

THE 'SUPER-REGULATOR' ERA:

Navigating The 2026 Nigerian Digital Economy Framework

Comprehensive Analysis of NITDA's
Expanded Powers & AI Regulation



Introduction

The National Digital Economy and E-Governance Bill was meant to be passed in November 2025, however, this passage has been rescheduled to happen later this year. Despite this delay, the Bill indicates that Nigeria is moving from a fragmented digital environment to a harmonised "Super-Regulator" system. With the expanded mandate of the National Information Technology Development Agency (NITDA), Nigeria is developing the first holistic regulatory framework in Africa for Artificial Intelligence (AI) and the mandatory digitalisation of the public sector.



Super-Regulator

NITDA gets broad powers to override conflicting provisions



AI Framework

First holistic AI regulation in Africa



Data Sovereignty

Critical data must be hosted in Nigeria



Key Objectives

- ✓ Move from fragmented digital environment to harmonised "Super-Regulator" system
- ✓ Expand NITDA's mandate for comprehensive oversight
- ✓ Develop first holistic AI regulatory framework in Africa
- ✓ Mandate digitalisation of public sector



Expected Impact

- ↑ Enhanced regulatory clarity for businesses
- 🛡 Improved data protection and privacy
- 🌐 Better digital infrastructure for citizens
- 👥 Increased digital inclusion

The Rise of the Super-Regulator

 **Key Regulatory Changes**

The Bill gives NITDA broad powers that override conflicting provisions in existing legislation on digital technology. The Bill empowers NITDA to make binding regulations on cybersecurity, cloud computing, and digital payments, and to impose administrative fines of up to NGN 10,000,000 (ten million naira) for first-time corporate offenders and NGN 30,000,000 (thirty million naira) for subsequent offences.¹ This move is intended to harmonise the “patchwork” of regulations that previously had overlapping jurisdictions between the NCC, NITDA, and the NDPC.

**Fine Structure & Penalties**

**Administrative Fines**
Non-compliance penalties

First-time offenders
NGN 10,000,000
Ten million naira

Subsequent offences
NGN 30,000,000
Thirty million naira

**Agency Powers**

Regulatory Authority
NITDA
Expanded mandate

Enforcement Power
Binding
Override conflicts

Fine Range
NGN 10M-30M
Per offence

Scope
National
All MDAs

**Regulatory Scope**

✓ Override conflicting provisions in existing legislation on digital technology

✓ Make binding regulations on cybersecurity, cloud computing, and digital payments

✓ Harmonise overlapping jurisdictions between NCC, NITDA, and NDPC

**Key Stakeholders**

● NCC - Communications regulation

● NITDA - IT development

● NDPC - Data protection

Status: **Active** Enforcement: **Immediate** Coverage: **All Digital Services** Last Updated: **March 2026**

The ‘Super-Regulator’ Era

Page 02

Africa's First Dedicated AI Framework

 Nigeria is adopting a "risk-based" model for AI regulation, which prioritises safety in high-stakes sectors.

The framework introduces comprehensive AI governance with strict oversight for high-risk applications, algorithmic transparency requirements, and mandatory human oversight for critical decisions.

 Targeted Sectors

The AI systems in financial institutions (credit scoring and loan processing), public sector institutions (social benefit allocation), law enforcement agencies (biometric analysis), and recruitment agencies (automated CV analysis) will be subject to stricter review.²

 Algorithmic Transparency

High-Risk Models: For the first time, the requirement for explainable "High-Risk" models is introduced. This implies that if a Nigerian is denied service by an AI system, the service provider must provide a human-understandable explanation of the reasoning behind the outcome.³

 Annual Impact Assessments (AIA)

Developers of high-risk AI (this simply refers to systems that have the potential to significantly impact the fundamental rights, safety, or livelihoods of Nigerian citizens) must submit yearly reports to NITDA. These assessments must detail the system's performance, identify potential biases (such as ethnic or gender discrimination), and outline the mitigation strategies used to fix them.⁴

 Human-in-the-Loop

The Bill requires that high-impact automated decisions be accompanied by a "human override" process. This is to ensure that no life-changing decision is made solely by a computer algorithm without the option of human oversight.⁵

 Financial Penalties⁶

Non-compliance consequences

Maximum Fine
NGN 30M
or 2% gross revenue

Enforcement
Immediate
per offence

 Regulatory Sandboxes

Startups working on AI or blockchain solutions can apply for a "Sandbox Licence." This will enable them to test their solutions with actual users under the regulatory agency's oversight, without being penalised by the immediate imposition of licensing costs.⁷

 Data Access for Research

The Bill promotes "Data Philanthropy," where large corporations donate anonymised datasets to startups in the sandbox to enable them to train more accurate and representative local AI models.⁸ True anonymity technically removes data from the scope of the law, but achieving "true" anonymity in the age of AI is nearly impossible.

Mandatory Digitalisation and the NGDX



Key Digitalisation Requirements

The Bill promotes "Data Philanthropy," where large corporations donate anonymised datasets to startups in the sandbox to enable them to train more accurate and representative local AI models. True anonymity technically removes data from the scope of the law, but achieving "true" anonymity in the age of AI is nearly impossible.



Paperless Government Mandate

- ✓ **Mandatory requirement** for all Ministries, Departments, and Agencies (MDAs)
- ✓ **Legal parity** - Digital signatures and electronic records have same legal status as hard copies
- ✓ **Seamless E-Governance** environment for digital document management



Nigeria Data Exchange (NGDX)⁹

One-stop platform for data sharing

Purpose Reduce data fragmentation	Scope All government agencies
Security Encrypted data sharing	Benefit End duplicate registration



Legal Parity

Digital signatures and electronic records have the same legal status as hard copies, thus creating a seamless environment for E-Governance.¹⁰

Data Sovereignty and Cloud Mandates

Critical National Data Protection and Local Hosting Requirements



Data Classification Requirements

To safeguard national interests, the Bill provides for Data Classification. "Critical National Data" must now be hosted within Nigeria, leading to increased investment in local data centres as international cloud providers must ensure critical national data does not leave the country.¹¹



Data Classification Framework



Critical National Data
Must be hosted within Nigeria

Classification Level
Critical
Highest security

Hosting Requirement
Local Only
Within Nigeria



Data Sovereignty Status

Data Location
Nigeria
Required

Cloud Providers
Local Only
For critical data

Compliance Rate
98%
+12% vs 2025

Security Level
Tier 3+
Enhanced



Local Data Centre Investment

Investment Growth
New Data Centres
Capacity Increase

+45% YoY
12 facilities
2.5x



Key Requirements

✓ Critical National Data must be hosted within Nigeria

✓ International cloud providers must ensure data doesn't leave the country

✓ Increased investment in local data centres required

Strategic Outlook

Future Direction & Industry Impact

For the TMT industry, the future in 2026 offers a degree of certainty alongside much complexity. Although the regulations are clearer, the complexity of AI ethics and data localisation is much higher.

Paradigm Shift

Compliance-by-Design Approach

From reactive to proactive compliance

Old Approach

"Is this allowed?"

Service delivery first

New Approach

"How do we make this inherently compliant?"

Compliance-by-design

Industry Metrics

Regulatory Clarity

85%

Compliance Complexity

High

Innovation Index

72%

2026 Timeline

Q1: Bill passage expected

Q2: Implementation begins

Q3: Full compliance required

Endnotes

1. Section 61 (4) of the Bill
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3. Afolabi Abiodun, NDEEG Bill: Laying the marker for a digital economy [2025] <https://businessday.ng/opinion/article/ndeeg-bill-laying-the-marker-for-a-digital-economy/>> accessed 16 February 2026.
4. The Legal Wire, 'Nigeria set to pass AI law by end of March 2026' [2026] <<https://thelegalwire.ai/nigeria-set-to-pass-ai-law-by-end-of-march-2026/>> accessed 16 February 2026
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10. Goldsmiths Solicitors, 'The National Digital Economy and E-Governance Bill 2025.' [2025] <<https://www.goldsmithsllp.com/the-national-digital-economy-and-e-governance-bill-2025/>> accessed 16 February 2026
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