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OIL & GAS SYNOPSIS

MINISTERIAL REGULATIONS ON NIGERIAN CONTENT: An Overview of the Ministerial Regulations for Training in the Nigerian Oil & Gas Industry



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Overview

Petroleum industry analysts forecast a positive turn for Nigerian oil and gas in 2023, with onshore volume recovery, incremental growth from shallow water projects, and discernible increases in onshore drilling activity set to potentially offset recent dips in oil production and concerns around energy security. These and other trends and developments signal the emergence of significant indigenous players, including certain strategic alliances with international partners in the Nigerian petroleum industry (the **Industry**).

The emerging opportunities and the structuring and compliance considerations that they raise are brought into further focus by transformative market developments, including the enactment of the Petroleum Industry Act 2021, and proliferation of regulations for its implementation made pursuant to it, which introduce significant changes in the legal and governance framework, administrative processes, regulatory and fiscal terms, and host community engagements in the Industry.

Other key developments include the expected deregulation of the downstream sector; the successful disposal of 57 marginal fields; the implementation of gas policy; increasing investments in gas infrastructure; ongoing bid rounds for flare gas commercialisation; and the Nigerian Upstream Petroleum Regulatory Commission's announcement, in January 2023 of an upcoming deep offshore mini bid round for 7 offshore blocks.

With this ongoing Industry transformation, the practical implications of implementing minimum mandatory indigenisation prescriptions under the Nigerian Oil & Gas Industry Content Development Act in April 2010 (**NOGICDA**) while balancing local content capacity gaps, remains very topical, exacerbated by extensive regulatory reforms and market diversification.

This overview of the **Ministerial Regulations for Training in the Nigerian Industry** is part of a 7-part series that highlights key features, regulatory compliance requirements, and business structuring, investment, contracting, transactional, and operational implications for existing and prospective participants in the Nigerian Industry.

The Ministerial Regulations were developed by and under the supervision of the Nigerian Content Development and Monitoring Board (the **NCDMB**) based on the interpretations and practical application of the NOGICDA and have been issued by the Minister of State for Petroleum Resources (**MOSPR**), with the expressed objective of clarifying and providing pragmatic strategies for consistent implementation and enforcement.

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- the Regulation for the Further Growth of Indigenous Capacity;
- the Regulation for the Establishment of Operations in Nigeria;
- the Regulation for the Registration of Oil and Gas Professionals in the Oil and Gas Industry;
- the Nigerian Oil and Gas Industry Technology Transfer Regulation;
- the Nigerian Oil and Gas Research and Development Regulation; and
- the Nigerian Oil and Gas Industry Enforcement and Compliance Regulation.

Introduction: Training prescriptions under the NOGICDA 2010

Training, knowledge sharing and upskilling are key components of human capacity development initiatives that are integral to the effectiveness and success of local content policy designed to foster indigenous participation in the Industry. To this end, the **NOGICDA** outlines training and related employment objectives and policies that aim to entrench Nigerian indigenous capacity building in the Industry with requirements such as that:

- (a) mandate that Nigerians must be given first consideration for training and employment in work programmes and projects for which Nigerian Content Plans are submitted in connection with the Nigerian Content plans that operators must submit demonstrating compliance to procure certificates of authorisation for Industry projects;¹
- (b) require operators and project promoters to mandatorily project Employment and Training Plans (**E and T Plans**) containing, among other things, details of hiring and training needs of the operator or project promoter and major contractors; breakdowns of required skills; anticipated skill shortages in the Nigerian labour force; project-specific training requirements; and anticipated expenditure for implementing E and T Plans, which are required to be presented as forecast and actual expenditure.²
- (c) mandate the inclusion in such E and T Plans of a timeframe for employment opportunities for Nigerians for all phases of project development and operations. Operators and promoters have obligations to make comparative quarterly reports to the NCDMB on E and T activities for the reporting period against their E and T Plans, indicating detail of new hire numbers and places of residence at the time of hiring, as well as employment status on each instance; and prescribe that, where training gaps limit Nigerian employment opportunities, operators and promoters must make (to the NCDMB's satisfaction), 'every reasonable effort', within a reasonable time, to provide training locally or elsewhere, and to reflect requisite execution steps and procedures in their E and T Plans.³

The Nigerian Oil and Gas Training Regulations

Against this background, the MOSPR made the **Nigerian Oil and Gas Training Regulations in 2021** in exercise of the rights conferred by Section 40(1) of the NOGICDA (the **Regulations**). The Regulations establish minimum standards, facilities, personnel, and technology for training in the Nigerian Industry that are required to specify modalities for involving project operators as partners in training and development.

The Regulations prescribe minimum standards, facilities, and technology for the training and development of personnel in the Industry, with the objective of increasing local capacity and levels of employability for Nigerians in the Industry. The Regulations apply to service providers and to all operators including NNPC Limited, its subsidiaries, joint venture partners, and other Nigerian and foreign companies operating under any arrangements in the Industry.

Submission of Training Plan

The Regulations require all operators, alliance partners, project promoters, and contractors to submit a Training Plan within 10 days of the award of a project or contract in the Industry, subject to the discretion of the Board to extend the time for the submission of such training plans. Such extension of time granted by the NCDMB must not exceed a period of 20 days after the award of a project or contract. The training plan must contain detailed information on the method or implementation strategies, and must include the training man hours, skill sets, curricula, information on software applications to be used for the training, numbers of trainees, shortlists of training providers, and certification to be obtained, among other details.

¹ Section 10(1)(b), NOGICDA.

² Section 29, NOGICDA.

³ Section 30, NOGICDA.

Training standards

The minimum standards for any operator training programs are required to align with global best practices in the Industry, Human Capital Development (HCD) Guidelines, and NCDMB-approved Training Plans. Where the training programs cover competency-based disciplines and skills, the training programs must provide the trainees with internationally recognised certifications on completion. The Regulations identify and include a non-exhaustive list of Industry and internationally recognised certifications for competency-based disciplines as follows:

Competency-based disciplines/skill sets	Examples of Industry/ internationally recognised certifications
Planning and documents control management	ILM, UK
HSE	NEBOSH International; HUET; BOSIET
Drafting/Engineering design	Autodesk Certified Specialist (Basic)
Civil/structural	Bentley Certified STAADPRO Specialist
Electrical engineering	SKM Power Tools Certified Specialist
Instrumentation and automation control	ISA
Mechanical design	PVELITE
Piping engineering	AVEVA Certified PDMS Specialist Basic
Process engineering	ASPEN Certified Specialist
Well engineering	Certificate of completion
Installation and commissioning engineering	API Certified
Welding and fabrication engineering	IIW
Marine engineering (cadet)	Diploma
Nautical science (cadet)	Diploma
Offshore service technician	Certificate of Completion
Sub-sea engineering (ROV)	IMCA; STCW
Corrosion control	NACE
Information technology	CCNA, A+, MCSE, JAVA
Procurement and supply chain management	CIPS
Project management	PRINCE 2 and PMP
Instrumentation technicians	ISA; OPITO
Deck and engine cadet	STCW
Foreman	STCW
QA/QC	ASNT
Crane operation	IADC
Rigging	LEEA
Welding	IIW
Scaffolding	IADC, CISRS

Training facilities

Facilities and equipment used for training programs must be suitable for learning, and must have adequate security, accommodate the number of participants, and ensure easy access to electronic information and communication services for the participants. Training facilities and equipment are also required to be subjected to accreditation and certification by an NCDMB-recognised certifying authority.

Accreditation of training providers

NCDMB-recognised accredited training providers must conduct all training programs. Training providers are required to be registered on the Nigerian Content Joint Qualification System (NOGICJQS) Portal, and to be registered members of the Oil and Gas Trainers Association of Nigeria (OGTAN) or such other professional bodies as the NCDMB may prescribe from time to time. A training provider is also required to have the requisite levels of academic and professional qualifications and must be pre-registered by the relevant certifying body or authority in line with global best practice.

Verification of training programs and compliance reports

The Regulations require operators to submit a report of compliance with the training plan at every 6 months' interval. The compliance report must include employment and training activities for the reporting period, number of trainees employed as personnel during the reporting period and their job descriptions. The NCDMB may conduct routine inspections, audits, assessments and the rating of all training programs, training facilities, training service delivery and trainees to ensure compliance.

Sanctions

Operators or training providers that contravene the Regulations may be liable to such fines and penalties as may be prescribed under the Enforcement and Compliance Regulation 2021⁴, or as may be determined from time to time. The NCDMB may also issue warning notices to such non-complying operators or training providers to take corrective measures within a stipulated time. Where an operator or training provider fails to rectify any violation of the Regulations after receiving a warning order, the NCDMB is empowered to impose administrative sanctions against such defaulters, including:

- a. refusals or withdrawals of other privileges and approvals required from the Board, until compliance is achieved;
- b. disqualification from participation in projects or other specified activities in the Industry; and;
- c. NCDMB notifications to other MDAs of the non-compliance of the relevant operators or training providers with Nigerian Content obligations, including requests for withdrawals of any special privileges or other fiscal incentives, where applicable.

*This update has been provided by **Folake Elias-Adebowale**, **Elo Adhekpukoli**, and **Markanthy Ezeoha** of the Oil & Gas team at Udo Udoma & Belo-Osagie. For more information about our Oil & Gas practice group offerings, please visit our website at www.uubo.org or email us at ogteam@uubo.org.*

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⁴ Please read our synopsis of these Regulations.