

## THE FEDERAL GOVERNMENT APPROVES THE BLOCKCHAIN POLICY FOR NIGERIA



**O**n 3 May 2023, the Nigerian government approved a National Blockchain Policy for Nigeria ("Policy"). As the leading digital economy in Africa, Nigeria is the first in the continent to adopt this important technology on a nationwide. The Federal Government intends to adapt blockchain technology to our unique environments to ensure the attainment of maximal benefits while minimising risks.

Blockchain Technology is an advanced database mechanism that allows greater transparency, increased efficiency, and more secure transactions within a business network. It has the potential to change radically many industries and supply chain management. The Federal Government of Nigeria promotes the adoption of this technology to improve the quality of services delivered by the public and private sectors, boost innovation, create job opportunities, drive economic growth, and enhance governance. The Policy will enable the nation to harness the full potential of Blockchain Technology, while shaping the future of the global Blockchain industry.

For the successful implementation of the Blockchain Policy, the FMC&DE in collaboration with other relevant Federal Ministries, will develop a strategy to drive the implementation of the Policy. The strategy will outline all relevant stakeholders along with their various roles and responsibilities toward the implementation of this Policy. A National Blockchain

Implementation and Steering Committee has also been constituted to implement the Policy. The membership of the Committee is made up of 29 institutions drawn from the public and private sectors, including academia.

The Policy highlights five benefits that may be derived by the adoption of technology. They are improved transparency and accountability in various sectors by reducing the possibility of fraudulent, corrupt, and illegal activities in transactions, increased efficiency of various processes such as payment processing, supply chain management, identity verification as well as the use of smart contracts, enhanced security due to the decentralized nature of the technology, financial inclusion, and job creation. The focus areas for implementation of the Policy are as follows:

1. **Talent development:** This is the development of a skilled and knowledgeable workforce in the industry by the Federal Government in collaboration with industry stakeholders. This will involve the development of capacity building, talent attraction, research, and talent development training programmes to attract and retain talent; promote innovation and growth; and enhance the competitiveness of the National blockchain ecosystem. Through the NITDA Blockchain Scholarship programme, over 30,000 Nigerians have already been trained on Blockchain technology.
2. **Innovation:** This involves creating an environment that encourages experimentation, providing resources to support innovation, and addressing regulatory and legal barriers. The Federal Government in collaboration with industry stakeholders shall provide support for research and development in Blockchain, work with experts to identify trends and

opportunities, create regulatory sandboxes for blockchain start-ups, provide incentives, incubation centres, mentorship programmes etc. The Federal Government shall also collaborate with relevant international organizations to promote innovation and address any regulatory hurdles that may hamper innovation.

3. **Blockchain Adoption:** The following areas have been approved by the Federal Government for the adoption of the blockchain technology:
  - a. Financial services offered by startups, commercial banks, financial institutions amongst others. The Government will establish a regulatory framework that enables the safe responsible and optimal use of cryptocurrencies in Nigeria including listing and trading cryptocurrencies on Nigerian exchanges.

- b. Government and corporate digital services i.e., identity management, land registration and record system and supply chain management services

### **Conclusion**

By the time of this write-up the constitution, Muhammadu Buhari, under whose direction the policy was to be implemented is no longer the incumbent President of the Federal Republic of Nigeria. The implementation of this policy may not be a priority for the new government. It is our expectation that the Policy if implemented will be a critical tool in realising the full potential of Blockchain Technology in Nigeria and for shaping the future of the technology industry in Nigeria.

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