



Doing Business In Nigeria:

2010 Country Commercial Guide for U.S. Companies

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Chapter 3, Section 3: Franchising

Nigeria is a growth market for U.S. franchising and franchise development services. There are opportunities for both business format and product or trademark franchising. A market survey conducted by the U.S. Commercial Service in Nigeria (CS Nigeria) clearly showed that food franchising is currently experiencing strong growth. This growth trend is expected to continue over the next five years and in fact may have a spillover effect on other sectors. CS Nigeria recruits and escorts an official Nigerian delegation to the annual international franchise expo organized by the International Franchise Association (IFA) based in Washington .D.C. For more information, please visit <http://www.franchise.org>. The IFA works closely with the Nigerian International Franchise Association (NIFA) and participates in the association's trade events. NIFA is a valuable resource for Nigerian and U.S. companies looking to develop franchise business in Nigeria. For more information about NIFA, please visit <http://www.nigerianfranchise.org>

Franchise development and services in Nigeria offer U.S. firms an opportunity for international expansion and growth. Interested U.S. franchisors may utilize the services of the Commercial Service Nigeria to identify, pre-qualify and select a competent and reliable master franchisee or area developer for the country.

The industry sectors where franchising seems to be showing promise and growth include fast food, hotel services, professional and service training, telecommunications and distribution services. The success of some indigenous concepts and systems, such as Mr. Biggs, Tantalizers and Food Concepts Plc, has added impetus to the level of interest this method of business expansion is generating in Nigeria. As a method of marketing and distribution, franchising comes under Nigeria's sales law, which derives its operating terms and conditions from British common law.

According to market reports and industry estimates (including the reports of international organizations such as the IFC), small enterprises constitute about 87 percent of businesses in Nigeria, while medium and large enterprises account for about 9 percent and 4 percent, respectively. The single most important success factor and the biggest challenge facing Nigerian business enterprises, particularly small-to-medium-sized ones, is a lack of basic understanding and commitment to business-process management. More than 80 percent of business failures in Nigeria can be traced to this critical business factor.

The National Office of Industrial Property Act of 1979 established the National Office of Technology Acquisition and Promotion (NOTAP) to facilitate the acquisition, development, and promotion of foreign and indigenous technologies. NOTAP is the government agency responsible for commercial contracts and agreements dealing with franchising and transfer of foreign technology. It ensures that investors possess licenses to use trademarks and patented inventions and meet other requirements before sending remittances abroad. With the Ministry of Finance, NOTAP administers 120 percent tax deductions for research and development expenses if carried out in Nigeria and 140 percent deductions for research and development using local raw materials.

NOTAP participates in trade events including international buyer programs such as the annual international franchise expo organized by CS Nigeria. It has a mandate to commercialize institutional research and development with industry. For additional information or clarification about NOTAP, visit <http://www.notap.gov.ng/>