

# International Property Markets Scorecard

Nigeria Market Conditions – Complete Survey June 2021  
(Exposure Draft)



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## Scorecard Background & Information

The Scorecard reflects the status of the six Core Elements necessary for transparent and efficient property market development. Each Core Element includes three Lead Indicators that are further divided into Sub-Indicators. Colors signify the strength of institutions that support market development – very strong, strong, weak and very weak.

### Acknowledgement

The International Property Markets Scorecard Project is the latest development in the continued cooperative work between the Center for International Private Enterprise (CIPE) and the IHC Global. The Scorecard derives from the work of an academic panel led by Richard Green, PhD., Director of the University of California’s Lusk Center for Real Estate and the University of Denver, Burns School of Real Estate and Construction Management’s Global Real Estate Project under the direction of Dr. Mark Lee Levine.

**This Scorecard research was conducted by William Endsley, Principal, World Citizen Consulting, LLC and through online forums with FIABCI-Nigeria and the Association of Nigerian Women Business Network.**

### For Education Purposes Only

While great care has been taken to provide accurate and current information, neither CIPE, the IHC Global nor its editors, staff or contractors assume responsibility for the accuracy of the data contained herein. Further, the general principles and conclusions presented in the text are subject to significant market fluctuations over time as well as local, state, and federal laws and regulations, court cases, and any revisions of the same. This publication is distributed for education purposes with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service.



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# 1. Property Rights



**Goal – Property rights that are legally protected, secure, recorded in a single, accurate, widely accessible electronic registry and that lead to high levels of formal ownership for all citizens**

## 1.1 Legal Protection

Core Question: Does an effective and sufficient legal framework exist to protect property rights for all citizens? **No – Very Weak, protection of property rights is weak. Bribery is a common practice when starting a business and registering property.**

### Legal Framework

1.1.1 Are property rights clearly defined and protected by law? **No – Very Weak – Ranking 129<sup>th</sup> out of 141; Score 34 out of 100; Trend ↓**

### Security of Tenure

1.1.2 Can citizens challenge the legality of government takings? **No – Very Weak – 119<sup>th</sup> out of 141; Score 27 out of 100; Trend ↑**

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Source: *Global Competitiveness Report 2019*– World Economic Forum

<http://reports.weforum.org/global-competitiveness-report-2019/>

### Bundle of Rights

Survey Question

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SQ1 What is the bundle of rights (group of rights such as occupancy, use and the right to sell or lease) associated with both residential and commercial property ownership? **Weak – right of occupancy only on land, absolute possession of improvements and the right to transfer, assign or mortgage improvements.**

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Source: Land Use Act <https://urbanlex.unhabitat.org/law/473>

## 1.2 Registries

Core Question: Does a reliable property registry exist including cadastral, title and mortgage lien information? **No – Weak, property transfers are complex and must go through state governors' offices.**

### 1.2.1 Cadastral Information

**Status – Strong, every Nigerian can receive basic geospatial information online.**

Survey Questions

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- SQ 2 Is cadastral information (information about the dimensions and location of land parcels) accessible to the public? **Yes**
- SQ 3 Is zoning/permitted use information included and are regulations respected and enforced? **No**
- SQ 4 Are Geographic Information Systems (GIS) including Global Positioning Satellite (GPS) information used to create and update the registry? **Yes**
- 

Source: Federal Lands Information System – Federal Ministry of Works & Housing  
<https://worksandhousing.gov.ng/>

### 1.2.2 Title Registry

**Very Weak – Ranking – 183<sup>rd</sup> out of 190 Trend ↑**

- 1.2.2.1 What is the number of procedures required to register the transfer of a property from one owner to another? **12**
- 1.2.2.2 What is the duration of time in calendar days that it would take to complete the transfer? **105**
- 1.2.2.3 What is the total cost of the transfer including all fees, taxes, etc. expressed as a percentage of the value of the property? **11.1%**
- 

Source: *Doing Business 2020* – Registering Property [www.doingbusiness.org/en/rankings](http://www.doingbusiness.org/en/rankings)

### 1.2.3 Mortgage Registry

**Status – Weak, extreme weakness in land title registry inhibits transactions.**

Survey Questions

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- SQ 5 The mandatory use of notaries or similar officials slows down and adds cost to the process. Does a notary need to be involved in the registration process? **No**
- SQ 6 Is information in the registry available electronically? **No**
- SQ 7 Title insurance is indemnity insurance against financial loss from defects in title and from the invalidity or unenforceability of mortgage liens. Is title insurance available to lenders? **No**
- 

Source: US State Department 2020 Investment Climate Statement  
[www.state.gov/reports/2020-investment-climate-statements/nigeria/](http://www.state.gov/reports/2020-investment-climate-statements/nigeria/)

### 1.3 Formal Ownership

Core Question:	Do citizens understand and trust property rights institutions and avoid the informal sector? <b>No – Very Weak – conflict continues to exist between the customary land tenure system (communal rights) and the implementation of the Land Use Act.</b>
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#### Survey Questions

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##### 1.3.1 Land

SQ 8 What is the status of land ownership? **Very Weak – the Land Use Decree Act of 1978 vests all land in the state through the office of the governor of each state.**

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Source: Land Use Act <https://urbanlex.unhabitat.org/law/473>

##### 1.3.2 Home Ownership

SQ 9 What is the percentage of formal home ownership? **Weak, almost 50% of Nigerians live in informal settlements. The government has created the Family Homes Fund (FHF). FHF is a public-private partnership (PPP) to address the emergency housing shortage.**

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Source: Housing Finance Africa <http://housingfinanceafrica.org/countries/nigeria/>

#### Informal Sector

1.3.3 What is the percentage of services firms that report competing with unregistered or informal firms? **Large – 46.2% Very Weak**

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Source: *Enterprise Surveys*, World Bank [www.enterprisesurveys.org/](http://www.enterprisesurveys.org/)

## In-Country Assessment Information

### Resources:

**USAID Mission** [www.usaid.gov/nigeria](http://www.usaid.gov/nigeria)

**World Bank** [www.worldbank.org/en/country/nigeria](http://www.worldbank.org/en/country/nigeria)

**US State Dept Investment Climate Statement**

[www.state.gov/reports/2020-investment-climate-statements/nigeria/](http://www.state.gov/reports/2020-investment-climate-statements/nigeria/)

### **Field Question (FQ) 1      What is the actual status of property rights and ownership for citizens including gender parity?**

The current land titling system is onerous and excludes the majority of the population from ownership. Nigeria continues to suffer from a severe shortage of housing, some 20 million units.

“Women’s land rights are fragile and transient, being dependent upon age and marital status (including type of marriage and the success of that marriage), whether they had children (including the number and sex of those children) and their sexual conduct. In spite of the Nigerian Land Use Act (LUA) of 1978, which restructured the property rights system in the country from a mixed private property rights system into a collectivist framework, concerns about women’s land rights persist. Thus, the impact of inequality in land rights has aggravated women’s socioeconomic status, increased the number of women engaging in sex work, allowed for sexual harassment and violence against women and contributed towards marital instability, separation and divorce.”

“We have to define and redefine democracy so that it means much more than the rhetoric of multi-party politics; so that democracy is related to accountability and responsibility to the urban and rural communities where the majority of African live. This can only be achieved through liberalization or privatization of land management that will guarantee equal access to land for all citizens – women and men alike.”

Source: *Women and Land Rights Reforms in Nigeria*, Bioye Tajudeen Aluko and Abdul-Rasheed Amidu, March, 2006

The property rights regime in Nigeria is a barrier for women and does not allow women to move on to the next level in life socially, financially and in business. Marriage is not considered a partnership of equals in relation to property rights. The property rights of women vary from region to region based on the local culture. There are many unwritten customary laws that are oppressive to women.

However, the constitution says that everyone has equal access to property. Chapter IV: Fundamental Rights: “43. Subject to the provisions of this Constitution, every citizen of Nigeria shall have the right to acquire and own immovable property anywhere in Nigeria.”



The more recently passed Marriage Act allows calls for equal distribution of assets although Government Acts need to be domesticated by the States.

Discrimination against women in property and economic deprivation is a form of gender-based violence. Women can also lose property they have purchased and developed when the husband marries another woman and throws her out, especially when the property is in the husband's name. This can even happen when property is purchased as "Mr. & Mrs." on the title because another woman or wife can claim to be "Mrs.", especially women who have had the man's children. Women must insist that their full names be included on property titles.

There are also issues for single women who need to support children with unpaid labor and have difficulty with time and access to increase their economic opportunity.

There needs to be an advocacy program for women to understand their rights and the steps to obtaining their own property. This should also reach out to the women in the informal economy. There is a story from Rwanda where the widows came together collectively to build homes one after the other.

Core Issues: Legal Literacy Training Program on existing Property Rights for women, Advocacy Program on the need for expansion and implementation programs on property rights for women.

Source: Online Forum with the Association of Nigerian Women Business Network, December 2020

**FQ 2 What is the actual experience of transferring a property, accessing the registry and dealing with registry officials?**

State-level property registration and titling systems are generally poorly regulated, complex, and corrupt, however there has been some good progress in the Lagos State Registry.

**FQ 3 What are the actual conditions for people who lease property including small businesses, women, minorities and other marginalized groups?**

Women can also lose their businesses (equipment, raw materials, etc.) when thrown out by landlords seeking higher rents. Sometimes landlords tell women they have to find a man to rent the property for her.

**FQ 4 What are the processes for government expropriation of property especially notice and due process for owners? Are those laws followed or do expropriations happen by collusion between officials and connected elites?**

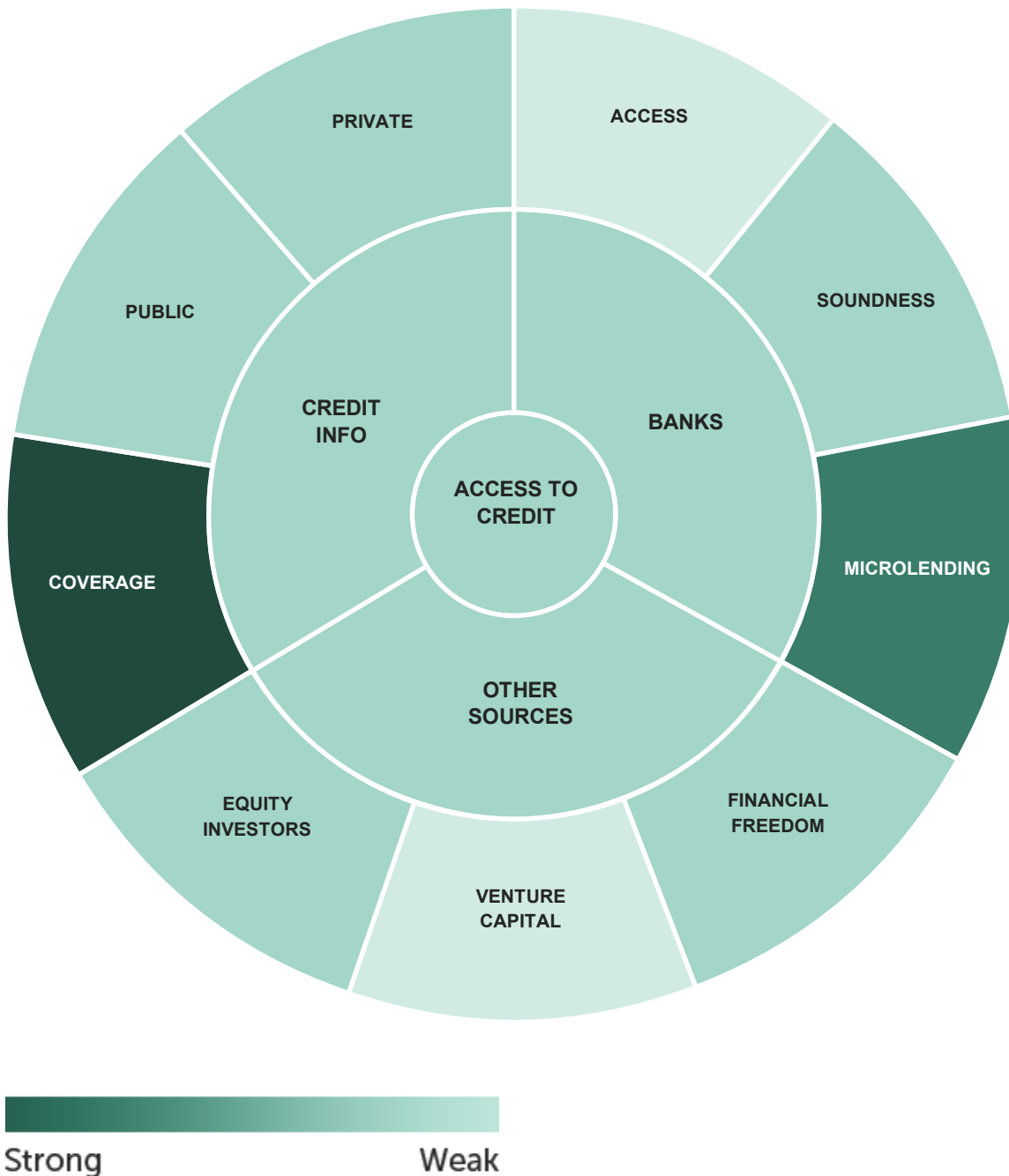
In Lagos the scramble for valuable land continues and waterfront slums now represent lucrative opportunities. This has led to numerous forced evictions in slum areas.

The Nigerian Investment Promotion Commission (NIPC) Act of 1995 forbids nationalization of a business or assets unless the acquisition is in the national interest or for a public purpose. In such cases, investors are entitled to fair compensation and legal redress.

**FQ 5 What protections do businesses have who lease space from arbitrary eviction by owners?**

While regulations are in place, they are rarely enforced and most see any efforts to contest evictions as futile and do not pursue redress.

## 2. Access to Credit



**Goal – An efficient, transparent financial sector that provides a broad range of citizens with access to multiple forms of competitive credit so that they can start businesses, build wealth, and purchase property**

## 2.1 Banks

Core Question:	Are traditional banking services robust and extensive enough to serve the needs of the population to help them build wealth and purchase property? <b>No – Weak, although the Central Bank of Nigeria has a supervision framework to monitor the operations of Systematically Important Banks.</b>
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### Access

2.1.1 How easy is it to obtain a bank loan? **Very Weak – Ranking 129<sup>th</sup> out of 141; Score 15.5 out of 100; Trend ↑**

### Soundness

2.1.2 How sound are the country's banks? **Weak – Ranking 103<sup>rd</sup> out of 141; Score 55.3 out of 100; Trend ↑**

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Sources: *The Global Competitiveness Report 2019*, World Economic Forum  
<http://reports.weforum.org/global-competitiveness-report-2019/>

### 2.1.3 Microlending

#### Status – Strong, regulated by the Central Bank

2.1.3.1 Microfinance allows citizens without traditional creditworthiness to build a credit history. How many microfinance institutions are operating in the country?  
**Numerous – 7 reporting**

2.1.3.2 What is the number of active borrowers per institution? **AB MfB, 35,985; Acion MfB, 27,824; Baobab NGR, 11,388**

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Source: Microfinance Information Exchange [www.mixmarket.org/mfi](http://www.mixmarket.org/mfi)

## 2.2 Other Sources

Core Question:	Are entrepreneurs free to raise capital outside the banking system including venture capital and/or by issuing stock in a well-regulated stock exchange? <b>No – Weak, the investment regime lacks efficiency and transparency.</b>
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### Financial Freedom

2.2.1 How much control does the government exert over financial services? **Weak for entrepreneurs – Score 40 out of 100 – Mostly unfree Trend =**

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Source: *Index of Economic Freedom 2021*, Heritage Foundation  
[www.heritage.org/index/country/nigeria](http://www.heritage.org/index/country/nigeria)

### Venture Capital

2.2.2 How easy is it for entrepreneurs to find venture capital? **Very Weak – 133<sup>rd</sup> out of 141; Score 16.9 out of 100; Trend ↑**

### Equity Investors

2.2.3 How easy is it to raise money by issuing shares on the stock market? **Weak – 95<sup>th</sup> out of 141; Score 9.1 out of 100; Trend ↓**

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Source: *The Global Competitiveness Report 2019*, World Economic Forum  
<http://reports.weforum.org/global-competitiveness-report-2019/>

## 2.3 Credit Information

Core Question:	Is comprehensive credit information available through public and private credit bureaus? <b>Yes – Weak, although credit information is improving as the credit bureaus are relatively new.</b>
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### Coverage

2.3.1 What is the depth of information available in credit bureaus? **Strong – Score – 8 out of 8 with a higher number indicating more information is available**

### Public

2.3.2 What is the extent of public credit registry coverage? **4.8% - Weak**

### Private

2.3.3 What is the extent of private credit bureau coverage? **Weak – 13.9%**

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Source: *Doing Business 2020 – Getting Credit*, World Bank  
[www.doingbusiness.org/en/doingbusiness](http://www.doingbusiness.org/en/doingbusiness)

## **In-Country Assessment Information**

### **Resources**

**International Monetary Fund** [www.imf.org/en/Countries/NGA](http://www.imf.org/en/Countries/NGA)

#### **FQ 6 Are there any informal barriers to borrowing such as for women or minorities?**

The property rights system creates barriers for women to access loans and to scale up their businesses. Women should get their own properties, titled in their own name and pursue their own business assets. Even in the Northern part of the country, women can buy and own their own property even with loans compliant with sharia law. In the Eastern part of the country, a woman who wants to buy her own property is considered prideful. Property could also be put in the children's name.

Core Issue: Education Program on Access to Credit through discipline so that women can own their own properties. Work with the "My Own Home" program of the Central Bank and public-private partnerships.

#### **FQ 7 How available are mortgage loans for purchasing commercial property (office, retail, industrial and logistics), who is the typical user and what are the prevailing trends?**

Nigeria has a very low rate of mortgages to GDP at 0.50% compared with 60% in the US and 30% in South Africa. This leads to people using their own funds and incremental building. GT Bank Plc., Zenith, First Bank, Access and United Bank for Africa are the largest banks. Nonperforming loans remain a problem.

The Federal Mortgage Bank of Nigeria (FMBN) was created to serve as a wholesale and apex housing finance institution in Nigeria and the government has plans to inject \$1.4 billion US into the agency over the next 5 years. Other institutions created with the responsibilities to serve as housing finance include the Primary Mortgage Institutions (PMI) such as Building Societies, Housing Associations and Credit Unions as well as the Nigeria Mortgage Refinance Company.

Mortgage rates can be as high as 17-20% with terms as short as 24 months. Mortgage loans generally are only offered to employees of financial institutions or multinationals. This lack of access to finance is one factor contributing to an enormous number of informal settlements and slums that are subject to flooding, building collapse and epidemics. It is estimated the 75% of Nigeria's housing stock is substandard.

The Central Bank of Nigeria is working toward Mortgage Guarantee Companies to further deepen the mortgage market through increased access to mortgage finance and sharing of credit risk with mortgage lending institutions.

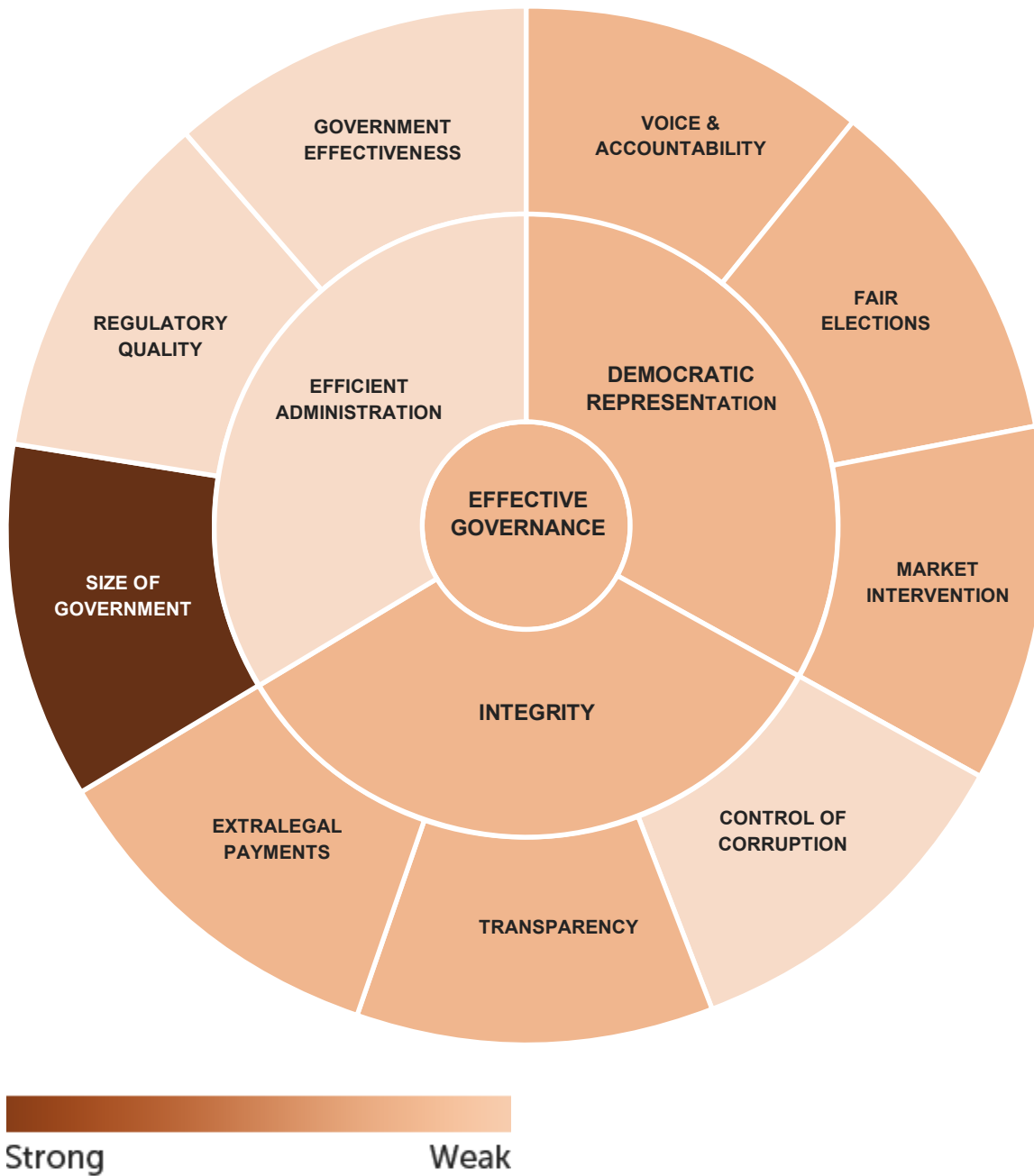
**FQ 8                    What professional financial services are available outside state owned banks including insurance, credit cards and investment management?**

Foreign investors who have incorporated in Nigeria have equal access to all financial instruments. Some investors consider the capital market, specifically the Nigerian Stock Exchange, a financing option, given commercial banks' high interest rates and the short maturities of local debt instruments.

**FQ 9                    How available is seed money or angel investors for the startup of small businesses?**

There is a new collateral register that may be able to help women develop and grow their businesses. The Lagos Angel Network is a nonprofit entity set up for the purpose of organizing seed funders to invest in start-up businesses.

### 3. Effective Governance



**Goal – A popularly elected government free of corruption and functioning efficiently and transparently enough to guarantee economic freedom to individuals and support equitable property markets**



### 3.1 Democratic Representation

Core Question:	Does the country have free and open elections for the leadership and can citizens engage in free enterprise? <b>No – Weak, Economic freedom and economic development have been battered by Nigeria’s chronic and severe political instability.</b>
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#### 3.1.1 Voice & Accountability

3.1.1.1 Are citizens able to elect their government and do they enjoy freedom of expression, association and a free media? **No – Weak – Percentile Rank 35 – Trend ↑**

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Source: *Governance Matters 2019*, World Bank  
<http://info.worldbank.org/governance/wqi/index.aspx#reports>

3.1.1.2 Are citizens free to form political and civic organizations free of state interference and surveillance? **No – Weak – Score 4.41 out of 10**

**Overall Ranking – 110<sup>th</sup> out of 167 Trend ↓**

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Source: *The Economist* Intelligence Unit Democracy Index 2020  
[https://en.wikipedia.org/wiki/Democracy\\_Index](https://en.wikipedia.org/wiki/Democracy_Index)

#### 3.1.2 Fair Elections

Does the country enjoy a wide range of political rights, including free and fair elections? **No – Weak – Percentile Rank 45 Trend ↑**

Source: Freedom House <https://freedomhouse.org/report/freedom-world/2021/democracy-under-siege>

#### 3.1.3 Market Intervention

**Overall Freedom Ranking – Weak 105<sup>th</sup> out of 178 Trend ↑**

To what extent does the government control prices? **Score 68 out of 100 with a higher score indicating less control – Strong, Moderately free**

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Source: *Index of Economic Freedom 2021* – Heritage Foundation [www.heritage.org/index](http://www.heritage.org/index)

## 3.2 Lack of Corruption

Core Question:	Is the public sector transparent and free of corruption? <b>No – Weak, pervasive corruption is rarely investigated or prosecuted, and impunity remains widespread at all levels of government.</b>
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### Transparency

3.2.1 What is the perceived level of corruption in the country? **Ranking – 149<sup>th</sup> out of 180; Score 25 out of 100 – Weak Formal Sector, Trend ↓**

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Source: *Corruption Perception Index 2020*, Transparency International  
<https://www.transparency.org/en/cpi/2020/index/nzl>

### Control of Corruption

3.2.2 How effective is the government at controlling corruption? **Score 13 out of 100 – Very Weak Trend ↓**

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Source: *Worldwide Governance Indicators 2019*, World Bank  
<http://info.worldbank.org/governance/wgi/Home/Reports>

### Extralegal Payments

3.2.3 How common is it for firms to make undocumented extra payments to “expedite” services or gain business? **28.9% – Weak**

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Source: *Enterprise Surveys 2019*, The World Bank [www.enterprisesurveys.org/](http://www.enterprisesurveys.org/)

## 3.3 Efficient Administration

Core Question:	Are quality services and qualified civil servants available to the public through the efficient use of public money? <b>No – Very Weak, petty corruption is endemic especially in government offices where licenses and permits are issued.</b>
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### Size of Government

3.3.1 What is the size of government relative to GDP? **12.5% - 25 to 30% considered optimum – Very Strong**

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Source: *Index of Economic Freedom 2021*, Heritage Foundation [www.heritage.org/index](http://www.heritage.org/index)

### Regulatory Quality

3.3.2 What is the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development? **Very Weak – Score 18 out of 100 Trend ↓**

### **Government Effectiveness**

3.3.3 What is the overall effectiveness of the government? **Very Weak - Percentile Ranking – 13.5 Trend ↓**

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Source: *Worldwide Governance Indicators 2019*, World Bank  
<http://info.worldbank.org/governance/wgi/Home/Reports>

### **In-Country Assessment Information**

**FQ10**      **What is the actual experience of small businesses in dealing with the government, particularly the number and complexity of required procedures and the prevalence of extra payments to facilitate services such as licenses or permits?**

Nigeria's economic potential is constrained by many structural issues, including inadequate infrastructure, tariff and non-tariff barriers to trade, obstacles to investment, lack of confidence in currency valuation, and limited foreign exchange capacity.

Many government institutions do not adequately engage with citizens or the private sector and lack the capacity to carry out their mandates. Further, civil society lacks both the capacity and the resources to effectively engage with government and advocate for change.

Bureaucratic bottlenecks and civil service corruption are epidemic in Nigeria. This coupled with poor corporate governance and financial mismanagement limit foreign investment and opportunities for all sectors.

With the reelection of President Buhari in 2019, some of the chaos surrounding election years has subsided and hopes are that international investors will take another look at the opportunities, especially in the housing sector.

## 4. Rational Dispute Resolution



**Goal – An efficient institutional framework that balances the rights of the public, owners, lenders and borrowers in the event of a dispute or loan default**

## 4.1 Rule of Law

Core Question:	Do all market participants abide by the rule of law and have confidence in the courts and the ability of police to control crime? <b>No – Very Weak, the judiciary is hobbled by political interference, understaffing, underfunding, inefficiency, and corruption.</b>
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### Impartiality

4.1.1 What is the confidence level of the strength and impartiality of the police, courts and contract enforcement? **Very Weak – Percentile Ranking – 18.75 Trend ↑**

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Source: *Governance Matters 2019*, World Bank  
<http://info.worldbank.org/governance/wgi/index.aspx#reports>

### Judiciary

4.1.2 Can members of the judiciary be held accountable for their actions? **No – Score 38.7 out of 100 – Weak Trend ↓ Mostly unfree**

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Source: Index of Economic Freedom 2021, Heritage Foundation

### Security

4.1.3 What is the security situation in the country including crime, terrorism and the reliability of the police? **Very Weak – Ranking 134<sup>th</sup> out of 141 – Score 42.7 out of 100; Trend ↑**

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Source: *The Global Competitiveness Report 2019*, World Economic Forum  
<http://reports.weforum.org/global-competitiveness-report-2019/>

## 4.2 Enforcement of Contracts

Core Question:	Are systems in place for timely and efficient enforcement of contracts? <b>Commercial – Yes – Strong, Residential – Yes – Strong</b>
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### 4.2.1 – Judicial Enforcement

**Commercial – Strong – Ranking 73<sup>rd</sup> out of 190 Trend ↑**

4.2.1.1 What is the quality of the judicial process? **Score 9.5 out of 18**

4.2.1.2 What is the time between the filing of a lawsuit and resolution in judicial enforcements? **376 days**

4.2.1.3 What is the cost of judicial enforcements as a percentage of debt value? **42%**

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Source: *Doing Business 2020 Enforcing Contracts* – [www.doingbusiness.org](http://www.doingbusiness.org)

#### 4.2.2 – Summary Proceedings

SQ 10 Summary proceedings are alternative dispute resolution processes where creditors can apply for a direct court order in property disputes. Are summary proceedings available to lenders? **Not Available – Very Weak**

#### 4.2.3 – Power-of-Sale

SQ 11 Power-of-sale agreements give creditors the power to sell properties after notice to the borrower without court intervention. Are power-of-sale agreements available to lenders? **Yes – Strong**

### 4.3 Commercial Dispute Resolution

Core Question: Can commercial disputes be resolved efficiently and fairly without exorbitant expense and delay? **Yes – Strong, the Arbitration and Conciliation Act provides for a unified and straightforward legal framework for the fair and efficient settlement of commercial disputes by arbitration and conciliation.**

Survey Questions

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#### 4.3.1 Commercial Courts

SQ 12 Do specialized commercial courts exist for the handling of property disputes and foreclosures? **Yes – Strong, the Commercial Division of the High Court of Lagos handles property disputes.**

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Source: Lagos State High Court: <https://lagosjudiciary.gov.ng/index.html>

#### 4.3.2 Alternative Dispute Resolution

SQ 13 Are alternative dispute resolution mechanisms in place including commercial arbitration, private mediation and community-based processes? **Yes - Strong – a member of the New York Convention, National ADR Law passed in 2007 and there is growing support.**

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Source: Nigerian Institute of Chartered Arbitrators [www.nicarb.org/](http://www.nicarb.org/)

### 4.3.3 Commercial Treaties

SQ 14 What bilateral, regional and international commercial treaties exist concerning business between countries? **Weak, Nigeria is a member of the Economic Community of West African States (ECOWAS) and has numerous bilateral investment and double taxation treaties, but many have not been ratified by both parties.**

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Source: US State Department 2020 Investment Climate Statement  
[www.state.gov/reports/2020-investment-climate-statements/nigeria/](http://www.state.gov/reports/2020-investment-climate-statements/nigeria/)

#### In-Country Assessment

**FQ11 To what extent do small businesses trust public institutions to support contract enforcement?**

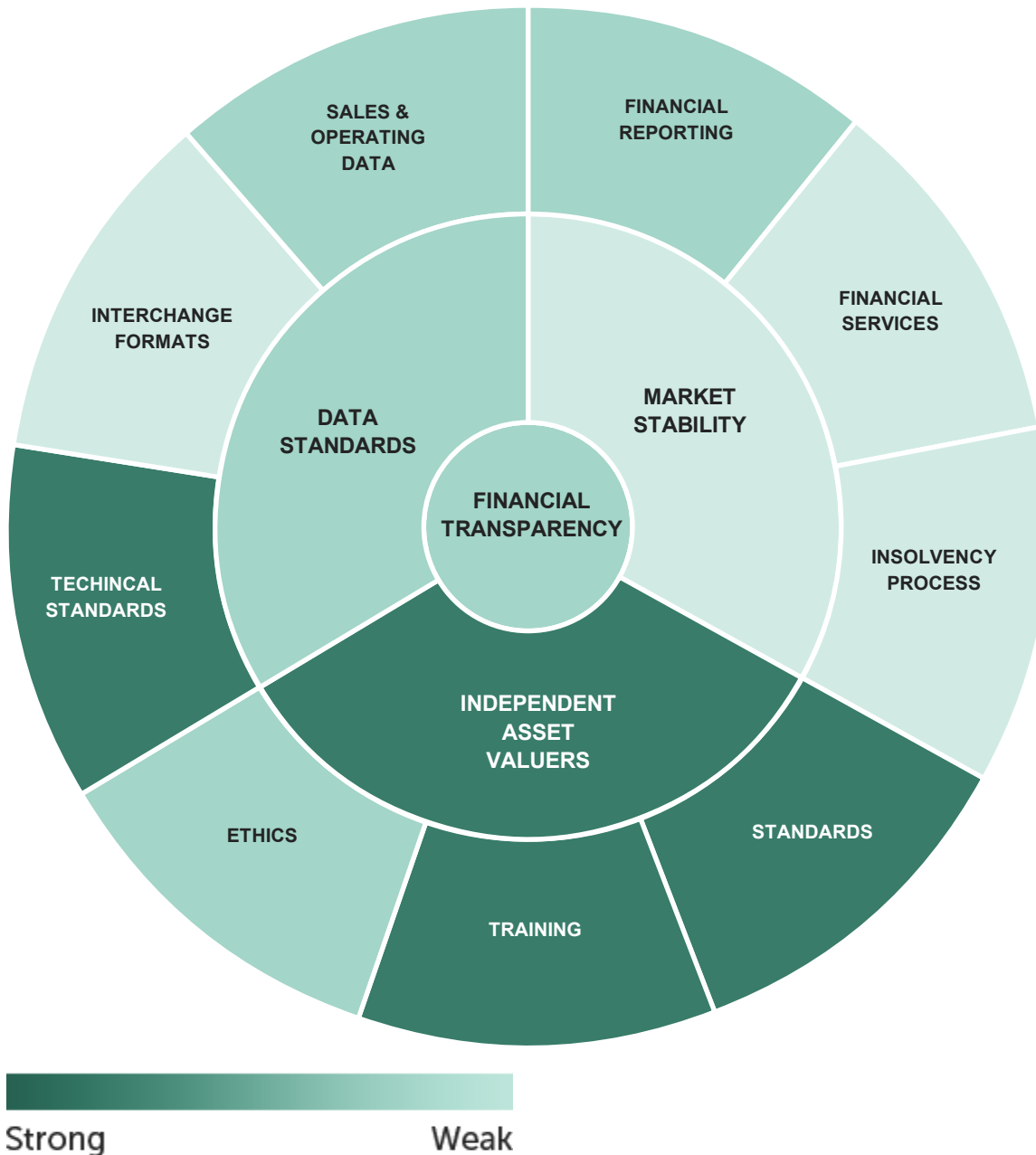
Nigeria has a complex, three-tiered legal system comprised of English common law, Islamic law, and Nigerian customary law. Most business transactions are governed by common law modified by statutes to meet local demands and conditions. The Nigerian court system is slow and inefficient, lacks adequate court facilities and computerized document-processing systems, and poorly remunerates judges and other court officials, all of which encourages corruption and undermines enforcement.

The courts do not support the redistribution of property at divorce and often act as bottlenecks for settling claims. This leaves women at an economically disadvantaged position. There is need for the amendment of the Matrimonial Property Law so that there is at least compensation to ensure that the financial benefits of marriage are shared on an equitable basis.

Financial literacy training should be provided to women, especially widows. Also legal literacy training needs to be provided to women regarding laws and that are in place for them to seek redress when there are inequities and landmark decisions that have been handed down.

The legal system can be so long drawn out that women give up or don't have the funding to keep pursuing justice. There are recent cases where women have been able to stay in their home after divorce or a second wife after the husband wanted them out supported by the courts while the case works through the system.

## 5. Financial Transparency



**Goal – A well developed and transparent financial system that includes strong supporting institutions and highly trained and ethical professionals that contribute to effective financial intermediation and deep and broad access to capital and financial services**



## 5.1 Market Stability

Core Question:	Are market risks sufficiently transparent and diversified so that efficient capital allocation can occur? <b>No – Very Weak, Nigeria’s full market potential remains unrealized because of pervasive corruption, inadequate power and transportation infrastructure, and an inconsistent regulatory and legal environment.</b>
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### Financial Reporting

5.1.1 What is the strength of the country’s auditing and reporting standards? **Weak – 76<sup>th</sup> out of 141; Score 59.7 out of 100; Trend ↓**

### Financial Services

5.1.2 Does the financial sector provide a wide variety of financial services to businesses? **No Very Weak – 127<sup>th</sup> out of 141; Score 30.2 out of 100; Trend ↑**

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Source: *The Global Competitiveness Report 2019*, World Economic Forum  
<http://reports.weforum.org/global-competitiveness-report-2019/>

### Insolvency Process

**Very Weak – Ranking – 148<sup>th</sup> out of 190 Trend ↑**

5.1.3 What is the average time to complete bankruptcy proceedings? **2 years**

5.1.4 What is the cost of bankruptcy proceedings as a percentage of the estate? **22%**

5.1.5 What is the recovery rate of bankruptcy proceedings? **27.8 cents on the dollar**

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Source: *Doing Business 2020* – Resolving Insolvency [www.doingbusiness.org](http://www.doingbusiness.org)

## 5.2 Independent Asset Valuers

Core Question:	Do trained, independent and ethical asset valuers exist for all types of assets? <b>Yes – Strong, the Nigerian Institution of Estate Surveyors and Valuers (NIESV) is highly respected and follows international standards.</b>
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### Survey Questions

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#### 5.2.1 Standards

SQ 15 How easy is it to find a valuer who implements International Valuation Standards? – **Strong – NIESV a member of IVSC**

*Civil Society Resource: NIESV [www.niesv.org.ng/](http://www.niesv.org.ng/)*

### **5.2.2 Training**

SQ 16 What is the level of training of valuers? – **Strong, NIESV provides ongoing training and certification programs.**

### **5.2.3 Ethics**

SQ 17 Are opinions offered by valuers free of influence from parties to the transaction? **Weak – enforcement procedures are not in place.**

## **5.3 Data Standards**

Core Question:	Is accurate property information available electronically in formats that are consistent with international standards? <b>No – Weak, the process for allowing electronic stamping of registration documents and electronic data sharing are in their infancy.</b>
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Survey Questions

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### **5.3.1 Sales & Operating Data**

SQ 18 Are data aggregation systems available where brokers and agents can widely share contracted real estate listings of properties that are for sale or rent? **No – Weak, internet sites exist, but data is not standardized, verified or maintained.**

Source: Castles <https://castles.com.ng/>

SQ 19 Do resources exist for obtaining building income and expense estimates? **No – Weak**

*Civil Society Resource: Institute of Real Estate Management <http://irem.org/>*

### **5.3.2 Interchange Formats**

SQ 20 Do electronic data interchange formats conform to international standards (ebXML – electronic business using extensive markup language)? **No – Very Weak, banks are required to use XML, stock exchange providing real-time data, but property information still manual and not standardized.**

*Civil Society Resource: Open Standards Consortium for Real Estate International [www.oscre.org](http://www.oscre.org)*

### 5.3.3 Technical Standards

SQ 21 Do building codes and office building measurement standards (ANSI/BOMA Z65.1) conform to international standards? **Yes – Strong, National Building Codes were updated in 2018 and there is a renewed effort to focus on enforcement.**

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Source: Federal Ministry of Works & Housing <https://worksandhousing.gov.ng/>

*Civil Society Resource: BOMA International [www.boma.org](http://www.boma.org)*

#### **In-Country Assessment**

Nigeria has suffered a volatile economy for the last several years due to the fluctuating price of oil and only came out of the most recent recession in the 4<sup>th</sup> quarter of 2020. The real estate sector continues to contract.

#### **Valuation Profession**

**FQ12            How many independent valuers exist in the market? Can small businesses obtain fair valuations for property they want to buy or sell?**

NIESV has 17,000 registered members and 1,000 registered firms. The organization regularly hosts courses and professional examinations as well as working with the Estate Surveyors and Valuers Registration Board of Nigeria as the regulatory body for the profession. Valuation services are on par with international practices.

**FQ13            What are the valuation standards and do they conform to international and regional standards?**

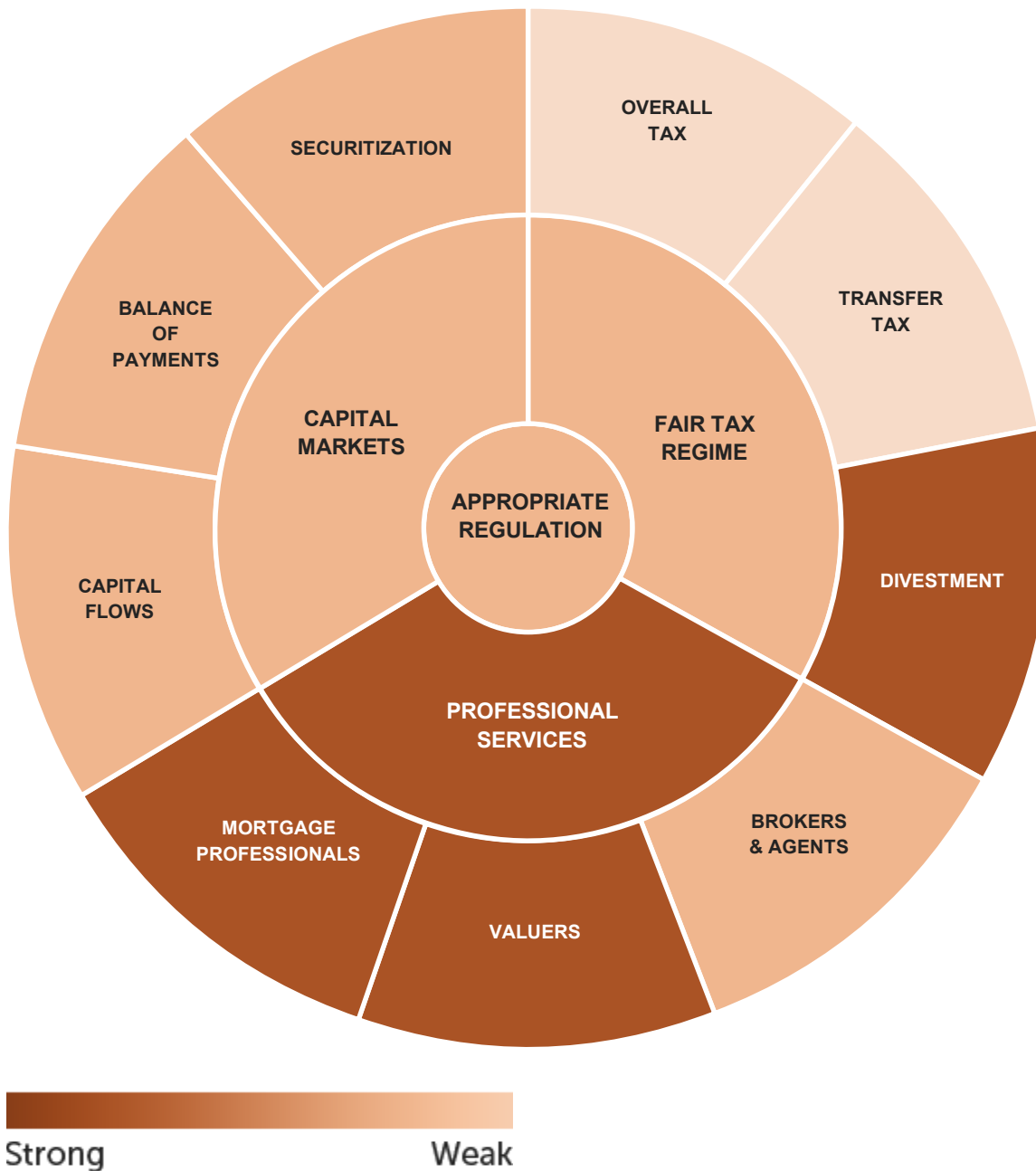
There are high and reputable standards of professional conduct and practice that conform to IVSC Standards and there is a disciplinary tribunal for investigating and censuring unethical behaviors.

#### **Data Availability**

**FQ 14            How available is information for commercial properties that are for sale or that have been sold?**

Lack of basic real estate data is still a huge problem.

## 6. Appropriate Regulation



**Goal – A comprehensive regulatory regime that is transparent, efficient, simple in its implementation and that leads to accurate reporting of property values and prudent protection from market risks**

## 6.1 Fair Tax Regime

Core Question:	Do market participants feel the overall tax rate is fair and participate in formal transactions? <b>No – Weak – high tax rates, corruption and a general distrust of the government have led to a large informal sector.</b>
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### Transfer Tax

6.1.1 What is the total property transfer tax including all duties and payments? **11.1% - Very Weak Trend ↑**

### Overall Tax

6.1.2 What is the overall tax rate on entrepreneurs (as a percentage of profits)? **34.8% – Ranking – 159<sup>th</sup> out of 190, Very Weak – Trend ↑**

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Source: *Doing Business 2020* – Paying Taxes & Registering Property, World Bank  
[www.doingbusiness.org](http://www.doingbusiness.org)

### 6.1.3 Divestment

Survey Question

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SQ 22 What is the tax on profits for foreign investors when divesting property? **30% profits tax – Strong, foreign investors receive largely the same treatment as domestic investors including tax incentives.**

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Source: US State Department Investment Climate Statement  
[www.state.gov/reports/2020-investment-climate-statements/nigeria/](http://www.state.gov/reports/2020-investment-climate-statements/nigeria/)

## 6.2 Professional Services

Core Question:	Are the professional services necessary for efficient and transparent property markets available and appropriately regulated and supervised? <b>Yes – Strong, NIESV and the Central Bank are very active in regulating most professionals in the market.</b>
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### 6.2.1 Asset Valuers

Survey Questions

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SQ 23 Are property valuers licensed and/or certified by the government? **Yes – Strong, NIESV maintains the Registration Board.**

SQ 24 How effective are mechanisms in place to discipline valuers who engage in misconduct? **Strong – the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) maintains a Disciplinary Tribunal.**

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Source: ESVARBON [www.niesv.org.ng/esvarbon.php](http://www.niesv.org.ng/esvarbon.php)

### 6.2.2 Brokers & Agents

Survey Questions

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SQ 25 Are real estate brokers and agents licensed and/or certified by the government? **No – Weak, there are a large number of “touts” in the industry.**

SQ 26 How effective are mechanisms in place to discipline brokers or agents who engage in misconduct? **Unknown – Very Weak**

### 6.2.3 Mortgage Professionals

Survey Questions

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SQ 27 Are mortgage professionals licensed and/or certified by the government? **Yes – Strong, professionals are within the banks and regulated by the Central Bank.**

SQ 28 How effective are mechanisms in place to discipline mortgage professionals who engage in misconduct? **Strong**

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Source: Central Bank of Nigeria [www.cbn.gov.ng/](http://www.cbn.gov.ng/)

## 6.3 Capital Markets

Core Question:	Are capital markets well-regulated and diversified enough to provide financial resources to private-sector entrepreneurs and innovators? <b>No – Weak, however, the equity market capitalization increased by 11 percent to USD 36.0 billion from USD 32.5 billion in 2018, largely due to the notable listings of telecom companies.</b>
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### Capital Flows

6.3.1 What are the business impacts of rules on Foreign Direct Investment? **Weak – Rank 102<sup>nd</sup> out of 141, Score 52.8 out of 100.**

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Source: *The Global Competitiveness Report 2019*, World Economic Forum  
<http://reports.weforum.org/global-competitiveness-report-2019/>

## Balance of Payments

6.3.2 What is the country's current account balance as a percentage of GDP? – **(-3.6)**  
**Weak, Trend ↑**

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Source: IMF [www.imf.org/en/Countries/NGA#countrydata](http://www.imf.org/en/Countries/NGA#countrydata)

## Securitization

6.3.3 What is the depth of asset-backed securities, mortgage-backed securities, high-yield bonds and highly leveraged loans? **Weak – although the government has issued bonds to restructure the domestic debt portfolio from short- to medium- and long-term instruments.**

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Source: US State Department Investment Climate Statement  
[www.state.gov/reports/2020-investment-climate-statements/nigeria/](http://www.state.gov/reports/2020-investment-climate-statements/nigeria/)

## In-Country Assessment

### Taxation

**FQ 15 What is the level of taxation for small businesses? Are any of those taxes an excessive burden on small businesses? Are any tax discounts provided for small businesses?**

The Industrial Development/Income Tax Relief Act, Cap 17, 2004, provides incentives to pioneer industries deemed beneficial to Nigeria's economic development and to labor-intensive industries, such as apparel. There are currently 99 industries and products that qualify for the pioneer status incentive through the NIPC.

Companies that receive pioneer status may benefit from a company income tax holiday for an initial period of three years, extendable for one or two additional years. A pioneer industry sited in an economically disadvantaged area is entitled to a 100 percent tax holiday for seven years and an additional five percent depreciation allowance over and above the initial capital depreciation allowance.

### Professional Services

**FQ 16 What is the experience of small businesses in dealing with professional property market service providers such as real estate agents, brokers and valuers?**

The NIESV is constantly working to strengthen the practice of members and urges them to adopt the highest ethical standards in their pursuit of the public interest and good.