

LEGAL FRAMEWORK OF FOREIGN DIRECT INVESTMENT IN NIGERIA: ADEQUACY, COHERENCE AND CONTEMPORARY CHALLENGES

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ABSTRACT

Foreign direct investment (FDI) remains important to Nigeria's development because it can provide capital, technology, managerial expertise, employment and access to international value chains. Yet the persistence of substantial investment risks raises a legal question: whether Nigeria's FDI regime is sufficiently coherent, predictable and contemporary to attract productive long-term investment while protecting legitimate public interests. This article critically examines the international, regional and domestic legal frameworks governing FDI in Nigeria, with particular attention to the Agreement Establishing the African Continental Free Trade Area (AfCFTA), the Revised ECOWAS Treaty, the Nigerian Investment Promotion Commission Act, the Investments and Securities Act 2025, the National Office for Technology Acquisition and Promotion Act, foreign exchange legislation, the Companies and Allied Matters Act 2020 and sector-specific regulation. Using doctrinal legal research, the article analyses legislation, treaties, regulatory materials, policy documents and relevant scholarly literature. It argues that Nigeria does not suffer from an absence of investment laws; rather, its principal weakness is fragmentation. An investor may encounter overlapping requirements administered by several institutions, while important elements of the framework remain anchored in statutes enacted before contemporary digital business models, modern capital-market practices and current foreign-exchange realities. The article finds that recent reforms, particularly the Investments and Securities Act 2025 and business-facilitation measures, demonstrate capacity for adaptation but have not eliminated structural fragmentation. It recommends a coordinated investment framework, targeted modernisation of the NIPC Act, stronger regulatory coordination, clearer digital-investment rules, predictable foreign-exchange administration and measurable investorprotection and facilitation mechanisms.

Keywords: Foreign direct investment; investment facilitation; legal framework; Nigeria; regulatory fragmentation

1. INTRODUCTION

Nigeria possesses a large consumer market, extensive natural resources and a substantial labour force, all of which give it considerable potential as a destination for foreign direct investment (FDI). FDI is not, however, attracted by market size alone. Investors assess the legal conditions under which capital may enter, be deployed, protected, transferred and ultimately exited. The quality of regulation therefore affects not only the decision to invest but also the type of investment that a host state is likely to receive. The OECD describes direct investment as a crossborder investment involving a lasting interest and significant influence over an enterprise in another economy; ownership of at least 10 per cent of voting power is the statistical evidence ordinarily

used to identify that relationship.¹ This distinction is important because not every foreign financial transaction, securities purchase or digital-asset activity constitutes FDI.

Nigeria's investment regime has traditionally been characterised by liberal entry rules alongside sector-specific regulation. The Nigerian Investment Promotion Commission (NIPC) Act permits non-Nigerians to invest and participate in Nigerian enterprises except activities on the statutory negative list.² The Companies and Allied Matters Act 2020 (CAMA) ordinarily requires a foreign company intending to carry on business in Nigeria to incorporate a separate Nigerian entity, subject to statutory exemptions.² Foreign participation is also affected by immigration requirements, technology-transfer regulation, foreign-exchange rules, capital-market regulation and sector-specific legislation. The result is a broad but dispersed legal architecture.

Recent investment performance illustrates the issue. UN Trade and Development reported inward FDI of US\$1.080 billion in 2024, while the 2026 World Investment Report reported about US\$4.01 billion in 2025, with much of the increase associated with large oil and gas-related project financing.³ Headline inflows therefore do not necessarily demonstrate that the wider legal environment is satisfactory.

The central argument of this article is therefore that the principal weakness of Nigeria's FDI regime is not the absence of legal protection but the lack of sufficient coherence between its constituent parts.⁴ The NIPC Act provides broad entry and protection principles, but it dates from 1995. CAMA 2020 modernised corporate administration, while the Investments and Securities Act 2025 substantially updated capital-market regulation. The foreign-exchange framework, by contrast, remains rooted in the 1995 Foreign Exchange (Monitoring and Miscellaneous Provisions) Act, as subsequently amended and supplemented by later reforms.⁵ Sectoral statutes introduce further conditions. The coexistence of these instruments creates a risk that the investor experiences the regime not as one investment framework but as a series of separate regulatory gateways.

This article consequently asks three questions. First, what are the principal legal instruments governing FDI entry, operation, protection and exit in Nigeria? Secondly, how coherent and adequate are those instruments when considered as a regulatory system rather than in isolation?

¹ OECD, OECD Benchmark Definition of Foreign Direct Investment, 5th edn (OECD Publishing 2025), paras 65–66.

² Nigerian Investment Promotion Commission Act 1995, ss 17–18.

² Companies and Allied Matters Act 2020, s 78.

³ UN Trade and Development, World Investment Report 2025: International Investment in the Digital Economy (2025) Country Fact Sheet: Nigeria.

⁴ UN Trade and Development, World Investment Report 2026: International Investment in a Turbulent Era (2026); see also UN Trade and Development, 'Global investment rises 6% to \$1.6 trillion, but development gains remain uneven' (7 July 2026).

⁵ Foreign Exchange (Monitoring and Miscellaneous Provisions) Act 1995; Business Facilitation (Miscellaneous Provisions) Act 2022, pt VI.

Thirdly, what reforms can address the identified gaps without sacrificing legitimate public interests such as national security, local participation, environmental protection, taxation and economic development?

The article shifts the focus from a catalogue of laws to their interaction. Earlier scholarship identified sectoral legal deficiencies and policy inconsistency.⁶ This article updates that analysis by considering CAMA 2020, the Investments and Securities Act 2025, the evolving AfCFTA architecture, foreign-exchange reforms and digital investment.⁷ The research gap is whether the laws operate coherently as a contemporary investment regime.

The discussion proceeds from the international and regional framework to the principal domestic statutes, before evaluating the fragmentation, currency, institutional coordination and enforcement dimensions of the regime. The conclusion and recommendations are tied directly to the deficiencies identified in the analysis.

2. LITERATURE REVIEW AND RESEARCH GAP

The literature on foreign investment in Nigeria generally falls into three overlapping categories. The first examines the historical development and sectoral operation of Nigerian investment law. The second focuses on investor protection, dispute settlement and institutional mechanisms. The third considers economic determinants such as infrastructure, exchange rates, political stability and market size. These bodies of literature establish that legal certainty is an important component of investment attractiveness, but they do not always examine the cumulative regulatory burden created when several statutes apply to the same investment.

Ekhatior and Anyiwe provide an important foundation by examining FDI regulation across sectors including agriculture, steel, banking, employment and oil. Their principal finding is that sectoral laws should be updated to reflect current realities remains relevant, but the regulatory environment has changed materially since their study, particularly through CAMA 2020 and the Investments and Securities Act 2025.⁸ Eze's study likewise identifies inadequate legal and institutional arrangements, policy inconsistency and weak implementation as obstacles to foreign investment.⁹ The literature therefore supports the proposition that Nigeria's difficulty is not simply one of legal absence.

⁶ EO Ekhatior and L Anyiwe, 'Foreign direct investment and the law in Nigeria: a legal assessment' (2016) 58(1) *International Journal of Law and Management* 126, 126–146.

⁷ SO Eze, 'An Analysis of the Legal Framework for the Promotion of Foreign Direct Investment in Nigeria' (LLM thesis, Ahmadu Bello University 2015).

⁸ I E Chidi, 'Promoting Foreign Direct Investment (FDI) in Nigeria: Challenges and Opportunities in the Legal Framework (2020–2023)' (2026) *Babcock University Journal of History and International Studies* 91.

12. Agreement Establishing the African Continental Free Trade Area (adopted 21 March 2018, entered into force 30 May 2019), arts 3–4.

⁹ Investments and Securities Act 2025, ss 41–58, 87 and 357 (definitions including financial market infrastructure and market venue).

Recent scholarship continues to identify fragmentation, regulatory overlap and weak enforcement as obstacles to investment.¹⁰ This cautions against equating the existence of an investment statute with an effective investment climate.

A further gap concerns the relationship between investment law and newer forms of economic activity. The original manuscript treated cryptocurrency, foreign-exchange trading and nonfungible tokens as examples of new forms of FDI. That formulation is too broad. These activities may involve foreign capital, but they do not necessarily satisfy the legal or statistical concept of FDI. The more defensible question is whether Nigerian investment law can accommodate foreign participation in digital businesses, technology-intensive enterprises, data infrastructure, intellectual-property licensing and other intangible-asset-driven activities while maintaining appropriate regulatory safeguards. The Investments and Securities Act 2025 is significant in this regard because it expressly modernises capital-market architecture, including electronic means of issuing and transferring securities and the regulation of financial market infrastructures and market venues.¹¹

The research gap addressed by this article is consequently institutional and systemic. Existing studies have usefully identified individual deficiencies, but a contemporary assessment should examine how the statutes operate together and whether reforms introduced in different periods have produced a coherent regime. The article addresses this gap through a doctrinal assessment of the interaction among the principal investment laws.

3. INTERNATIONAL AND REGIONAL FRAMEWORK

Nigeria's FDI regime operates within a multi-level framework. International and regional instruments establish broad commitments to economic integration, trade liberalisation and investment facilitation, while domestic legislation determines the practical conditions under which a foreign investor establishes and operates an enterprise. The relationship between these levels is important because Nigeria's investment policy is affected by treaty commitments but must also be implemented through domestic institutions and legislation.

3.1 African Continental Free Trade Area

Nigeria signed the Agreement Establishing the AfCFTA in July 2019 and deposited its instrument of ratification in December 2020.¹² The Agreement entered into force in 2019 and is intended to

¹⁰ UN Economic Commission for Africa, 'Nigeria becomes 34th country to ratify AfCFTA agreement' (5 December 2020).

¹¹ Agreement Establishing the African Continental Free Trade Area (adopted 21 March 2018, entered into force 30 May 2019), arts 3–4.

¹² Agreement Establishing the African Continental Free Trade Area; African Union, AfCFTA Legal Texts.

deepen continental economic integration through the progressive liberalisation of trade in goods and services and related cooperation.¹³ Its significance to FDI lies less in creating a stand-alone

Nigerian investment code than in expanding the market within which investment can be deployed.

The Agreement's architecture includes trade in goods and services and is supplemented by protocols on matters including investment, intellectual property, competition and digital trade.¹⁴ The Protocol on Investment was adopted on 19 February 2023.¹⁵ This development is particularly important for Nigeria because the earlier legal analysis of AfCFTA largely treated the Agreement as a tariff and market-access instrument. The investment dimension is broader: it concerns the relationship between investment facilitation, protection, host-state regulatory space and continental integration.

The principal benefit is the possibility of using Nigeria as a base for regional production and trade, subject to applicable rules of origin and market-access commitments.

The limitation is equally significant. AfCFTA does not, by itself, cure domestic regulatory fragmentation. A foreign investor may enjoy continental market opportunities while still having to comply with CAMA, NIPC registration, immigration requirements, tax rules, foreignexchange controls and sector-specific licensing. The legal effectiveness of AfCFTA for Nigeria therefore depends on domestic implementation. Nigeria's own implementation experience confirms the point: the Federal Ministry of Industry, Trade and Investment reports continuing efforts to coordinate AfCFTA implementation and integrate the agreement into Nigeria's trade architecture.¹⁶

AfCFTA also demonstrates that investment liberalisation does not require abandonment of regulatory autonomy. The relevant domestic question is whether restrictions are transparent, proportionate and predictable.

3.2 Revised ECOWAS Treaty

The Revised ECOWAS Treaty provides the regional foundation for economic integration in West Africa. It seeks to promote cooperation and integration, improve living standards and establish conditions for the movement of persons and economic activity. Article 59 recognises the rights of Community citizens of entry, residence and establishment, subject to the relevant protocols and national implementation.¹⁷

¹³ African Union, Protocol to the Agreement Establishing the African Continental Free Trade Area on Investment (adopted 19 February 2023).

¹⁴ Federal Ministry of Industry, Trade and Investment, Nigeria AfCFTA Achievements Report 2025 (2026).

¹⁵ Revised Treaty of the Economic Community of West African States (ECOWAS) (signed 24 July 1993), art 59.

¹⁶ ECOWAS, 'Treaty' (noting the formal withdrawal of Burkina Faso, Mali and Niger on 29 January 2025).

¹⁷ Nigerian Investment Promotion Commission Act 1995, ss 1, 4, 5, 17 and 20.22.

For FDI, ECOWAS enlarges the regional market and creates a framework for movement of business persons, goods and services. The ECOWAS Trade Liberalisation Scheme is particularly relevant to regional supply chains.

The effectiveness of the ECOWAS framework is nevertheless affected by the divergence between regional commitments and national administration. The withdrawal of Burkina Faso,

Mali and Niger from ECOWAS in January 2025 illustrates the political and institutional pressures that can affect regional integration.¹⁸ This does not extinguish the legal relevance of the Treaty to Nigeria, but it reinforces the need for Nigerian investors and regulators to distinguish between formal regional commitments and their practical implementation.

The regional frameworks therefore create opportunities but do not remove the need for domestic reform. Nigeria's competitive position within ECOWAS and AfCFTA ultimately depends on whether its domestic legal system can convert market access into predictable investment conditions.

5. DOMESTIC LEGAL AND INSTITUTIONAL FRAMEWORK

The domestic framework is the core of the Nigerian FDI regime. It combines a general investment statute with corporate, capital-market, immigration, foreign-exchange, technologytransfer and sector-specific legislation. The resulting framework contains important protections but also demonstrates the fragmentation identified in this article.

4.1 Nigerian Investment Promotion Commission Act 1995

The NIPC Act remains the principal general statute for investment promotion. Section 1 establishes the NIPC, while sections 4 and 5 assign it promotional, coordinating and advisory functions. Section 17 permits non-Nigerians to invest and participate in the operation of any enterprise, subject to the negative list in section 18 and the Act's other requirements.¹⁹

The Act contains several investor-protection provisions. Section 20 provides for registration of enterprises with the Commission, while section 24 guarantees, subject to the statutory conditions, the transferability through an authorised dealer of dividends and profits, foreign-loan servicing payments and proceeds on sale or liquidation. Section 25 provides protection against nationalisation and expropriation, subject to public-purpose and compensation requirements, and section 26 provides mechanisms for resolving disputes involving investors and the Federal Government.²⁰

These provisions remain significant. Its age should not itself be treated as proof of ineffectiveness; the difficulty is that a 1995 statute cannot, without substantial supplementation, serve as the

¹⁸ Nigerian Investment Promotion Commission Act 1995, ss 24–26.

¹⁹ Ibid s 31.

²⁰ Companies and Allied Matters Act 2020, ss 78–80.

principal organising framework for an economy characterised by digital enterprises, complex corporate structures and modern capital markets.

More importantly, the NIPC Act does not eliminate other regulatory requirements. Section 19 itself recognises the continuing relevance of incorporation and other licences, permits and approvals. Thus, the Act is better understood as a general investment gateway than as a comprehensive investment code. An investor may obtain the benefit of NIPC protections and still

face separate regulatory obligations under corporate, tax, immigration, foreign-exchange and sectoral laws.

The negative list also demonstrates the need for periodic policy review. The statutory prohibitions are directed principally at activities such as arms and ammunition, narcotic drugs and specified military or para-military equipment.²¹ The list is narrow, which supports openness, but the Act provides limited guidance on how emerging activities should be classified when they intersect with national security, sensitive technologies or critical infrastructure. A modern investment statute should therefore preserve the principle of openness while creating a transparent screening mechanism for genuinely strategic activities.

4.2 Companies and Allied Matters Act 2020

CAMA 2020 governs the corporate vehicle through which much FDI is established. Section 78 provides that a foreign company incorporated outside Nigeria which intends to carry on business in Nigeria must take steps to obtain incorporation as a separate entity, subject to statutory exemptions.²³ The provision promotes regulatory accountability by ensuring that a foreign company conducting sustained business activity is brought within Nigeria's corporate regulatory system.

CAMA 2020 also represents an important example of legislative modernisation. Its incorporation and filing framework is more responsive to contemporary business administration than the repealed CAMA 2004. The legal difficulty is not therefore that Nigeria has failed to reform company law. It is that corporate modernisation has occurred alongside older investment and foreign-exchange statutes rather than through a single coordinated investment framework.

The foreign-company requirement can also create transaction costs where an investor seeks to undertake activities that are preliminary, project-specific or otherwise exempt from incorporation. The statutory exemption mechanism is therefore important, but its administration must be predictable. The investor should be able to determine in advance whether its proposed activity amounts to carrying on business and whether an exemption is available. Uncertainty at this stage can increase transaction costs before investment becomes productive.

²¹ Investments and Securities Act 2025, s 356 ²³ Ibid ss 3, 41–58, 87, 123 and 193.

4.3 Investments and Securities Act 2025

The original manuscript relied on the Investments and Securities Act 2007. That reference is no longer current. The Investments and Securities Act 2025 repealed the 2007 Act and constitutes the present principal legislation governing Nigeria's capital market.²²

The 2025 Act is materially relevant to FDI because foreign investment frequently enters Nigeria through public securities, collective investment schemes, mergers, takeovers, financial market infrastructure and other capital-market transactions. The Act strengthens the institutional

framework for the Securities and Exchange Commission and introduces provisions addressing electronic issuance and transfer of securities, financial market infrastructures, systemic risk, collective investment schemes and investor protection.²³

The Act also reconstitutes the Investments and Securities Tribunal and gives it exclusive jurisdiction over disputes arising from investments and securities transactions in Nigeria, with defined original and appellate jurisdiction. Appeals lie to the Court of Appeal in accordance with section 336.²⁴ This is an improvement in institutional specificity when compared with the uncertainty identified in the original manuscript, which relied on the 2007 Act and questioned the relationship between the Tribunal and the Federal High Court.

The critical point, however, is that modernisation in the capital-market sphere does not automatically modernise the wider FDI regime. The coexistence of the 2025 Act with the 1995 NPC Act illustrates the uneven pace of legislative renewal. A foreign investor may therefore encounter a modern capital-market statute while relying on a general investment statute whose institutional architecture predates many contemporary forms of investment.

4.4 National Office for Technology Acquisition and Promotion Act 2004

The NOTAP Act regulates the registration of agreements for the transfer of foreign technology to Nigerian parties. Section 4 identifies technology-transfer agreements falling within the statutory framework, while section 5 requires qualifying agreements entered into after commencement to be registered within sixty days. Section 6 empowers the Office to refuse registration in specified circumstances, including where the consideration is not commensurate with the technology acquired.²⁵

The law serves a developmental function: FDI can generate technology and skills transfer, but the presence of a multinational enterprise does not itself guarantee knowledge transfer to local firms or workers.

Its weakness is administrative and conceptual. Technology-transfer regulation developed around conventional contracts for technical know-how, management assistance, software licensing and

²² Ibid ss 314–336.

²³ National Office for Technology Acquisition and Promotion Act 2004, ss 4–6.

²⁴ Foreign Exchange (Monitoring and Miscellaneous Provisions) Act 1995, ss 1, 10–13.

²⁵ Business Facilitation (Miscellaneous Provisions) Act 2022, pt VI.

related services. Contemporary business models may involve cloud services, platform-based operations, artificial intelligence, data services and complex intellectual-property structures that do not fit neatly into traditional technology-transfer categories. The appropriate response is not to abandon registration, but to clarify the treatment of new forms of intangible technology and to reduce uncertainty about the documentation and pricing standards applicable to them.

4.5 Foreign exchange regulation and repatriation

Foreign-exchange certainty is central to FDI because an investor ordinarily evaluates not only entry but also the ability to convert and transfer returns. The Foreign Exchange (Monitoring and

Miscellaneous Provisions) Act 1995 remains an important statutory foundation for the foreign-exchange regime and provides for the operation and supervision of the foreign-exchange market, including repatriation-related matters.²⁶

The NIPC Act reinforces this protection through section 24, which guarantees transferability of specified returns through an authorised dealer in freely convertible currency.

The legal guarantee does not mean that every repatriation request will be immediately satisfied. Foreign-currency availability, banking procedures, documentation and market conditions affect its practical exercise.

The foreign-exchange regime has also been amended and supplemented by later reforms, including the Business Facilitation (Miscellaneous Provisions) Act 2022 and CBN regulatory measures.²⁷ The CBN's continuing development of the foreign-exchange framework, including the Nigerian Foreign Exchange (FX) Code launched in 2025, demonstrates that the operational environment has moved significantly beyond the statutory assumptions of 1995.²⁸

This creates a clear example of legal layering. The statutory promise of transferability remains important, but the operational rules governing foreign exchange are increasingly found in regulations, guidelines and administrative practice. For investors, the challenge is therefore predictability: the law should make clear how the statutory right to transfer interacts with contemporary market regulation, documentation and compliance requirements.

4.6 Immigration Act 2015 and expatriate employment

FDI often requires the movement of managerial, technical and specialised personnel. The Immigration Act 2015 and the regulatory framework administered by the Nigeria Immigration Service therefore form part of the investment regime. The present administrative system provides expatriate employment routes linked to approved expatriate quota and residence documentation.²⁹

²⁶ Central Bank of Nigeria, Nigerian Foreign Exchange (FX) Code (launched 28 January 2025).

²⁷ Immigration Act 2015, ss 37–39; Nigeria Immigration Service, 'Employment Visa (Expatriate) – R2A' (30 March 2025).

²⁸ Arbitration and Mediation Act 2023.

²⁹ UN Trade and Development, World Investment Report 2026: International Investment in a Turbulent Era (2026).

The legal rationale is legitimate: immigration controls allow the state to manage foreign labour, national security and employment policy. The investment concern is administrative coordination. A foreign investor may have completed incorporation and investment registration yet remain unable to deploy key personnel until separate immigration and expatriate-quota requirements are satisfied. The existence of several legitimate regulatory gateways becomes problematic when the gateways are not coordinated or when processing timelines are uncertain.

4.7 Sector-specific legislation

General investment legislation cannot displace sectoral regulation. Oil and gas investments are governed by the Petroleum Industry Act 2021 and applicable local-content rules; mining is governed principally by the Nigerian Minerals and Mining Act 2007; land access is affected by the Land Use Act 1978; financial institutions are subject to banking and financial-services legislation; and telecommunications and digital businesses encounter additional sectoral regulation.

Sectoral regulation is legitimate where it protects public revenue, the environment, national security, consumers and strategic assets. Difficulty arises when sectoral requirements are not clearly connected to the general investment regime and investors cannot readily identify the sequence, criteria and timelines applicable to a project.

This is the principal source of fragmentation: NIPC liberalises entry; CAMA determines the corporate vehicle; immigration law regulates foreign personnel; NOTAP regulates technology transfer; foreign-exchange rules govern capital movements; capital-market law governs securities; and sectoral statutes add further conditions.

5. CRITICAL ASSESSMENT OF THE NIGERIAN FDI REGIME

The foregoing framework reveals a more nuanced position than the proposition that Nigeria simply has inadequate investment laws. The regime contains substantial protections, but its effectiveness is reduced by fragmentation, uneven legislative updating and the gap between formal rights and administrative implementation.

5.1 From legal abundance to regulatory fragmentation

The first structural problem is the absence of a single organising investment statute capable of integrating the major stages of an investment lifecycle. The NIPC Act addresses promotion and protection; CAMA addresses corporate personality; immigration legislation addresses foreign personnel; NOTAP addresses technology transfer; foreign-exchange law addresses capital movement; the Investments and Securities Act addresses capital markets; and sectoral statutes regulate particular industries.

This distribution is not unusual in a modern economy. The problem is that Nigeria's framework has evolved incrementally rather than through a coordinated legislative design. A reform to one part of the system does not necessarily update the others. The 2025 capital-market reform illustrates

the point: the capital-market regime has been modernised while the principal general investment statute remains from 1995. Similarly, CAMA 2020 modernised corporate regulation without consolidating investment-entry and investor-protection rules.

Fragmentation affects both investors and regulators. Investors face multiple compliance points, while regulators must coordinate matters that may be governed by different statutes with different objectives. The result can be regulatory duplication, inconsistent administrative expectations and uncertainty over institutional responsibility.

5.2 Formal protection versus practical predictability

Nigeria provides meaningful protection against expropriation and supports transfer of investment returns.³² Yet investor risk also depends on administrative predictability, approval timelines and dispute resolution. A statutory guarantee has limited value if the steps required to exercise it are unclear.

The Investments and Securities Act 2025 provides an instructive positive example. By specifying the jurisdiction of the Investments and Securities Tribunal and modernising capital-market regulation, it reduces uncertainty in a defined field. Similar clarity is required at the broader investment-entry level.

5.3 Outdated statutes and the need for targeted modernisation

The NIPC Act's age is a legitimate concern, but the appropriate reform is targeted modernisation rather than wholesale rejection. The Act's principles—openness to foreign participation, protection against expropriation, transferability of returns and investor facilitation—remain sound. What is required is an updated framework that incorporates modern definitions of investment, digital and intangible assets, transparent investment screening where justified, institutional coordination and clearer administrative procedures.

The same point applies to foreign-exchange legislation. The 1995 Act cannot reasonably be expected to contain the operational detail required for a contemporary market. CBN regulations and guidelines necessarily perform part of that function. However, the proliferation of administrative instruments creates a transparency challenge. A modern statute should establish the core rights and obligations while ensuring that subordinate rules are accessible, stable and subject to clear amendment procedures.

5.4 Emerging and digital investment

The original manuscript correctly recognised that investment is increasingly shaped by technology, but it conflated emerging financial activities with FDI. The better approach is to focus on the legal treatment of foreign participation in digital enterprises and intangible-asset-intensive businesses.

Digital investment raises questions about corporate establishment, taxation, data governance, intellectual property, cybersecurity, foreign exchange, technology transfer and competition. These issues do not fit comfortably within a single traditional investment statute. The appropriate

response is regulatory coordination rather than creating a separate legal silo for every new technology.

The Investments and Securities Act 2025 demonstrates that Nigerian legislation can adapt to technological change. Its recognition of electronic means of issuing and transferring securities and modern financial-market infrastructures is a useful model.³³ The next step is to ensure that the general investment regime provides equally clear pathways for foreign investors entering technology-driven sectors.

5.5 Dispute resolution and investor confidence

An investor needs a credible remedy when contractual or regulatory rights are violated. Nigeria has several dispute-resolution pathways, including domestic courts, arbitration and specialised capital-market adjudication. The NIPC Act also contemplates arbitration for disputes between foreign investors and the Federal Government in specified circumstances.³⁴

The challenge is coherence. The applicable forum may depend on the nature of the dispute, the identity of the parties, the sector involved and the contractual or treaty framework. This diversity can be advantageous where it provides choice, but it can also create uncertainty.

Nigeria's Arbitration and Mediation Act 2023 is relevant because it modernises domestic arbitration and mediation law.³⁵ The existence of a modern dispute-resolution statute is positive, but investor confidence will ultimately depend on consistent judicial support for arbitration agreements, efficient proceedings and effective enforcement. Dispute-resolution reform should therefore be treated as part of investment facilitation rather than as a separate procedural issue.

5.6 Institutional coordination and one-stop facilitation

The NIPC's coordinating mandate and Nigeria's investment-facilitation initiatives are intended to reduce bureaucratic obstacles. The NIPC Act expressly requires the Commission to maintain liaison between investors and government departments and agencies and to assist incoming and existing investors.³⁶

The critical question is whether coordination is sufficiently institutionalised. A genuinely effective one-stop investment system should not merely provide information. It should allow investors to identify all approvals, submit information once where legally possible, track applications, know the responsible authority and receive reasons for delay or refusal.

This requires interoperability among NIPC, CAC, immigration authorities, the CBN, NOTAP, tax authorities and sectoral regulators. Digital government can make this possible, but only if the underlying legal mandates are aligned. Without legal and institutional coordination, digitising separate bureaucracies may simply produce a digital version of fragmentation.

5.7 Balancing investor protection with public interest

A strong FDI regime should not be equated with deregulation. Nigeria is entitled to regulate investment in pursuit of legitimate objectives, including environmental protection, national

security, public revenue, competition, labour standards and local economic participation. The issue is whether restrictions are clear, proportionate and non-arbitrary.

This balance is particularly important in mining, petroleum, telecommunications and other strategic sectors. Local-content requirements may promote domestic participation and technology transfer, while environmental requirements can prevent the externalisation of social costs.

The objective should be to promote sustainable investment without creating unpredictable barriers.

The AfCFTA framework is instructive because it seeks market integration while recognising the regulatory interests of State Parties.³⁷ Nigeria should adopt the same approach domestically: openness should be the default, while restrictions should be clearly justified by law and administered transparently.

5.8 Overall assessment

The evidence supports four conclusions: Nigeria has a broad FDI architecture; it contains genuine protections and some modernised elements; its principal weakness is fragmentation; and its response to contemporary investment forms is uneven. Reform should therefore prioritise coherence rather than simply more legislation.

6. CONCLUSION

Nigeria's legal framework for FDI is neither an absence of regulation nor a wholly inadequate system. It is a substantial but fragmented body of rules that has developed over several decades. The NIPC Act provides the central principles of investment openness and investor protection; CAMA 2020 supplies a modern corporate framework; the Investments and Securities Act 2025 strengthens capital-market regulation; the NOTAP Act addresses technology transfer; foreignexchange legislation regulates capital movement; immigration law governs foreign personnel; and sectoral statutes protect particular public and economic interests.

The principal problem is the interaction of these instruments. The investor is often required to navigate multiple legal regimes administered by different institutions, while the age of some statutes creates a mismatch between statutory assumptions and contemporary commercial practice. The NIPC Act remains valuable but requires modernisation. The foreign-exchange framework has evolved through statutory amendments and administrative reforms, yet the relationship between statutory rights and operational rules requires greater predictability. The digital economy presents new questions that are better addressed through coordinated application of existing legal principles than through isolated and reactive legislation.

The recent Investments and Securities Act 2025 demonstrates that Nigeria is capable of modernising its investment-related laws. The lesson is that reform should now move from isolated statutory updates towards systemic coherence. Nigeria should establish a legally supported coordination mechanism, modernise the NIPC Act, clarify digital and intangible investment, improve foreign-exchange predictability, strengthen dispute resolution and measure the performance of investment-facilitation institutions.

The objective should not be to attract capital at any cost, but to create a legal environment in which productive investment can enter, operate and exit with reasonable certainty while complying with transparent public-interest rules. Nigeria's challenge is therefore not simply to legislate more, but to legislate coherently, administer predictably and reform continuously.

7. RECOMMENDATIONS

The recommendations below are directly connected to the deficiencies identified in the preceding analysis.

7.1 Modernise the NIPC Act and create an integrated investment framework

The NIPC Act should be reviewed and modernised rather than simply repealed. The revised legislation should retain the principles of open foreign participation, protection against expropriation, transferability of returns and investor facilitation, while adding contemporary definitions of investment and investor, transparent rules for investment screening in genuinely strategic sectors, digital investment procedures, statutory coordination mechanisms and clear administrative timelines.

It should also clarify the relationship between NIPC registration and other approvals.

7.2 Establish a legally supported investment coordination mechanism

The fragmented approval structure should be addressed through an integrated investment facilitation mechanism. NIPC should have a clearly defined coordinating role, supported by statutory obligations on relevant agencies to share information, recognise common documentation where legally permissible and provide investors with a consolidated regulatory roadmap. The objective should be substantive coordination rather than merely creating a portal through which separate applications are submitted.

7.3 Modernise foreign-exchange legislation and protect predictability of repatriation

The foreign-exchange framework should be reviewed to reflect contemporary market arrangements. The statutory guarantee of transferability under section 24 of the NIPC Act should be preserved, while the interaction between that guarantee, authorised-dealer procedures and CBN rules should be expressly clarified. Regulatory changes affecting legitimate repatriation should be published promptly, accompanied by clear transitional rules and applied consistently. This would reduce the distinction between formal legal entitlement and practical uncertainty.

7.4 Clarify the legal framework for digital and intangible investment

Nigeria should develop coordinated guidance for foreign investment in digital businesses, dataintensive enterprises, software, artificial intelligence, cloud services and other intangible-assetdriven activities. The objective should not be to create unnecessary sector-specific barriers, but to clarify how existing corporate, investment, tax, intellectual-property, data-protection, foreignexchange and technology-transfer rules interact. NOTAP should also update its administrative framework to address contemporary technology-transfer arrangements.

7.5 Strengthen dispute-resolution predictability

The modernisation of capital-market dispute resolution under the Investments and Securities Act 2025 should be complemented by consistent investment-dispute procedures across the wider regime. Government agencies should publish clear information on available dispute-resolution mechanisms and the circumstances in which particular forums apply. Arbitration and mediation should remain available where appropriate, while judicial and arbitral institutions should be adequately resourced to reduce delay.

7.6 Introduce regulatory impact assessment for major investment rules

Before introducing major rules capable of materially affecting foreign investment, regulators should assess their likely effects on investment certainty, compliance costs and existing projects. Such assessments should include consultation with affected investors and domestic businesses and should identify transitional arrangements. This would reduce the risk of abrupt regulatory change and improve policy consistency.

7.7 Improve sectoral coordination without weakening legitimate regulation

Sectoral regulators should maintain their substantive mandates but coordinate investment requirements with the general investment framework. In sectors such as mining, petroleum and telecommunications, investors should receive a consolidated statement of required licences, applicable statutory criteria and expected processing stages. The purpose is not to remove sectoral safeguards but to make them predictable.

7.8 Strengthen institutional performance measurement

NIPC and other investment-related agencies should publish measurable indicators on registration times, approval times, complaints, investor grievances, dispute outcomes and regulatory delays. Such reporting would make it possible to assess whether investment-facilitation reforms are producing results. The performance of the legal framework should be measured not only by the volume of FDI attracted but also by the quality, sectoral diversity and developmental effects of that investment.

7.9 Align investment facilitation with sustainable development

Investment promotion should be linked to technology transfer, skills development, local value creation, environmental responsibility and productive capacity. Headline flows do not necessarily translate into productive capacity, jobs or technology transfer.³⁸ Incentives should therefore favour investments capable of generating durable domestic benefits.