



NIGERIA'S REGULATORY IMPACT ANALYSIS (RIA) FRAMEWORK

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Change History

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INTRODUCTION

The Presidential Enabling Business Environment Council (PEBEC) is spearheading the implementation of Nigeria's Regulatory Impact Analysis (RIA) Framework. The RIA framework will drive evidence-based policy decisions and enhance regulatory efficiency across government agencies. The framework establishes clear principles, methodologies, and processes for assessing the impacts of proposed and existing regulations. By ensuring thorough evaluations of regulatory effects, the RIA Framework will ensure that all regulatory interventions are both impactful and resource-efficient, minimizing unnecessary burdens on society and businesses.

Please Note:

Once completed, the RIA and all supporting documents must be submitted to the Presidential Enabling Business Environment Council (PEBEC) for clearance.

1.1 Authority

In exercise of the powers conferred on The Presidential Enabling Business Environment Council, Nigeria's Regulatory Impact Analysis Framework (RIA) is hereby issued.

1.2 Purpose

The Purpose of the RIA includes:

- i. To set a baseline framework to be adopted by Regulatory Agencies in Nigeria for the development of Regulations to be implemented in Nigeria.
- ii. To provide a set of standards and best practices for developing regulations by Regulatory Agencies to ensure effective and efficient Regulations; and
- iii. To streamline the regulatory processes and reduce unnecessary compliance burdens and support an enabling environment for businesses.

1.3 Scope and Applicability

The RIA Framework is designed for implementation by all regulatory agencies and their policy-making departments. It provides a baseline approach to the regulatory-making process, requiring regulators to address all key questions outlined within the framework. Additionally, agencies may customize their assessments with sector-specific questions to address unique regulatory needs.

1.4 Submission and Clearance

A regulatory change—whether it involves issuing a new regulation, amending an existing regulation, or sunseting an outdated regulation—cannot be made without a completed Regulatory Impact Analysis (RIA) Report. The RIA Report must provide evidence of and results from all Required Key Activities as outlined in the questions below. Once completed, the RIA and all supporting documents must be submitted to the Presidential

Enabling Business Environment Council (PEBEC) for clearance through its Secretariat.

1.5 The stakeholders include:

- i. All Regulatory Agencies in Nigeria.
- ii. All Ministries, Departments and Agencies of Government
- iii. Presidential Enabling Business Environment Council Secretariat
- iv. Private Sector Stakeholders
- v. Professional Bodies.

NIGERIA'S REGULATORY IMPACT ANALYSIS (RIA) FRAMEWORK

Definition of
Regulatory
Impact
Analysis (RIA)

2.1 Regulatory Impact Analysis (RIA)

A Regulatory Impact Analysis is a systematic approach to critically assessing the positive and negative effects of proposed, existing regulations and non-regulatory alternatives.

This Framework aims to enhance the quality of regulatory decisions proposed by all Regulatory Agencies in Nigeria. It ensures that all potential consequences of proposed regulations or amendments to existing regulations are thoroughly assessed, thereby guaranteeing that regulations achieve their intended goals efficiently while minimizing unnecessary burdens on society and businesses in Nigeria.

2.2 Guiding Principles for Nigeria's Regulatory Impact Analysis (RIA) Framework

The core underlying principles of RIA are:

- I. **Transparency:** Policymakers should ensure transparency throughout the RIA process, disclosing methodologies, assumptions, and data used in the Regulatory Impact Statement
- II. **Stakeholder Engagement:** Policymakers should engage stakeholders, including businesses and community organizations, for comprehensive input and feedback
- III. **Evidence-Based Analysis:** All Analysis should be based on reliable data and rigorous analysis to accurately evaluate regulatory impacts
- IV. **Cost-Benefit Analysis:** Conduct cost-benefit analysis to assess economic viability and distributional effects of proposed regulations
- V. **Flexibility:** Policymakers should design regulations that are flexible and adaptable to changing circumstances and stakeholders needs. Policymakers should also allow a minimum gestation period of six (6) months before implementing a newly passed regulation.
- VI. **Continuous Improvement:** Regulations should be reviewed periodically at least biennially to test its continued relevance as this will foster a culture of refinement, regularly reviewing and updating RIA practices.

Core Principles
of RIA

This Regulatory Impact Analysis Framework will apply to all Regulatory Agencies in the Federal Republic of Nigeria

2.3 Nigeria's approach to Regulatory Impact Analysis (RIA)

This Framework aims to enhance regulatory governance, promote economic competitiveness and foster trust in institutions through evidence-based policymaking and transparent regulatory processes. It leverages a two-pronged approach in achieving these objectives.



3.0: Nigeria's Regulatory Impact (RIA) Framework

3.1: The Critical Questions to Answer - Regulatory Impact Analysis

The critical Regulatory Impact Analysis (RIA) questions help policymakers focus on the potential impact of major decisions, i.e. the size of the impact (increase or decrease) on the stakeholders. They highlight the key considerations for effective policy making, as well as help structure ideas, test assumptions and encourage policymakers to think beyond a regulation-based solution as the default. The RIA is more important given that, in most cases, the regulation is a public document, and as such, policymakers should carefully consider each question, as the answers will be on the public record. Policymakers should aim to prepare Regulation Impact Statements that are assessed as exemplary.

I. Question 1: What is the problem you are trying to solve?

Objective: This requires you to explain the problem and your objective in a simple and clear manner. A clearly defined problem offers better scope for target approaches that will solve it.

Required Key Activities:

- Develop a simple and well-defined problem statement

II. Question 2: Why is Government action needed?

Objective: This requires you to ask yourself: is it a genuine priority? Is it the Government's job? Is the problem serious enough to justify the Government's intervention?

Required Key Activities:

- Develop 1-2 paragraphs that provides a rationale for why the government should prioritize the problem and take action to intervene.

III. Question 3: What policy options are you considering?

Objective: This will highlight whether all the viable options have been thought through, including the option of not regulating. Until the problem has been analysed from every angle, you may be overlooking a viable, low-impact alternative.

Required Key Activities:

- Start out by seeking a non-regulatory solution
- Make a list of non-regulatory interventions/actions that can effectively solve the problem
- Develop a pros & cons Analysis of each non-regulatory option
- Develop a conclusion on which (if any) non-regulatory option would effectively solve the problem
- If no non-regulatory option can solve the problem, research all existing relevant regulations relating to the problem
- Make a list of existing regulation(s) that, if updated or changed, can solve the problem or make a list of new regulation(s) that can solve the problem

IV. Question 4: What is the likely net benefit of each option?

Objective: Policy interventions often come at a cost. As such, it is important for you to assess the benefit of your proposed intervention against the burden you impose. If that burden is greater than the benefit, you should look for alternatives or reconsider the need to intervene at all.

Required Key Activities:

- Develop an estimate of the cost impact (monetary/financial, process, time), on each key stakeholder group, of the proposed regulatory change (issuing of new regulation, change of existing regulation, or sunseting of outdated regulation)
- Develop an estimate of the benefit impact (monetary/financial, process, time), on each key stakeholder group, of the proposed regulatory change (issuing of new regulation, change of existing regulation, or sunseting of outdated regulation)
- Provide evidence that this cost estimate is validated by at least 3 individual representatives of each stakeholder group
- Complete this process for each one of the following stakeholder groups:
 - Your own Department or Agency (or equivalent)
 - Your own supervising Ministry (or equivalent)
 - Other relevant Federal Government Departments or Agencies
 - Organized Private Sector Groups
 - Micro, Small, and Medium Enterprises
 - Large Enterprises
 - End user/end customer served by affected enterprises
 - Other relevant stakeholders
- Conduct a final cost effectiveness analysis, ranking the alternatives to the proposed regulatory changes in terms of the respective costs of achieving the benefits.

V. Question 5: Who did you consult and how did you incorporate their feedback?

Objective: For transparency and accountability, policymakers need to walk in the shoes of the people and businesses affected by the policy proposal.

Required Key Activities:

- Make a list of specific stakeholders
 - Name of contact person
 - Phone number
 - Email

- Description of stakeholders
- Stakeholders should include other regulatory agencies
- Carry out a survey to ensure that all relevant Stakeholders have been identified and are part of the list of specific stakeholders.
- Conduct focus group or one-on-one sessions on proposed regulatory change (issuing of new regulation, change of existing regulation, or sunseting of outdated regulation) with each specific stakeholder group.
 - Explain the objectives of the focus group or one-on-one sessions.
 - Outline the current reputation.
 - Outline the problem to be solved.
 - Outline the proposed regulatory change (issuing of new regulation, change of existing regulation, or sunseting of outdated regulation).
 - Share result of cost benefit Analysis conducted in **Question 4** (above).
- Collect feedback each individual stakeholder engaged including other regulatory agencies.
- Develop a summary feedback collected per stakeholder group.
- Analyse feedback collected and describe how it influences the proposed regulatory change (issuing of new regulation, change of existing regulation, or sunseting of outdated regulation).
- Develop comprehensive report including evidence of stakeholder engagement sessions (focus groups and/or one-on-one interviews), list of stakeholders, feedback from stakeholders, Analysis of stakeholder feedback, and recommendations.
- Publish a summary of analysis and feedback from stakeholders as part of the Regulation Impact Statement.

VI. Question 6: What is the best option from those you have considered?

Objective: This will help make clear whether your decision-making processes are robust enough to cope with scrutiny. The public do not just need to know what you have decided, they want to know why and on what information and arguments your decision was based.

Required Key Activities:

- Develop a list of all the options considered.
- Develop an objective and evidence-based list of evaluation criteria.
- Develop a decision matrix.
 - Clearly show how each option scores against each evaluation criteria. Each criterion should be scored on a scale of 1 to 5.
 - Use visual aids (e.g., charts, graphs) to present the comparative results clearly and concisely.

- Identify and evaluate the risks and uncertainties associated with each option.
- Describe learnings from consultation and any alternative policy approaches suggested
- Develop a justification for the selection of the preferred option, ensuring that all considered options align with current global trends in regulatory practices.
- These practices should include responsive and smart regulation, insights from behavioural economics, regulatory sandboxes, and flexible and agile regulation methodologies.

VII. Question 7: How will you implement and evaluate your chosen option?

Objective: The RIA process ensures you give adequate and timely consideration to the real-world problems of making your policy work — and makes sure you will test its effectiveness and ongoing relevance.

Required Key Activities:

- Develop a comprehensive implementation plan.
 - Draft a detailed implementation plan that outlines steps, timelines and resources required to execute the policy.
 - Determine the human, financial and technological resource requirements.
 - Assign responsibilities to specific individuals to ensure accountability.
 - Set up a governance structure and oversight/steering committee to monitor progress of implementation and address any issues that arise.
 - Assess implementation challenges/risks and develop mitigation actions to be taken.
- Assign adequate time, at minimum of 6 months, after the announcement of the regulatory change, before it takes effect. This is to minimize the disruptive effect on the business climate.
- Design transitional arrangements from current to new policy.
 - Develop interim measures to bridge any major gaps.
 - Communicate changes to transitional arrangements to all stakeholders.
- Establish clear communication channels for regular update to all stakeholders.
- Conduct pilot test (where required) and make necessary adjustments from feedback before full implementation.
- Develop robust M&E mechanism

- Conduct periodic reviews to evaluate the policy's effectiveness, efficiency and impact.
- Set a date for the review and revalidation of regulation and/or regulatory change (at least not later than three years from date of effect).

VIII. Question 8: Under which regulator should the regulations seat?

Objective: To minimize the risk of regulatory overlap, and its negative impact on businesses, thoroughly consider the best Regulator under which the regulatory change should occur.

Required Key Activities:

- a. Identify that your agency is the appropriate agency with regulatory oversight over the problem identified in Question 1, putting the agency's enabling laws into consideration
- b. Ensure that your agency has the legal authority over the sector or issue in question.
- c. The regulator should have the technical knowledge and experience relevant to the regulation.
- d. Assess whether the regulator has sufficient resources (staff, budget, infrastructure) to effectively manage the regulation.

IX. Question 9: How will you assess the social, environmental and economic impact of the regulation?

Objective: Leverage robust evaluation framework to assess the likely social environmental and economic impact of the regulation among all key stakeholders.

Required Key Activities:

- a. Evaluate how the regulation will affect different social groups, including vulnerable populations. Consider factors such as health, education, and social equity.
- b. Analyse the potential effects on natural resources, ecosystems, and biodiversity. Use tools like Environmental Impact Analysis (EIA).
- c. Assess the regulation's impact on businesses, employment, and economic growth. Conduct cost-benefit analyses and economic modelling.
- d. Assess the regulations impact on safety, security, efficiency, competitiveness and any international obligations.

Data Collection: Gather quantitative and qualitative data from various sources, including surveys, case studies, and existing research.

Stakeholder Engagement: Involve stakeholders in the Analysis process to gather diverse

perspectives and ensure comprehensive Analysis.

Reporting: Document the findings in a detailed report, highlighting both positive and negative impacts.

X. Question 10: How will you mitigate any unintended consequences of the regulatory change?

Objective: Develop detailed mitigation activities for eliminating or minimizing the expected social, environmental, and economic impact of the regulatory change

Required Key Activities:

- Identify potential unintended consequences through thorough Analysis and stakeholder consultations.
- Mitigation Strategies:
 - Design the regulation to allow for adjustments based on feedback and changing circumstances.
 - Provide support to affected parties, such as training programs, financial assistance, or technical guidance.
 - Establish a robust monitoring system to track the regulation's impact and identify any emerging issues early.
 - Create channels for continuous feedback from stakeholders to address concerns and make necessary adjustments.

XI. Question 11: How would you collaborate with other government agencies to ensure coherent implementation?

Objective: Develop a comprehensive plan that includes the responsibility of partner agencies (within and outside your host ministry)

Required Key Activities:

- Form a dedicated team comprising representatives from relevant agencies to coordinate efforts and share responsibilities.
- Schedule periodic meetings to discuss progress, address challenges, and align on implementation strategies.
- Create a comprehensive plan that outlines roles, responsibilities, timelines, and key milestones for each agency involved.

- Establish a mechanism for resolving conflicts and addressing any inter-agency issues that may arise during implementation.

4.0 Appendix

4.1 RIA Implementation Considerations

- **Identify Key Areas to Update on the RIA**
 - Changes in Regulatory Landscape: Check if any new laws or regulations have been passed that might affect the proposed regulation. Update the RIS to reflect these changes.
 - Economic Changes: Have there been big shifts in the economy or society lately? If so, update the RIS to consider the current situation.
 - Fresh Information: Has any new research or data come out that could change how we think about the costs, benefits, or impact of the proposed regulation? Update the RIS to consider this new information.
- **Consultation with Stakeholders:** Consultation with stakeholders on the draft RIA is a strategic investment that leads to better-informed regulations, enhances policy outcomes, and promotes a collaborative approach to governance. This allows policymakers to:
 - Gather Feedback: Stakeholders directly affected by the regulation can provide valuable insights on its practicality, effectiveness, and potential unintended consequences. This feedback helps refine the RIA and ensures it addresses real-world concerns.
 - Understand Diverse Perspectives: Different stakeholders will have varying viewpoints based on their roles and interests. Businesses might focus on economic impacts, while community groups might prioritize social or environmental considerations. Consultation allows policymakers to understand these diverse perspectives and create a more balanced and inclusive RIA.
 - Identify Potential Concerns: Early identification of potential concerns allows for proactive mitigation strategies. Stakeholders might point out practical challenges with implementing the regulation or unintended loopholes that could undermine its effectiveness. Addressing these concerns early on saves time and resources in the long run.
 - Building Ownership and Sustainable Dialogue: Stakeholder consultation fosters a sense of ownership in the regulatory process. When stakeholders feel their voices are heard and their concerns considered, they are more likely to support the final regulation. This leads to greater compliance and cooperation during implementation.
- Furthermore, consultation promotes sustainable dialogue. By establishing a communication channel with stakeholders early on, policymakers can maintain a flow of

information and feedback throughout the regulatory lifecycle. This ongoing dialogue allows for adjustments and adaptations should circumstances change or unforeseen issues arise.

- **Review RIA - Technical and Legal Review**
 - It is important to highlight verification methods and evaluate the technical soundness of the information and identify and avoid any potential inconsistencies or inaccuracies.
 - The organization's legal team ensures the proposed regulation's alignment with relevant statutes, judicial decisions, and existing legal frameworks.
- **Implementation Planning:** Once a new policy is approved, it's time to plan to put it into action. This plan, like a roadmap, will show everyone involved exactly what needs to be done to make the policy work as intended and have the biggest positive impact. The plan will include things like:
 - Step-by-step instructions: Breaking down the policy into clear actions, like deadlines and who does what.
 - Gathering resources: Making sure there are enough people, money, and tools to carry out the plan.
 - Keeping everyone informed: Letting everyone affected by the policy know what's happening and how it will impact them.
 - Checking in on progress: Tracking how well the plan works and adjusting if needed.
- **Establish a Process for Monitoring the RIA Implementation:** An effective monitoring process is vital for assessing if a regulation is achieving its intended outcomes as outlined in the RIA. Here's a breakdown of the key steps to establish a robust monitoring process for your RIA implementation:
 - Define monitoring goals and objectives: Clearly define what the rule aims to achieve.
 - Develop Monitoring Indicators: Choose ways to measure success, like numbers or feedback.
 - Establish Monitoring Frequency: Decide how often to check on progress.
 - People in Charge: Assign someone to oversee tracking and reporting.
 - Keep Everyone Informed: Share progress reports with stakeholders interested.