuenimhen, 'Legislation, Incentives to Invest in Nigeria' (G Elias & Co, 14 April 2021) https://law.asia/legislation-incentives-invest-nigeria/ accessed 17 April 2026; O. M. Atoyebi, SAN., and Romeo Osogworume, Esq.,"Foreign Participation Regulations in Nigerian Businesses" (2024) https://omaplex.com.ng/foreign-participation-regulations-in-nigerian-businesses/ accessed 17 April 2026 ; Osamolu (n 1) 87.
[518] NIPC (n 137)
[519] Hans Offia & Associates (n 15); Pukka Logistics (n 52).
[520] Omeh (n 13)
[521] NIPC (n 137)

- Complete exemption from federal, state, and local taxes;
- Duty-free importation of raw materials and equipment;
- Full foreign ownership and free repatriation of profits;
- Capital allowances on qualifying assets.[522]

Oil and Gas Free Zones

Enterprises within Oil and Gas Free Zones are entitled to:

- Similar tax exemptions and duty waivers;
- Duty rebates on processed raw materials;
- Flexibility in exporting goods;
- Regulatory oversight by the Oil and Gas Free Zones Authority.[523]

Sector-Specific Incentives

Nigeria's incentive regime also targets specific sectors:

- **Agriculture:** Tax holidays for agricultural enterprises and access to credit guarantee schemes.[524]
- **Manufacturing:** Investment tax credits, interest drawback schemes, and incentives for local production.[525]
- **Solid Minerals:** Tax holidays, capital allowances, and deductions for environmental remediation contributions.[526]
- **Oil and Gas:** Fiscal incentives under the Petroleum Industry Act, including tax deductions, reduced royalty rates, and incentives for gas utilisation and infrastructure development.[527]

Double Taxation Relief

Nigeria has entered into Double Taxation Agreements with several countries to prevent the same income from being taxed twice. These agreements typically provide tax credit relief and reduced withholding tax rates, thereby enhancing the attractiveness of Nigeria as an investment destination.[528]

Prohibition of Multiple Incentives on the Same Income

The NTA 2025 establishes a clear rule against the duplication of incentives. A taxpayer is not permitted to claim more than one form of tax relief, exemption, or credit in respect of the same income or activity. Where a taxpayer wishes to access additional incentives, such incentives must relate to a distinct and separately assessable activity.[529]

[522] Ibid.
[523] Ibid
[524] Ibid
[525] Ibid
[526] Ibid
[527] Ibid
[528] Adewole and Asuenimhen (n 158); Osamolu (n 1) 98.
[529] NIPC (n 137)

Overall, the incentive regime for foreign participation in business in Nigeria allows for the coexistence of multiple incentives. It reflects an extensive tax based and non-tax based support system formulated to boost and improve the Nigerian investment climate and enhance foreign investment across various sectors.

A cumulation of these incentives reveal a policy orientation aimed at lowering administrative costs, enhancing the inflow of capital and stimulating reinvestment in key sectors such as agriculture, manufacturing, energy, oil and gas and other viable sectors, allowing for greater productivity within the Nigerian economy as a whole.

Although it is an investor targeted regime allowing for flexibility through its fragmentation across several regulatory instruments, this may result in complexity for investors navigating the system who may be subject to numerous compliance standards and regulatory authorities. This may affect the practical access to such incentives and the effectiveness of such.

Investment Protection Framework in Nigeria

Nigeria's legal and regulatory framework provides a range of safeguards designed to protect foreign investments and promote investor confidence. These protections are grounded in various legal instruments, including the Constitution of the Federal Republic of Nigeria, the Nigerian Investment Promotion Commission Act, the Land Use Act, bilateral investment treaties, and foreign exchange regulations.[530]

While this multi-layered framework reflects a strong formal commitment to investor protection, its effectiveness ultimately depends on the consistency of implementation and broader economic stability.

Protection against Expropriation

Foreign investments in Nigeria are protected against expropriation under the Constitution, the Land Use Act, and other applicable domestic laws, as well as international agreements. The Constitution guarantees equal treatment for both nationals and foreign investors and recognises the right to acquire and own movable and immovable property within Nigeria. It further provides that no property or interest therein shall be compulsorily acquired except in accordance with a law that permits such acquisition for a public purpose, ensures the prompt payment of compensation, and grants access to a court or tribunal for the determination of the amount of compensation.[531]

In addition, the Nigerian Investment Promotion Commission Act expressly prohibits the nationalisation or expropriation of enterprises by any government of the Federation. It provides that no individual or entity shall be compelled to surrender ownership or interest in any enterprise except where such acquisition is carried out in the national interest or for a public purpose. In such circumstances, the law mandates the payment of fair and adequate compensation and guarantees the right of access to the courts for the determination of the investor's rights and entitlement. The Act further requires that compensation be paid without undue delay and that the investor be granted authorisation to repatriate such compensation in freely convertible currency.[532]

The Land Use Act complements these provisions by requiring compensation to be paid to landowners where rights to land are revoked on the basis of overriding public interest.[533]

Furthermore, Nigeria is a party to several bilateral investment treaties which extend protection against both direct and indirect forms of expropriation, including measures that may have an equivalent effect to nationalisation.[534]

[530] 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 19; Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 25; Osamolu (n 1) 99-100
[531] Ibid
[532] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 25; 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 19.
[533] 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 19.
[534] Ibid

These provisions collectively establish a robust legal shield against arbitrary state interference. However, the broad interpretation of "public purpose" and "national interest" may create room for discretionary state action, which, if not carefully regulated, could undermine investor confidence.

Repatriation of Funds and Foreign Exchange Guarantees

The Nigerian legal framework guarantees the free transfer of funds by foreign investors. Under the Nigerian Investment Promotion Commission Act, foreign investors are assured of unconditional transferability of dividends, profits, interest payments on foreign loans, and proceeds from the sale or liquidation of investments, provided such transfers are effected through authorised dealer banks in freely convertible currency.[535]

To facilitate this process, foreign investors are issued Certificates of Capital Importation (CCI) as evidence of the inflow of investment capital into Nigeria. These certificates are issued electronically by authorised dealer banks and serve as a basis for accessing the official foreign exchange market for the purpose of repatriating funds.[536]

The Central Bank of Nigeria regulates foreign exchange transactions through the Foreign Exchange Manual 2018, which outlines the procedural and documentary requirements for accessing the foreign exchange market. It specifies the categories of eligible transactions and provides guidance to authorised dealers and the general public. Generally, repatriation of funds is permitted once these requirements are satisfied.[537]

The legal position has, however, been qualified in practice by constraints on foreign exchange liquidity. Between 2016 and 2023 the Central Bank of Nigeria operated multiple exchange rate windows and a system of administrative allocation, under which access to foreign exchange for eligible transactions was rationed, foreign currency sales by bureau de change operators were restricted and supply was reassigned to authorised dealer banks. The result was stricter control over access to foreign exchange, particularly for transactions falling outside the categories recognised under the Foreign Exchange Manual.[538] Those arrangements were substantially dismantled by the unification of the windows in June 2023 and the reconstitution of the market in 2024, the consequences of which for the repatriation guarantee are examined below.

In addition, the remittance of technical fees is subject to regulation by the National Office for Technology Acquisition and Promotion (NOTAP), which prescribes limits typically ranging between 0% and 5% of net sales depending on the nature and complexity of the technology involved.[539] Bilateral investment agreements may also permit limited restrictions on transfers in specific circumstances, such as bankruptcy, insolvency, criminal proceedings, or compliance with judicial or administrative orders.[540]**Although the legal guarantee of fund repatriation is a significant attraction for foreign investors, these practical foreign exchange constraints expose a gap between legal assurances and economic realities, which may affect the predictability of investment outcomes.**

The Electronic Foreign Exchange Matching System and the Practical Content of the Repatriation Guarantee

The analysis above establishes the legal content of the repatriation guarantee. Its practical content, however, is determined not by the NIPC Act or the FEMMP Act but by the market through which a repatriating investor must pass, and that market was reconstituted in late 2024. The displacement of the former quotation-based arrangements by the **Electronic Foreign Exchange Matching System (EFEMS)**, operated on the Bloomberg BMatch platform, has altered the conditions under which a holder of a Certificate of Capital Importation can in fact convert and remit naira proceeds. Because the statutory guarantee is expressed as a right to transfer

[535] Ibid
[536] Ibid
[537] Ibid
[538] Ibid
[539] Ibid
[540] Ibid

funds in freely convertible currency through an authorised dealer, and not as a right to any particular rate or to any particular settlement period, the operation of EFEMS determines what that right is worth.[541]

Three features of the matching system bear directly on the guarantee. First, participation is restricted. Only authorised dealer banks licensed by the Central Bank of Nigeria may trade on the platform, other financial institutions require the Bank's prior approval, and transactions must be in minimum amounts of US$100,000 and in increments of US$50,000.[542] The foreign investor is therefore not a participant in the market on which the realisation of its own statutory right depends. It is a client of a participant, and its repatriation instruction must be aggregated by its authorised dealer into a tradeable order. For an investor whose dividend or divestment proceeds fall below the minimum trade size, or whose bank is unwilling to warehouse the exposure, the right to repatriate is exercisable only at the dealer's convenience. The guarantee in section 24 of the NIPC Act is thus intermediated in a manner the section does not contemplate.

Secondly, settlement is subject to bilateral credit and settlement limits. Participants are required to establish such limits for each counterparty and in respect of the Central Bank as counterparty bank, and an order that would exceed an applicable limit will not execute.[543] Repatriation is accordingly contingent not only on the availability of foreign exchange in the market but on the adequacy of the counterparty lines between the dealer banks at the moment the order is submitted. This is a materially different form of constraint from the administrative rationing that characterised the earlier regime: it is transparent, rule-based and non-discretionary, but it is a constraint nonetheless, and one against which the investor has no legal remedy. The dispute resolution route under the revised market guidelines lies between counterparties, is referred to the Financial Markets Dealers Association and is subject to a final and binding determination by the Central Bank of Nigeria.[544] The investor, not being a counterparty, has no standing within that mechanism at all.

Thirdly, and in the investor's favour, EFEMS has materially improved price discovery. Mandatory order submission, real-time publication of pricing data and the requirement that completed transactions be reported to the Central Bank within ten minutes of execution have reduced the opacity that previously characterised the market. The premium between the official window and parallel market quotations, which exceeded 60 per cent before the 2023 unification, had narrowed to approximately two per cent by the end of 2025 and stood at roughly three to five per cent in late 2026.[545] The Nigeria Foreign Exchange Code, effective from 14 October 2024, reinforces this by imposing conduct standards on market participants and requiring annual board-level attestation of compliance.[546] The practical significance of this for the repatriation guarantee is considerable. Where the official and parallel rates diverge substantially, a legal right to remit at the official rate is a right of uncertain value, since the rate at which the right is exercised bears no stable relationship to the economic value of the underlying investment. The convergence of the two rates has therefore done more to give content to section 24 of the NIPC Act than any amendment of that section could have achieved.

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[541] NIPC Act, s 24; Foreign Exchange (Monitoring and Miscellaneous Provisions) Act 1995, ss 15 and 19(1)(b), read with the Certificate of Capital Importation requirements in the CBN Foreign Exchange Manual 2018, Memorandum 21.

[542] Central Bank of Nigeria, *Guidelines for the Nigeria Foreign Exchange Market Electronic Matching System* (CBN, 25 November 2024). Trading on the Bloomberg BMatch platform commenced on 2 December 2024. Transactions must be in minimum amounts of US$100,000 and in increments of US$50,000, are limited for the present to naira/United States dollar spot trades, and are executed between 9.00 am and 4.00 pm West Africa Time on business days.

[543] Central Bank of Nigeria, *Guidelines for the Nigeria Foreign Exchange Market Electronic Matching System* (CBN, 25 November 2024), which require participants to set credit and settlement limits for each counterparty and in respect of the Central Bank as counterparty bank, to submit daily reports on trade volumes and settlement status, and to give thirty days' notice before exiting the platform.

[544] Central Bank of Nigeria, *Nigerian Foreign Exchange Market: Revised Guidelines* (CBN, 29 November 2024), under which unresolved disputes between counterparties are referred to the Financial Markets Dealers Association, with a further appeal to the Central Bank of Nigeria whose decision is final and binding.

[545] The premium between the official window and bureau de change quotations narrowed from approximately 5.92 per cent in 2024 to approximately 2.11 per cent in December 2025, against spreads in excess of 60 per cent before the 2023 unification. By early November 2026 the Nigerian Foreign Exchange Market rate stood at approximately ₦1,347, with parallel market quotations between ₦1,390 and ₦1,415, a premium of roughly 3 to 5 per cent.

[546] Central Bank of Nigeria, *Nigeria Foreign Exchange Code* (CBN, 2024), effective 14 October 2024, which requires the boards, chief executive officers and chief compliance officers of authorised dealers to attest annually to compliance.

The conclusion to be drawn is more precise than the general proposition that foreign exchange instability undermines investor confidence. The 2024 reforms have substantially repaired the pricing dimension of the repatriation guarantee while leaving its access dimension intermediated and conditional. An investor holding a valid Certificate of Capital Importation now enjoys a reasonably reliable expectation as to the rate at which proceeds will be converted, but no enforceable expectation as to when conversion will occur, because that depends on order size, dealer willingness, counterparty limits and market liquidity, none of which is governed by the instruments that create the right. The experience of the forward obligations backlog illustrates the point: the guarantee was never legally suspended, yet approximately US$7 billion in validated obligations remained unperformed until March 2024. The remedy for this residual defect is not further amendment of the NIPC Act, whose terms are already unqualified, but the attachment of enforceable service standards to the repatriation process, a reform addressed in section 5.3.4 below. Until the right to repatriate is accompanied by a determinate period within which an authorised dealer must execute a properly documented instruction, the Certificate of Capital Importation will continue to evidence an entitlement whose timing is set by market mechanics rather than by law.

International Investment Protection: IPPAs and Bilateral Treaties

Nigeria has entered into several Investment Promotion and Protection Agreements (IPPAs) with countries including France, the United Kingdom, the Netherlands, Romania, Switzerland, Spain, and South Africa. These agreements provide additional layers of protection for foreign investors by safeguarding investments against risks such as expropriation, nationalisation, and losses arising from war or civil disturbances. They also guarantee the transfer of profits, dividends, and other investment-related income, as well as compensation in the event of loss.[547] These agreements further enhance investor protection by providing access to international dispute resolution mechanisms in the event of disputes between investors and the host state.[548]

The existence of these agreements strengthens Nigeria's position within the global investment system; however, their effectiveness depends on enforceability and the state's continued commitment to honouring arbitral awards and treaty obligations.

Liberalisation of Ownership Structure

Nigeria's investment framework permits full foreign ownership of business enterprises. Following the repeal of the Nigerian Enterprises Promotion Act and the enactment of the Nigerian Investment Promotion Commission Act, foreign investors are allowed to hold up to 100% equity in Nigerian companies. This represents a significant shift from the previous regime, which imposed restrictions on foreign participation in certain sectors. [549] This liberal ownership structure enhances Nigeria's attractiveness as an investment destination, although it also raises broader policy considerations regarding the balance between foreign participation and the protection of domestic industries.

Nigeria's investment protection regime reflects a stratified system of statutory safeguards derived from constitutionally grounded, statutory and international agreements, designed to secure foreign investments and enhance investor confidence. This framework is further strengthened by the inclusion of bilateral investment treaties, which aligns domestic protections with international standards.

Although the legal framework provides various protections for investors, the practical effectiveness of these protections depends on the consistent application of regulations, the stability of the foreign exchange system, and the effective enforcement of legal and treaty obligations. These conditions help reduce regulatory uncertainty, facilitate the movement of funds, and ensure the enforcement of investment agreements.

[547] Osamolu (n 1) 99-100
[548] Ibid
[549] Ibid

Dispute Resolution Mechanisms for Foreign Investment in Nigeria

General Framework for Dispute Resolution

Conflicts arising from foreign investment activities in Nigeria may be addressed through a range of dispute resolution mechanisms operating at both domestic and international levels. These include proceedings before Nigerian courts, as well as recourse to arbitration conducted either locally or internationally. In practice, foreign investors are typically able to choose between litigation and arbitration, depending on the governing legal framework and the prior agreement reached between the parties.[550] In this regard, arbitration may be pursued under the provisions of any applicable bilateral or multilateral investment protection agreement binding on both Nigeria and the investor's country of origin. Furthermore, parties may elect to submit disputes to arbitration under any agreed national or international dispute resolution system. Where such consent exists, domestic arbitration also remains an available option for resolving investment disputes.[551]

The availability of multiple options for dispute resolution portrays flexibility within the system; however, it may also introduce complexities where parties fail to clearly spell out their preferred forum at the outset of their dealings with one another.

Amicable Settlement of Disputes

Under the Nigerian Investment Promotion Commission Act, priority is given to the amicable resolution of disputes involving investors and the Nigerian government. The Act provides that such disputes should initially be approached through dialogue and mutual engagement with the aim of reaching a settlement before resorting to formal legal procedures. Where these efforts do not succeed, arbitration is recognised as the principal alternative means of resolving such disputes.[552]

Despite this emphasis, there is no formally established institutional body dedicated to handling investor–state disputes at the preliminary stage before formal proceedings commence. Nevertheless, Nigeria applies administrative law principles rooted in English common law and refined through local judicial decisions, which regulate the conduct of public authorities. In addition, the Constitution guarantees the right of parties to have their civil rights and obligations determined by a court or tribunal within a reasonable time, thereby ensuring access to fair hearing, including in disputes involving government entities.[553]

Although the preference for amicable resolution encourages cooperation, the lack of a structured pre-dispute framework may weaken the effectiveness of early-stage dispute resolution, particularly in complex investor–state disputes where institutional support could facilitate faster settlements.

Litigation before Domestic Courts

Proceedings before Nigerian courts remain a recognised and accessible means of resolving disputes arising from foreign investment. The jurisdiction of Nigerian civil courts extends to matters involving foreign investors and government authorities, as well as disputes between foreign investors and private individuals or corporate entities within Nigeria. In addition, foreign judgments and arbitral awards are capable of recognition and enforcement by Nigerian courts, provided that they satisfy the requirements of reciprocity, procedural fairness, and due process under Nigerian law.[554]

While litigation offers a formal avenue for dispute resolution, the delays evident in judicial proceedings may affect investor confidence and encourage adoption of alternative mechanisms such as arbitration.

[550] 2022 Investment Policy and Regulatory Review – Nigeria (n 22) 20.
[551] Ibid
[552] Ibid; Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 26.
[553] Ibid
[554] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 26.

Arbitration and Mediation Framework in Nigeria

Arbitration constitutes a central pillar of dispute resolution in Nigeria's investment framework. The Arbitration and Mediation Act 2023 establishes a comprehensive legal regime governing both arbitration and mediation processes. It provides for proceedings that are impartial, independent, and neutral, ensuring that all parties are treated equally and are afforded a fair opportunity to present their respective cases. The Act also sets out detailed rules relating to the appointment, challenge, and removal of arbitrators, supported by defined timelines intended to promote efficiency and procedural clarity.[555]

In addition, the Act recognises and facilitates the enforcement of both domestic and foreign arbitral awards through simplified procedures. It incorporates the provisions of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, thereby strengthening the enforceability of foreign arbitral decisions within Nigeria. The framework further introduces modern features such as emergency arbitrator provisions for urgent interim relief, recognition of third-party funding arrangements, and the imposition of time limits for setting aside arbitral awards, all of which contribute to certainty and finality in arbitral proceedings. It also promotes institutional arbitration and supports the growth of arbitral bodies within the country.[556]

This framework significantly aligns Nigeria with global arbitration standards, thus reinforcing investor confidence in arbitration as an effective dispute resolution mechanism**.**

International Arbitration and the ICSID Framework

At the international level, Nigeria participates in established global mechanisms for resolving investment disputes. Notably, where parties are unable to agree on a dispute resolution method, Section 26(3) of the Nigerian Investment Promotion Commission Act provides for reference to arbitration under the International Centre for Settlement of Investment Disputes framework. Nigeria is a contracting state to the ICSID Convention, and the Centre—established in 1966 as part of the World Bank Group and headquartered in Washington, D.C.—serves as a forum for arbitration and conciliation between foreign investors and host states.[557] The ICSID system administers proceedings under its Convention and Additional Facility Rules, with hearings typically conducted in Washington, D.C., although alternative venues may be agreed upon by the parties. Member states are obligated to recognise and enforce awards issued under the ICSID framework. The effectiveness of this system is illustrated by disputes such as Churchill Mining v Indonesia[558] and Occidental Petroleum v Ecuador,[559] where arbitral tribunals rendered binding decisions in investor–state disputes.[560] Nigeria also operates within the framework of the United Nations Commission on International Trade Law, further integrating its dispute resolution system with internationally accepted legal standards.[561]

Engagement with international arbitration systems enhances investor protection by providing neutral fora for dispute resolution, although it simultaneously subjects the state to adjudicatory processes beyond its domestic legal system.

Enforcement of Arbitral Awards

The enforceability of arbitral awards in Nigeria is firmly grounded in statutory provisions. Section 51(1) of the Nigerian Investment Promotion Commission Act provides that arbitral awards, irrespective of the jurisdiction in which they are rendered, shall be recognised as binding and enforced by Nigerian courts upon proper application. This position was affirmed in Tullip Nigeria Limited v Noleggioe Transport Maritime

[555] Ibid.
[556] Ibid.
[557] Ibid; Omeh (n 13) 95.
[558] (ICSID Case No. ARB/12/40 and 12/14)
[559] ICSID Case No. ARB/06/11
[560] Omeh (n 13) 95.
[561] Nigerian Investment Promotion Commission, Investment Guide Nigeria 2025 (n 10) 26; Omeh (n 13) 95.

SAS,[562] where the Court of Appeal upheld the authority of Nigerian courts to enforce foreign arbitral awards, subject to compliance with procedural requirements, including prescribed time limits for instituting such actions.[563] Furthermore, Nigeria's ratification of both the New York Convention and the Washington Convention reinforces its commitment to the recognition and enforcement of international arbitral awards, thereby strengthening the legal protection afforded to foreign investors.[564] Although the legal framework for enforcement is well developed, its practical effectiveness depends largely on the efficiency of judicial processes and adherence to procedural timelines.

Arbitral Institutions in Nigeria

Nigeria hosts a range of arbitral institutions that support the resolution of commercial and investment disputes. These include the Regional Centre for International Commercial Arbitration, Lagos; the Chartered Institute of Arbitrators (Nigeria Branch); the Lagos Court of Arbitration; the Maritime Arbitrators Association of Nigeria; the Society for Construction Industry Arbitration; and the International Chamber of Commerce (ICC) Nigeria National Committee.[565]

The existence of multiple arbitral institutions reflects significant institutional capacity, although their effectiveness ultimately depends on the level of investor confidence and the extent to which these institutions are actively utilised.

Emerging Concerns and Calls for Reform

Despite the availability of diverse dispute resolution mechanisms, there has been increasing global advocacy for reforms in investor–state dispute settlement systems. These reform proposals include the introduction of appellate structures, the establishment of permanent international investment courts, and improvements aimed at enhancing transparency, independence, and cost-efficiency. There have also been calls for states to reassess their obligations under international investment treaties and to strengthen domestic judicial systems as viable alternatives for resolving investment disputes.[566] These developments reflect a shifting global landscape, indicating that while existing mechanisms remain functional, there is a continuing demand for reforms that promote greater accountability, efficiency, and balance in the resolution of investment disputes.

The dispute resolution system for foreign investment in Nigeria reveals the various forms open to investors for resolving disputes, with arbitration being the central and most utilised option. The overall structure is designed to assure investors of disputes not only being heard but also properly enforced, whether handled locally or internationally. Nigeria's alignment with international arbitration systems also helps to make the process more predictable and acceptable to foreign investors, since it follows widely recognised global standards.

However, due to the fact that several options are available and different levels of procedure involved, the system can be somewhat complex in practice, especially when deciding the most appropriate forum to use. In general, while the framework is flexible and investor-friendly, its effectiveness depends on how smoothly these different mechanisms work together in actual application.

Challenges Facing Foreign Participation in Business in Nigeria

Nigeria has historically adopted various incentive-based policies aimed at encouraging foreign private investment as part of its broader development strategy. This approach is grounded in the assumption that

[562] (2011). NWLR 4 (Pt.1237), 254.
[563] Omeh (n 13) 95.
[564] ibid.
[565] Ibid
[566] Ibid.

foreign direct investment serves as a mechanism for bridging domestic resource gaps and stimulating economic expansion.[567]

Despite these policy efforts and the country's significant economic size and resource endowment, foreign direct investment in Nigeria continues to be constrained by a wide range of structural, regulatory, and institutional challenges that affect investor confidence and participation.[568]

Bureaucratic Bottlenecks and Administrative Inefficiency

Foreign investors operating in Nigeria are often confronted with protracted administrative procedures in relation to obtaining essential regulatory approvals such as business permits, expatriate quotas, CERPAC, and operating licences, which are frequently slowed down by entrenched bureaucratic red tape and institutional inefficiencies.[569] These processes are further complicated by delays embedded within administrative approval structures, where inefficiencies within regulatory agencies result in slow and cumbersome business entry procedures.[570]

Even with the establishment of facilitative frameworks such as the One-Stop Investment Centre (OSIC), investors still encounter unclear, prolonged, and procedurally rigid approval mechanisms within Nigeria's investment administration system.[571] Administrative inefficiencies are further reinforced by systemic bureaucratic bottlenecks, which continue to manifest in the processing of permits, tax clearance certificates, and operational authorisations.[572] The regulatory and judicial environment is additionally weighed down by administrative inefficiencies and governance-related delays that continue to affect foreign business operations.[573]

This situation indicates an underlying institutional weakness within the regulatory framework, where procedural formalities are not streamlined to reflect a pro-investment environment. The lack of administrative coordination not only prolongs entry timelines but also creates room for discretionary practices that weaken transparency.

Regulatory Complexity, Overlap and Policy Inconsistency

Foreign participation in Nigeria is significantly affected by the multiplicity of regulatory agencies whose overlapping mandates often generate uncertainty and compliance difficulties for investors.[574] Investors are required to comply with multiple regulatory institutions such as the Nigerian Investment Promotion Commission (NIPC), Corporate Affairs Commission (CAC), Nigeria Revenue Service, Standards Organisation of Nigeria (SON), among others, which frequently operate with divergent timelines and procedural requirements. The coexistence of these regulatory bodies, without full harmonisation of mandates, creates regulatory fragmentation and administrative duplication that complicates business operations.[575]

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[567] Ninette Nyalyen Ninyio, 'Foreign Direct Investment in Nigeria: Challenges and Prospects' (2024) 11(4) KAS African Law Study Library – Librairie Africaine d'Etudes Juridiques 621-622 https://doi.org/10.5771/2363-6262-2024-4-617 accessed 20 April 2026

[568] Ibid; Olawunmi Ojo, 'Doing Business in Nigeria: What Investors Must Know About Nigeria's FDI Environment' (Mondaq Legal 500, 17 April 2025) https://www.mondaq.com/nigeria/inward-foreign-investment/1612738/doing-business-in-nigeria-what-investors-must-know-about-nigerias-fdi-environment accessed 4 March 2026.

[569] ThankGod Chinonso Ekenobi, 'A Review of the Regulatory Requirements for Foreign Participation in Nigeria's Business Ecosystem' (22 May 2025) SSRN https://ssrn.com/abstract=5268750 accessed 3 March 2026;

[570] Ojo (n 203).

[571] Ibekwe Emmanuel Chidi, 'Promoting Foreign Direct Investment (FDI) in Nigeria: Challenges and Opportunities in the Legal Framework, 2020–2023' (2025) 7(1) BUJOHIS: Babcock Journal of History and International Studies 99-100.

[572] Ojo (n 203); Chidi (n 206).

[573] Temitope Omole, 'Foreign Direct Investment (FDI) in Nigeria: Opportunities, Challenges and Way Forward' (2021) 7(5) International Journal of Law 116.

[574] Ekenobi (n 204).

[575] Chidi (n 206)

Regulatory unpredictability is further intensified by frequent changes in government policies and investment frameworks, which disrupt investor planning and long-term capital forecasting.[576] The absence of adequate stakeholder consultation in policy formulation often results in sudden regulatory shifts that increase compliance costs and reduce investor certainty.[577] Nigeria's investment regulatory environment is also characterised by long-standing policy inconsistency, particularly in relation to trade and foreign investment governance. Legislative uncertainty of this kind is illustrated by the two decades of debate that preceded the Petroleum Industry Act 2021; although that Act has settled the principal legal framework for the sector, the protracted uncertainty that preceded it depressed investment commitments, and the pace of subordinate rule-making under the Act continues to affect investor planning. The Nigerian trade regulatory framework also reflects protectionist tendencies, including fluctuating tariff regimes and sudden import restrictions aimed at domestic economic protection.[578]

What emerges here is a structural fragmentation in regulatory governance, where the absence of clearly demarcated functions leads to uncertainty in compliance. This weakens the coherence of the legal framework and makes it difficult for investors to navigate regulatory obligations with confidence.

Foreign Exchange Instability and Financial Risk

Foreign exchange volatility continues to pose a major constraint to foreign investment as fluctuations in the value of the Naira generate uncertainty in financial planning and capital repatriation.[579] This instability is worsened by inconsistent monetary policies, liquidity constraints, and inflationary pressures within the foreign exchange market.[580]

Foreign investors frequently encounter challenges in accessing foreign currency for profit repatriation, importation of machinery, and procurement of raw materials, thereby constraining operational efficiency.[581] The existence of multiple exchange rate windows, coupled with unpredictable currency depreciation, further introduces distortions and inefficiencies in the foreign investment environment.[582]

Exchange rate instability is also linked to external macroeconomic shocks such as crude oil price fluctuations, which significantly affect Nigeria's foreign reserves and currency stability. The persistent depreciation of the Naira is further associated with declining foreign reserves and macroeconomic volatility.[583]

Nigeria has experienced high-profile regulatory and policy shocks that directly affected investor confidence, including the suspension of Twitter's operations in 2021, which signaled sudden regulatory intervention risks in the digital economy.[584] Foreign exchange instability has also had measurable corporate impacts, with multinational companies such as MTN Nigeria, Guinness, Nestlé, and Airtel Africa recording significant financial losses attributed to currency devaluation and FX exposure risks.[585] These corporate losses were compounded by rising production costs and repatriation difficulties, further discouraging long-term foreign capital retention in Nigeria.[586]

The issue extends beyond economic fluctuation to a question of regulatory reliability, particularly where policy inconsistency affects the predictability of financial obligations. This creates doubt as to whether statutory guarantees relating to capital movement can be effectively relied upon in practice.

[576] Agbede (n 136).
[577] Ojo (n 203).
[578] Omeh (n 13)
[579] Omole (n 208).
[580] Ojo (n 203).
[581] Agbede (n 136).
[582] Ibid.
[583] Omeh (n 13) .
[584] Agbede (n 136); Ojo (n 203).
[585] Ninyio (n 202) 622- 625.
[586] Ibid

Infrastructure Deficiency

A critical structural limitation to foreign participation in Nigeria is the inadequate state of infrastructure across key sectors including power, transport, communication, and utilities.[587]

Electricity supply remains highly unreliable, with frequent outages significantly increasing operational costs and reducing business productivity. Due to inadequate power infrastructure, businesses are compelled to depend on alternative energy sources, which substantially increases operational expenditure and reduces competitiveness.[588] Nigeria's transport infrastructure, including road networks and port facilities, is poorly developed, resulting in congestion, delays in cargo processing, and increased logistics costs. Communication infrastructure is equally deficient, with limited broadband penetration and weak telecommunications systems restricting efficient business communication and global connectivity.[589] Congestion at major Nigerian ports, particularly in Lagos, has resulted in delays in cargo clearance and increased demurrage charges, thereby disrupting supply chains for foreign investors.[590]

These infrastructural inadequacies collectively increase the cost of doing business and reduce Nigeria's attractiveness as a destination for foreign investment.[591]

This highlights a disconnect between legal provisions and practical realities, as the effectiveness of investment laws is ultimately dependent on the environment within which they operate. Without adequate infrastructure, the legal framework struggles to achieve its intended purpose.

Insecurity and Political Risk

Security challenges remain a significant deterrent to foreign investment in Nigeria, particularly due to the prevalence of insurgency, kidnapping, banditry, and communal conflicts across different regions.[592]

These risks are more pronounced in the northern and southeastern regions, where persistent instability heightens perceived investment risk.[593] Terror-related activities, including insurgent attacks and violent extremist operations, have further intensified insecurity concerns among foreign investors. The recurring occurrence of violent incidents across several northern states continues to undermine investor confidence and disrupt economic activities. Political instability, including regime changes and policy reversals, further contributes to uncertainty in the investment environment. Insecurity also increases exposure to risks such as asset loss, operational disruption, and expropriation concerns.[594] The Northern region has been identified by economic analysts as one of the least attractive areas for foreign investment due to persistent insecurity and repeated terrorist incidents.[595]

In this context, the challenge lies in the gap between legal guarantees and their practical enforceability. Where security cannot be assured, the protection offered by law becomes largely theoretical, thereby weakening investor confidence.

Corruption and Weak Governance

Corruption remains a major obstacle to foreign investment in Nigeria as it undermines transparency and increases the cost of regulatory compliance.[596] Nigeria's performance in international corruption rankings

[587] Ibid; Agbede (n 136).
[588] Ninyio (n 202) 622- 625.
[589] Ibid
[590] Agbede (n 136).
[591] Ibid
[592] Agbede (n 136); Ekenobi (n 204).
[593] Ekenobi (n 204).
[594] Omole (n 208).
[595] Ibid
[596] Ibid

reflects persistent institutional weaknesses that affect investor confidence. Foreign investors frequently report unofficial payment demands, administrative delays, and weak enforcement mechanisms within regulatory systems.[597] Corruption further weakens the effectiveness of property rights protection and reduces trust in institutional safeguards available to investors.[598] The persistence of corruption across various levels of governance continues to discourage foreign participation by increasing uncertainty and operational risk.[599] Instances of high-level corruption scandals and political leniency, including controversial pardons of convicted public officials, have been cited as factors undermining anti-corruption credibility and investor confidence in Nigeria.[600]

This points to a systemic issue where the integrity of the regulatory framework is compromised at the level of implementation. The presence of informal practices undermines accountability and reduces the credibility of formal legal processes.

Judicial and Legal Enforcement Challenges

The Nigerian judicial system is characterised by delays in adjudication, inconsistent rulings, and procedural inefficiencies that affect commercial dispute resolution.[601] Dispute resolution processes are often prolonged, with litigation sometimes extending over several years before final determination.[602] Although arbitration is available, enforcement of arbitral awards remains slow due to procedural constraints within the judicial system.

Despite Nigeria's participation in international arbitration frameworks, enforcement of foreign arbitral awards is still hindered by judicial inefficiencies and procedural delays.[603] The judiciary is further constrained by underfunding and structural inefficiencies, which negatively affect the administration of commercial justice.[604]

The concern here is not the absence of legal remedies, but the inefficiency in their enforcement. Delays in adjudication and execution diminish the practical value of legal protections and weaken the dispute resolution system.

Tax and Structural Economic Constraints

Nigeria's tax system presents compliance difficulties due to its multi-tier structure involving federal, state, and local taxation authorities. This fragmented tax structure increases administrative burdens and complicates regulatory compliance for foreign investors. The multiplicity of taxation layers across federal, state, and municipal levels creates compliance uncertainty and increases the regulatory burden on foreign businesses operating in Nigeria.

The Nigerian economy is heavily dependent on the oil and gas sector, which accounts for a significant proportion of export earnings. This dependence exposes the economy to external shocks, particularly fluctuations in global oil prices, thereby affecting investment stability across sectors.[605]

This reflects a lack of harmonisation within the fiscal and regulatory structure, where overlapping obligations create unnecessary complexity. Such fragmentation increases compliance uncertainty and reduces the overall attractiveness of the legal environment.

[597] Agbede (n 136).
[598] Omole (n 208).
[599] Omeh (n 13)
[600] Omole (n 208).
[601] Agbede (n 136).
[602] Omole (n 208).
[603] Agbede (n 136).
[604] Omole (n 208).
[605] Ojo (n 203).

Structural Investment Disincentives

Foreign direct investment outside the oil sector, particularly in manufacturing and other productive industries, remains relatively low despite liberalisation efforts. The dominance of the petroleum sector has contributed to the underdevelopment of other sectors, thereby limiting diversification of foreign investment inflows.[606]

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

Summary of Findings

Examination of Legal and institutional Framework for foreign participation in business in Nigeria

This study conducts a thorough examination of the primary legal instruments governing foreign participation in business in Nigeria and reveals that Nigeria adopts a robust but largely fragmented legal framework, including the Companies and Allied Matters Act (CAMA 2020), the Nigerian Investment Promotion Commission Act, the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, the Immigration Act, the Investments and Securities Act, and several sector-specific laws.

This examination considers the scope, structure, and implementation of these legal provisions within the regulatory framework for foreign participation in business in Nigeria.

Although these laws collectively provide a solid statutory base for foreign investment, they are dispersed across multiple statutory enactments with overlapping provisions, thereby culminating in a lack of uniformity and coherence in implementation.

In the same vein, the institutional framework encompasses several regulatory agencies such as the Corporate Affairs Commission (CAC), Nigerian Investment Promotion Commission (NIPC), Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), Nigeria Revenue Service, Nigerian Immigration Service, and other relevant agencies. This study demonstrates that this multiplicity of institutions gives rise to a multi- tiered regulatory framework which though aimed at ensuring oversight facilities duplication of regulatory functions, procedural inefficacy and bureaucratic strain.

Assessment of Procedural Requirements for Foreign Participation in Business in Nigeria

This research establishes that the processes required to be fulfilled by a foreigner seeking to do business in Nigeria are elaborate, involving several stages and largely institutionally driven, spanning across incorporation, investment registration, capital importation, obtaining regulatory approvals, and sector-specific licensing.

Although administrative mechanisms notably the One Stop Investment Centre (OSIC) have been established to improve and streamline these processes, the findings indicate that in reality, the procedures do not follow a fixed sequence but often occur simultaneously forcing investors to interface with various regulatory bodies concurrently.

This creates a multi-agency approval system which heightens compliance requirements, extends processing timelines and generally complicates procedural processes. While the procedural framework is legally organised and comprehensive, it remains cumbersome and difficult for investors to navigate, particularly for those unacquainted with Nigeria's regulatory system.

Analysis of Incentives and Allowances Available to Foreign Investors

The study demonstrates that Nigeria operates a broad and diverse incentive regime, comprising both fiscal and non-fiscal incentives aimed at encouraging foreign investment. These include pioneer status incentives,

[606] Bisi Akodu, Foreign Direct Investment in Nigeria – A Challenge to the Foreign Investor (OAL, online, 2026) https://oal.law/foreign-direct-investment-in-nigeria-a-challenge-to-the-foreign-investor/ accessed 10 March 2026.

export-related incentives, tax reliefs, special economic zones, and sector-specific incentives targeting key industries such as agriculture, manufacturing, and energy.

The findings suggest that this framework represents a conscious policy initiative toward attracting foreign capital inflow, minimising operational expenses and stimulating reinvestment.

Yet, despite the presence of these incentives, the study indicates that they are affected by the fragmented regulatory framework as this undermines their effectiveness in practice as investors are compelled to engage various authorities and adhere to differing requirements. As a result, the variety of incentives within several legal instruments, though in theory may seem advantageous, complicates the system and undermines their overall efficiency in practice.

Examination of Investment Protection Mechanisms

Further findings of the study show that Nigeria has established a multi-layered investment protection framework, incorporating constitutional guarantees, statutory provisions, and international agreements, including bilateral investment treaties.

This framework provides protections against expropriation, guarantees for the repatriation of funds, and recognition of foreign ownership rights. The study finds that Nigeria's alignment with international standards demonstrates a formal commitment to investor protection and enhances its attractiveness as an investment destination.

However, the findings also indicate that the effectiveness of these protections is largely dependent on the consistency of implementation, foreign exchange stability, and the enforcement of legal obligations. Thus, while the framework is robust in form, its practical reliability remains conditional, which may affect investor confidence.

The study refines this finding in one material respect. The reconstitution of the foreign exchange market in late 2024 around the Electronic Foreign Exchange Matching System has substantially repaired the pricing dimension of the repatriation guarantee: mandatory order submission and real-time reporting have narrowed the premium between the official and parallel markets from more than 60 per cent before the 2023 unification to roughly three to five per cent by late 2026, so that a right to remit at the official rate now carries a determinate economic value. The access dimension of the guarantee, however, remains intermediated and unprotected. A holder of a Certificate of Capital Importation is not a participant in the matching system; its instruction must be aggregated by an authorised dealer into an order of at least US$100,000, executed within bilateral counterparty limits, and it has no standing in the dispute resolution mechanism that governs the market. The clearance of approximately US$7 billion in unmet forward obligations only in March 2024 illustrates the resulting position: the statutory guarantee was at no point suspended or qualified, yet for an extended period it could not be performed. The deficiency is therefore one of institutional reliability and administrative timing rather than of statutory design.

Examination of Dispute Resolution Mechanisms for Foreign Investment

The study further finds that Nigeria operates a pluralistic dispute resolution framework, comprising litigation, arbitration, mediation, and access to international dispute resolution mechanisms such as investor-state arbitration.

Arbitration emerges as the dominant and most preferred mechanism, owing to its flexibility, neutrality, and enforceability. The findings show that Nigeria's alignment with international arbitration standards enhances the predictability and acceptability of its dispute resolution system to foreign investors.

Nevertheless, the availability of multiple dispute resolution options introduces a level of procedural complexity, particularly in determining the most appropriate forum. The effectiveness of the system ultimately

depends on the efficiency of enforcement mechanisms and coordination among institutions, which may impact the practical realization of dispute resolution outcomes.

Identification of Challenges, Gaps, and Bottlenecks in the Regulatory Framework

The research investigates structural, regulatory, and institutional challenges encountered by foreigners seeking to do business in Nigeria. These include bureaucratic bottlenecks and administrative inefficiency, regulatory overlap and policy inconsistency, foreign exchange instability, infrastructure deficiencies, insecurity and political risks, corruption and weak governance, judicial inefficiency, and tax-related structural constraints.

The study finds that these challenges are indicative of a broader disconnect between the formal legal framework and its practical implementation, thereby reducing the overall effectiveness of the regulatory system. Collectively, these issues contribute to uncertainty, higher compliance costs, and weakened investor confidence.

Alignment with International Best Practices

The research finds that Nigeria's regulatory framework reflects general principles broadly consistent with international investment standards, particularly in terms of legal provisions governing foreign participation.

However, the findings indicate that the effectiveness of the framework is constrained by issues relating to coordination, harmonization, and procedural efficiency. This suggests a divergence not in the substance of the legal provisions, but in their practical implementation.

The study therefore highlights the need for a more integrated and investor-friendly regulatory structure that aligns both in substance and in operation with generally accepted international best practices.

Composition of Capital Inflows and the Orientation of the Framework

A further finding emerges from reading the regulatory framework against the published capital importation statistics. Nigeria's investment architecture is constructed around foreign direct investment: the incorporation requirement, the minimum share capital threshold, the expatriate quota, the technology transfer regime and the Economic Development Tax Incentive all presuppose an investor establishing a durable productive presence. The capital the market actually attracts is of a different character. Of the US$23.22 billion of capital imported in 2025, portfolio investment accounted for 85.03 per cent while foreign direct investment accounted for US$923.01 million, or 3.97 per cent, and inflows in the first quarter of 2026 maintained that pattern. The compliance burden identified in this study therefore falls most heavily on the category of investor Nigeria attracts least successfully, while the category that dominates recorded inflows engages almost none of the framework's apparatus and is the most readily reversible. This mismatch between the orientation of the law and the composition of the capital it governs is a structural finding distinct from, though connected to, the fragmentation identified above.

Overall, the study finds that Nigeria's regulatory framework for foreign participation in business is comprehensive in scope but deficient in coordination and practical efficiency. While the legal and institutional structures are well-developed, they are undermined by fragmentation, procedural complexity, and implementation challenges, which collectively hinder the ease of doing business for foreign investors and limit the full realization of the country's investment potential.

The reforms completed between 2024 and 2026 qualify but do not displace this conclusion. The consolidation of the fiscal regime under the Nigeria Tax Act 2025, the modernisation of capital market regulation under the Investments and Securities Act 2025, the replacement of the Pioneer Status Incentive by a credit-based scheme and the reconstitution of the foreign exchange market around electronic matching have each addressed a defect identified in the earlier literature. What they have not addressed is the architecture of entry itself. The investor must still satisfy fourteen sequential and mutually conditional requirements before nine institutions, none of which is bound by an enforceable service standard, and must still file the same core documents separately with

each. The reforms have improved the substance of particular rules while leaving the coordination problem untouched, which is consistent with the central argument of this study that Nigeria's difficulty is institutional rather than legislative.

Conclusion

This study set out to examine the regulatory framework governing foreign participation in business in Nigeria, with a view to evaluating its effectiveness, identifying structural and procedural challenges, and situating it within the context of international best practices.

The study establishes that Nigeria operates a comprehensive and well-developed legal and institutional framework for the regulation of foreign participation in business. The multiplicity of statutes, regulatory agencies, and policy instruments reflects a clear commitment to facilitating foreign investment and integrating it into the national economy.

Notwithstanding this extensive framework, the study concludes that its effectiveness is significantly constrained by fragmentation, weak coordination, and administrative inefficiency. The dispersion of regulatory provisions across multiple legal instruments, coupled with overlapping institutional mandates, produces a system that is burdensome to navigate and costly to comply with.

Further, although the procedural requirements governing foreign participation are formally structured, their multi-layered and institution-driven character gives rise to duplication, delays, and operational inefficiencies. This undermines the overall ease of doing business and reduces the attractiveness of the regulatory environment to prospective investors.

The study also finds that while Nigeria offers a broad range of incentives and maintains investment protection mechanisms consistent with generally accepted international standards, their practical utility is diminished by the same systemic challenges of fragmentation and inconsistent implementation. Consequently, the intended benefits of these provisions are not fully realized in practice.

In addition, the availability of multiple dispute resolution mechanisms, particularly arbitration, demonstrates a commitment to providing credible avenues for resolving investment disputes. However, issues relating to enforcement and institutional coordination continue to affect the efficiency and predictability of outcomes.

The study further reveals that the regulatory framework is confronted with a range of structural and institutional challenges, including bureaucratic inefficiencies, regulatory overlap, foreign exchange instability, infrastructural deficits, and governance concerns. These factors collectively underscore a persistent disconnect between the formal legal framework and its practical operation.

In relation to international best practices, the study concludes that Nigeria's regulatory framework aligns in substance with global investment standards but falls short in terms of coordination, harmonization, and procedural efficiency. This indicates that the principal deficiency lies not in the absence of legal provisions, but in the lack of an integrated and effectively functioning regulatory system.

Overall, the study concludes that Nigeria's regulatory framework for foreign participation in business is robust in design but limited in operational effectiveness. While the existing legal and institutional structures provide a solid foundation for foreign investment, meaningful improvements in coordination, harmonization, and administrative efficiency are essential for the framework to achieve its full potential.

Recommendations

Harmonisation of the Regulatory Framework for Foreign Participation in Business in Nigeria

The current regulatory regime governing foreign participation in business in Nigeria operates through a wide range of statutes and institutions with intersecting and, in some instances, overlapping mandates. This

multiplicity of legal instruments and regulatory bodies has resulted in coordination challenges that affect the consistency, predictability, and efficiency of regulatory administration. It is therefore recommended that:

- The National Assembly should consider the enactment of a unified legislative framework on foreign investment regulation in Nigeria, designed to streamline the existing legal architecture governing foreign participation in business. Such legislation should establish clear and harmonised operational standards for relevant regulatory institutions, define the scope of their respective mandates with greater precision, and reduce instances of regulatory overlap while maintaining Nigeria's constitutional federal structure.
- The statutory role of the One Stop Investment Centre (OSIC) under the Nigerian Investment Promotion Commission (NIPC) should be significantly reinforced to ensure that it functions as an effective central coordinating mechanism for investment approvals. This should include enhanced authority to facilitate inter-agency coordination and to integrate regulatory processes relating to business registration, capital importation, and sectoral approvals within a more unified administrative structure.
- A structured inter-agency coordination framework should be formally institutionalised among investment-related regulatory bodies to promote consistency in regulatory procedures. This framework should ensure alignment of administrative requirements, reduce duplication of regulatory steps, and strengthen collaboration among agencies involved in the regulation of foreign participation in business in Nigeria.

Streamlining of Investment Entry Procedures for Foreign Participation in Nigeria

The procedural framework governing foreign participation in business in Nigeria is characterised by multi-layered approval processes, involvement of multiple regulatory institutions, and, in practice, concurrent administrative procedures across different stages of investment entry. While these procedures are intended to ensure regulatory oversight and compliance, their cumulative effect has been the creation of delays, procedural uncertainty, and increased compliance burdens for foreign investors. It is therefore recommended that:

- The Federal Government, through key regulatory agencies, should carry out a holistic integration and digital transformation of all procedures relating to investment into a single unified system.This should encompass incorporation, investment registration, capital importation, tax registration, and sectoral licensing processes, with a view to ensuring seamless interaction between investors and regulatory institutions within a centralised digital system.
- Regulatory agencies involved in the administration of foreign participation in business should adopt structured concurrent processing mechanisms where appropriate, to eliminate unnecessary sequential approval stages. This approach would enhance administrative efficiency by allowing parallel processing of non-dependent regulatory approvals, thereby reducing delays in investment entry procedures.
- Standardised procedural timelines should be established and uniformly applied across all relevant regulatory institutions involved in investment administration. This would enhance predictability, reduce discretionary delays, and provide investors with clearer expectations regarding the duration of approval processes.
- The administrative steps required for foreign participation in business in Nigeria should be simplified through regulatory streamlining and elimination of redundant procedural requirements. This should be aimed at reducing bureaucratic bottlenecks, improving ease of compliance, and enhancing the overall efficiency of the investment facilitation framework.

Reform of Investment Incentives and Allowances in Nigeria

The study observes that Nigeria's investment incentive framework is characterised by multiple tax-based and non-tax-based schemes administered across different legal and regulatory instruments, resulting in coordination challenges, uneven accessibility, and administrative complexity.

The recent transition from the Pioneer Status Incentive (PSI) to the Economic Development Tax Incentive (EDTI) further underscores the need for greater policy coherence within the incentive regime. It is therefore recommended that:

a. The existing investment incentive framework should be consolidated into a more unified and coherent structure under a central coordinating institution, preferably the Nigerian Investment Promotion Commission (NIPC) in coordination with other administering bodies such as the Nigeria Revenue Service, customs authorities, and relevant sector regulators. This ensures improved coordination, consistency, and ease of administration across all incentive schemes.
b. A centralised and publicly accessible incentives registry should be established to serve as a unified reference point for all available investment incentives across tax, export, tariff, and sectoral regimes. This would improve transparency, reduce information asymmetry, and ensure that investors can easily identify applicable incentives without navigating multiple regulatory channels.
c. The eligibility requirements and application procedures for investment incentives should be standardised across all relevant regimes, including tax incentives under the Nigeria Tax Act 2025, export incentives, and sector-specific schemes. This would reduce inconsistencies in interpretation and application, minimise administrative burden, and improve predictability in investor compliance processes.
d. The approval and administration of investment incentives should be streamlined through simplified procedures and improved inter-agency coordination mechanisms, particularly in relation to overlapping functions between NIPC, the Nigeria Revenue Service and trade-related authorities. This is necessary to ensure that the intended economic objectives of the incentive framework are fully realised and not undermined by procedural fragmentation or regulatory delays.

Strengthening of Investment Protection Framework in Nigeria

The legal framework for investment protection in Nigeria provides safeguards relating to expropriation, repatriation of funds, and foreign ownership rights. However, the effectiveness of these protections is largely contingent upon consistency in implementation, regulatory coordination, and policy stability. It is therefore recommended that:

a. Enforcement mechanisms for investment protection guarantees should be strengthened, particularly in relation to safeguards against expropriation and the effective assurance of repatriation of capital and returns, so as to enhance investor security and confidence.
b. Greater consistency should be ensured in foreign exchange administration policies and practices, in order to improve predictability in capital movement and reduce uncertainty affecting foreign investment operations in Nigeria.
c. Enforceable administrative service standards should be attached to the repatriation process. The guarantee of transferability in section 24 of the Nigerian Investment Promotion Commission Act is unqualified in its terms, and no amendment of that section would strengthen it. What is absent is a determinate period within which an authorised dealer must execute a properly documented repatriation instruction supported by a valid Certificate of Capital Importation, together with a remedy available to the investor where that period is exceeded. The Central Bank of Nigeria should accordingly prescribe, by guideline issued under the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, a maximum execution period for such instructions, a duty on authorised dealers to aggregate client instructions falling below the minimum trade size on the matching platform, and a right of complaint for the investor in respect of non-performance. Consideration should also be given to extending standing in the market dispute resolution mechanism to beneficial owners of repatriation instructions, who are presently excluded from a process that determines whether their statutory right can be exercised.
b. Coordination between financial institutions and relevant regulatory agencies should be enhanced to ensure coherent and effective implementation of statutory investment protection provisions, thereby reducing gaps between legal guarantees and administrative practice.
c. The practical enforcement of foreign ownership rights should be reinforced to ensure that existing legal protections are fully reflected in operational realities, and not merely retained at the level of formal legal provisions.

Strengthening of Dispute Resolution Framework for Foreign Participation in Nigeria

The dispute resolution framework governing foreign investment in Nigeria comprises litigation, arbitration, mediation, and access to international arbitration mechanisms. While this pluralistic structure offers flexibility and choice, its practical effectiveness is affected by procedural delays, institutional capacity constraints, and coordination gaps between domestic and international mechanisms. It is therefore recommended that:

a. Enforcement mechanisms for arbitral awards should be strengthened to ensure greater certainty, reliability, and effectiveness of dispute resolution outcomes, particularly in the enforcement of investment-related decisions.
b. Procedural delays in both litigation and arbitration processes should be significantly reduced through procedural reforms and improved case management systems, with a view to enhancing the efficiency and timeliness of dispute resolution.
d. The institutional capacity of domestic arbitration bodies should be enhanced through improved funding, training, and administrative support, to enable them to effectively handle complex investment-related disputes in line with international standards.
e. Coordination between domestic dispute resolution mechanisms and international arbitration frameworks should be improved to ensure consistency, predictability, and smoother integration between local enforcement systems and international investment dispute settlement processes.

Strengthening of Regulatory Efficiency and Institutional Coordination in Nigeria

The regulatory environment for foreign participation in business in Nigeria is affected by structural inefficiencies, bureaucratic delays, policy inconsistencies, and coordination gaps among relevant institutions. These challenges undermine predictability, increase compliance burdens, and reduce overall investor confidence. It is therefore recommended that:

a. Bureaucratic inefficiencies within regulatory agencies should be reduced through targeted administrative reforms aimed at improving responsiveness, streamlining decision-making processes, and enhancing overall operational efficiency in investment-related approvals.
b. Transparency and accountability mechanisms within regulatory processes should be strengthened to minimise uncertainty, curb discretionary administrative practices, and enhance investor confidence in the fairness and reliability of regulatory outcomes.
c. Greater policy consistency should be maintained across sectors regulating foreign participation in business, in order to reduce regulatory unpredictability and ensure a more stable and coherent investment environment.
d. Administrative coordination among relevant regulatory institutions should be improved to ensure more efficient implementation of investment approvals and compliance requirements, thereby reducing duplication and enhancing regulatory effectiveness.