

Regulatory Compliance & the Investor's Dream How Close is Nigeria to the "Ease Agenda"?

There are multiple regulatory agencies in Nigeria operating on the framework of various laws and practices, with administrative authorities constituted at different levels to enforce compliance. With such plethora of regulatory authorities, overlap and duplicity of functions, operational models, resulting in sometimes multiplicity of charges and bureaucratic bottlenecks become the daily experience of stakeholders. It is therefore not surprising that, based on World Bank's 2017 Ease of Doing Business Report, Nigeria ranked 169th out of 190 countries (a higher ranking means greater gap from best practice). A summary of the rankings for Nigeria and other African countries is provided below:

Indicators	Nigeria	South Africa	Kenya	Ghana
Starting a business	138	131	116	110
Dealing with construction permit	174	99	152	117
Registering property	182	105	121	77
Getting Credit	44	62	32	44
Protecting minority investors	32	22	87	87
Paying taxes	182	51	125	122
Trading across border	181	139	105	154
Enforcing contract	139	113	87	114
Resolving insolvency	140	50	92	115
Overall Ranking	169	74	92	108

The major underlying parameters assessed in arriving at the above rankings includes; the **procedure, time** and **cost** involved in complying with the above indicators. Therefore, the number of regulatory agencies business entities are subjected to plays a huge role in determining total compliance time, cost and procedures, which ultimately influences the World Bank's rankings.

There is no gainsaying that an efficient regulatory system and a vibrant economy are two peas in a pod. An effective regulatory system provides an undistorted corporate environment in which large businesses thrive, small enterprises grow and investors participate. Accordingly, streamlining such duplicity and overlap would be crucial to delivering on the "ease of doing business" agenda.

A pertinent question would then be whether Nigeria has a regulatory framework that is nimble, agile, or adaptive enough to unlock its potential for economic growth and development as well as enhance ease of doing business?

In order to improve Nigeria's regulatory framework, ex-President Goodluck Jonathan inaugurated a seven-member committee on the 18th of August 2011, charged with the responsibility of making recommendations towards the restructuring and rationalization of government parastatals, commissions and agencies¹. The Committee, through its White Paper², made numerous recommendations, chief of which was to slash the number of statutory government agencies by one hundred and two (102). Although some of the committee's recommendations have been adopted, there is still room to further streamline the operations of multiple agencies.

Highlighted below are some potential considerations to realising such an agenda:

- Synchronising regulatory processes**
 One major solution to curb time spent on multiple regulatory approvals (on similar issues) is to synchronize the registration processes. This could be via a revitalisation of the concept of One-stop-shop where relevant regulators are under one roof and can attend to investor's queries and processing of approvals. This can also create an avenue for government to obtain constructive feedback from key stakeholders in various industries of the economy.

The Presidential Enabling Business Environment Council (PEBEC) was set up by the Presidency to look into ease of doing business in Nigeria. PEBEC has begun initiating various reforms, e.g. a synchronized process between Federal Inland Revenue Service and

Corporate Affairs Commission has been established such that taxpayers can obtain their Tax Identification Number upon incorporation. With the pace of PEBEC, there is evidence of a structured and systemic synchronisation of inter-related regulatory agencies and their processes which should eliminate duplication and thereby reduce the cost of compliance wherever applicable.

- Automating registration, compliance processes and business data base**
 The average investor's dream of an effective and efficient regulatory environment, is one which makes use of technological innovations to ensure convenience, certainty and cost effectiveness in the compliance process.

It is therefore important that these registration systems are automated to reduce the time taken to get the process completed and the cost incurred during the process. Also, automating the regulatory system in Nigeria would improve compliance processes (annual & monthly filings) for individuals and companies. Thus, reducing compliance burden for companies and individuals.

There are instances where same documents are required by the same regulators. With the automation, it makes it easier for regulators to verify companies' records, ease approval process and maintain appropriate information bank for other uses.

The above notwithstanding, the role of other stakeholders in managing these regulatory compliance hurdles and ensuring the regulatory compliance journey is without tears cannot be overemphasized.

Investors on their own part are enjoined to seek appropriate guidance from qualified professionals (e.g. Deloitte) to ascertain applicable rules and to avoid business pitfalls, disruptions to business, reputational risks and issues with repatriation of investments.

Professionals are also urged to maintain standard work ethic, demonstrate good industry specific knowledge, and provide adequate regulatory and legislative

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support to investors so as to make compliance to regulatory requirements easy.

Currently, Nigeria desperately needs more investors and responsible taxable persons paying their taxes to spur growth of the economy. As such, government at all levels should consider adopting mechanisms that will promote business growth and increased investment while ensuring the economic environment is continuously modified to bring about an easy, convenient, seamless and cost effective regulatory system.

The Nigerian business environment narrative must signal ease in all ramifications and not frustration, simplicity and not complications.

¹<http://agora.nigeriagovernance.org/wp-content/uploads/2015/04/Oronsaye-Main-Report.pdf>

²Oronsaye Report

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"Complex regulations in the place of simple – rule capitalism, disrupts market processes and corrupts business processes".

Robert Bradley