



ESTABLISHING A SPORTS ACADEMY IN NIGERIA: KEY LEGAL CONSIDERATIONS



INTRODUCTION

The Sporting industry is an important sector in the Nigerian ecosystem because it has contributed significantly to economic growth and has served as an avenue for fostering peace and unity. Nigeria boasts of a rich sporting tradition, consistently producing talented athletes across various disciplines. To nurture this talent and propel Nigerian sports to even greater heights, establishing dedicated sports academies is crucial. However, navigating the legal landscape can be a daunting task for those embarking on this endeavour. This article explores the key legal considerations for establishing a Sports Academy in Nigeria, equipping aspiring academy founders with the knowledge to navigate the process effectively.

A CURSORY GLANCE AT THE LEGAL FRAMEWORK FOR SPORTS IN NIGERIA

The Sports industry in Nigeria is regulated by the following Laws:

1. National Sports Commission Act

The National Sports Commission Act 1971 (NSCA) is the foundation of Nigerian sports law. It creates the National Sports Commission (NSC) which is responsible for:

- a. a. Developing national sports policies to increase participation, find talent, and achieve success.
- b. b. Overseeing National Sports Federations (NSFs) for different sports, ensuring they follow good practices and international rules.
- c. Coordinating Nigeria's participation in international sports events.
- d. Promoting sports development at the grassroots level through facilities, competitions, and school programs.

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The NSCA however, is fraught with a lot of challenges as most provisions of the NSCA do not reflect the modern realities. The NSCA does not cover salient issues such as anti-doping regulations, athlete career management, dispute resolution mechanisms, legal and regulatory requirements for the establishment of a Sports Academy.¹

2. The Constitution of the Federal Republic of Nigeria 1999 (CFRN)

The CFRN forms the bedrock from which all laws, regulations, and rules regulating the sports industry in Nigeria get their validity. Chapter II of the CFRN restates the government's responsibility towards the promotion of National Unity and integration. In the same vein, the CFRN promotes the formation of associations that transcend ethnic, religious, and other sectional divides.² Sports, by their very nature, bring people together regardless of background to compete, cheer, and celebrate. This aligns perfectly with the Constitution's objective of fostering a sense of national integration. By encouraging the creation of sports associations, the CFRN³ lays the groundwork for Nigerians to connect through shared athletic pursuits, ultimately contributing to a more unified nation.

3. The Labour Act

The Labour Act ("LA")⁴ provides a foundation for athlete rights, terms of service, and termination procedures generally. However, recourse is often made to Contract law, Sports-Specific Federation Acts, and international best practices ensuring fair labour practices, minimum wage standards, and safeguarding athlete rights.⁵ In the same vein, the Child Rights Act ("CRA")⁴ makes adequate provision for the applications of the sections of these provisions of the LA on young persons.⁷ Thus the CRA by adopting these provisions of the LA ensures that the rights of a young person participating in Sports are not infringed and also looks out for the general well-being of young athletes by prohibiting their participation in activities that may impact negatively on their health and safety.⁸

¹ [The Legal Framework for Sports Development in Nigeria](#) - Academia.edu., Assessed on 12th April, 2024.

² Section 15(3)(d) the Constitution of the Federal Republic of Nigeria, 1999 (as amended).

³ Ibid.

⁴ Laws of the Federation of Nigeria (LFN) 2004.

⁵ Labour Act Cap L1, Laws of the Federation of Nigeria (LFN) 2004, Sections 3, 5,7,11,13,16 & 18, cover a list of relevant legal principles ensuring fair labour practices within the country.

⁶ Child Right Act (CRA) CAP L1, Laws of Federation of Nigeria (LFN) 2004.

⁷ Under section 29 of the Child Rights Act (CRA), the provisions of the Labour Act on Young Persons (Section 58, 59, 60, 61, 62 and 63) is adopted by the CRA.

⁸ Section 58 of the Labour Act.

4. Specific Sports-Related Acts

Certain sports, like football, have their dedicated legislation. For instance, the Nigeria Football Association Act establishes a separate governing body for football with its own rules and regulations. Similarly, various sports federations and associations are responsible for the development and governance of specific sports disciplines in Nigeria. These bodies are registered with the Corporate Affairs Commission (CAC) and are required to comply with the relevant laws and regulations. Moreover, sports clubs, associations, and organizations in Nigeria follow documented constitutions, codes, regulations, and rules that promote a robust and healthy sports culture.



5. International Sports Law:

Nigeria's participation in international agreements, conventions, and treaties influences its sports approach. These could be through an indirect influence or membership compliance. For instance, Nigeria's involvement in global sports organizations, such as the International Olympic Committee (IOC) and FIFA (Fédération Internationale de Football Association), acts as a bridge. It allows international sporting regulations to be incorporated within the framework of the National Sports Commission Act and associated legislation. This is particularly seen as these international treaties often set global standards for issues like anti-doping, ethical codes, athlete rights, and good governance in sports. These international regulations are then implemented through the National Sports Commission (NSC) and National Sports Federations (NSFs).

REGULATORY FRAMEWORK FOR SPORT IN NIGERIA



In Nigeria, the regulatory landscape governing sports is a multifaceted and intricate system. Agencies and bodies regulating sports activities in Nigeria include the following:

1. The Ministry of Youth and Sports Development

This Ministry is the Federal Government body in charge of the overall development and regulation of sports across all levels in Nigeria, through the formulation of policies and implementation of same for the growth of the sports industry.

2. The National Sports Commission (NSC)

This Agency also plays a crucial role with the Ministry of Youth and Sports to drive policies and see to the implementation of these policies in the sports industry. The Commission also coordinates national sports events and provides support to International and Local Sports Federations and associations.

3. The Nigerian Institute for Sports (NIS)

This Agency is responsible for the training, certification, and professional development of sports administrators, coaches, and athletes. The NIS offers various courses and programs aimed at improving the overall standards of sports in Nigeria.⁹

4. Sports Federations

Sports Federations, like the Nigeria Football Federation (NFF), the Athletics Federation of Nigeria (AFN), the Nigeria Basketball Federation (NBBF), and the Nigeria Tennis Federation (NTF) oversee the management, organization, and control of their sports within the various sporting activities in Nigeria. They establish regulations, manage disciplinary issues, and oversee the selection of national teams.

⁹Ibid.



LEGAL POINTS TO NOTE WHEN ESTABLISHING SPORTS ACADEMY

There are several important factors to consider when establishing a sports academy in Nigeria. These factors range from the business structure, sectoral registration, permits and licenses, contractual considerations, tax considerations, etc. These are discussed briefly below:

1. Business Structure and Registration

Before setting up any type of organization in Nigeria, one must consider the business structure and registrable options. This is regulated by the provisions of the Companies and Allied Matters Act 2020. Under the provisions of the Companies and Allied Matters Act, a Sports Academy can take any of the following forms:

- I. **Sole Proprietorship:** This is the simplest structure for an Academy, but the owner bears unlimited liability for the academy's liabilities. It may not be ideal for attracting investment or mitigating financial risks.¹⁰
- II. **Partnership:** Two or more individuals pool resources and share profits and losses. Requires a partnership agreement outlining rights and responsibilities. Under the provisions of the Companies and Allied Matters Act, the partnership could either be a Limited Liability Partnership¹¹ or a Limited Partnership.¹²
- iii. **Limited Liability Company (LLC):** Offers limited liability protection for owners, separating personal assets from business debts. A popular choice for new ventures due to its flexibility and ease of management. It could either be a private or public company.
- iv. **Incorporated Trustee (Board of Trustees):** Suitable for non-profit academies seeking charitable status. Requires adherence to specific regulations regarding donations, tax exemptions, and governance.¹³

¹⁰ Section 18(2), Companies and Allied Matters Act 2020 Cap. C20, Laws of the Federation of Nigeria, 2004.

¹¹ Section 741 Companies and Allied Matters Act 2020 Cap. C20, Laws of The Federation of Nigeria, 2004.

¹² Section 794 Companies and Allied Matters Act 2020 Cap. C20, Laws of The Federation of Nigeria, 2004.

¹³ Section 823 Companies and Allied Matters Act Cap 20 LFN 2004.

Once a structure depending on the specific need of the academy has been chosen, registration and incorporation come next. This is handled by the Corporate Affairs Commission (CAC). This involves submitting relevant documents, paying registration fees, and obtaining a Certificate of Incorporation. Operating an unregistered sports academy in Nigeria is illegal, and such entities cannot claim rights over their players.¹⁴



2. Sectorial Permits and Registrations

Depending on the academy's facilities and activities, permits might be needed from various authorities such as:

- I. **Ministry of Youth and Sports Development and National Sports Commission:** Often, require permits for specific sports or training programs offered by the academy.
- II. **Federal Ministry of Environment:** May require an Environmental Impact Assessment (EIA) if your academy's development involves significant construction or potential environmental impact.¹⁵
- III. **Local Government Authorities:** Building permits and zoning approvals might be necessary from the local government where your academy is situated.

3. Regulatory Compliance and Accreditation

Operating a Sports Academy necessitates compliance with relevant regulations:

- I. **Nigeria Sports Commission (NSC):** Responsible for the development and regulation of sports in Nigeria. The NSC has specific requirements for sports academies, including coaching qualifications, safety standards, and athlete welfare protocols.

¹⁴Section 863 of the Companies and Allied Matters Act Cap 20 LFN 2004 specifically provides as follows: "A person or association of persons shall not carry on business in Nigeria as a company, limited liability partnership, limited partnership or under a business name without being registered under this Act."

¹⁵Federal Ministry of Environment: Federal Ministry of Environment, Assessed on 13th April, 2024.

Gaining accreditation from recognized sports bodies like the NSC or relevant national sports federations can enhance your academy's reputation and attract students seeking official qualifications.

- II. **Labour Laws:** Nigerian labour laws regarding employee contracts, minimum wage, and social security contributions for staff employed by the academy must be considered and strictly complied with.

4. Contractual Considerations

Several key contracts are crucial for operating a sports academy. These include the following:

- I. **Staff Contracts:** Formal employment contracts with coaches, trainers, and administrative staff outlining roles, responsibilities, compensation, and termination clauses.
- II. **Student Contracts/Enrolment Agreements:** Agreements with students or their parents/guardians specifying tuition fees, payment terms, training programs, code of conduct, and liability waivers.
- III. **Sponsorship Agreements:** Partnerships with brands or organizations for financial support or in-kind contributions in exchange for marketing opportunities or brand association.
- IV. **Intellectual Property Protection Agreements:** Establishing a sports academy requires consideration beyond just training athletes. Intellectual property protection is crucial to safeguard the academy's unique materials, logo, and training methods. Copyrights and trademarks can protect these assets, while non-disclosure agreements (NDAs) can be used with coaches and staff to keep confidential information secure. Names of popular athletes can also be trademarked.

⁷ Under section 29 of the Child Rights Act (CRA), the provisions of the Labour Act on Young Persons (Section 58, 59, 60, 61, 62 and 63) is adopted by the CRA.

⁸ Section 58 of the Labour Act.

IV. Non-Compete Agreements: Non-compete agreements in sports academy contracts hold some potential advantage they can act as a safeguard for the academy's proprietary knowledge by preventing coaches from taking unique training methods to competitors. This helps maintain the academy's competitive edge. Also, these agreements could theoretically discourage coaches from poaching talented athletes when they leave the academy. Finally, non-compete agreements might contribute to stability within the coaching structure by limiting a coach's ability to work directly with rivals for a set period. However, it's important to remember that the enforceability of these agreements can be uncertain, and alternative strategies such as improved work conditions, compensation, and benefits, might be more effective for long-term staff retention.

5. Tax Considerations

Tax considerations are crucial for a Sports Academy operating in Nigeria. Depending on the business model and company structure, compliance with the taxation regime is essential. Generally, all businesses must obtain a Tax Identification Number (TIN) from the Federal Inland Revenue Service (FIRS), typically at the point of incorporation. Registered companies are subject to Company Income Tax (CIT) on profits, with rates ranging from 0% to 30% based on size. On the other hand, sole proprietorships and partnerships are liable for Personal Income Tax (PIT) on academy income. Additionally, navigating Value Added Tax (VAT) can be complex. Sports Academies may be required to register and charge VAT, depending on turnover and services offered. Notably, educational materials and some school performances are exempt from VAT. Beyond CIT, PIT, and VAT, there are other taxes to consider. These include withholding tax, import duties, and payroll tax for employees. Ensuring compliance with these tax obligations is essential for the financial health and legality of the Sports Academy's operations.

⁷ Under section 29 of the Child Rights Act (CRA), the provisions of the Labour Act on Young Persons (Section 58, 59, 60, 61, 62 and 63) is adopted by the CRA.

⁸ Section 58 of the Labour Act.

6. Data Protection and Privacy

Nigeria's National Data Protection Regulation (NDPR) governs the collection, storage, and use of personal data. As the academy would operate largely on collated data be it student and staff information (for example, athletes' bio and health data), compliance with the Nigeria Data Protection Act (NDPA) and Nigeria Data Protection Regulation is key. Typically, the international transfer of athletes' data to foreign clubs, agencies, and academies is a significant aspect of sports administration for sports academies, however, this must be done in compliance with data protection and privacy laws to ensure the data rights of the athletes are safeguarded. Hence, when transferring athletes' data internationally, sports academies must ensure they comply with the NDPA and NDPR. This includes obtaining the necessary consent from the athletes, ensuring the data is transferred securely, and that the receiving entity also complies with the NDPR or an equivalent data protection regulation.¹⁶ Sports academies that collate and process data must recognize the limits imposed on the use, transfer, and exchange of such data. They must ensure that risks are minimized and strict compliance with the NDPA and NDPR is mandated.

7. Intellectual Property Considerations

When the Academy develops unique training programs or materials and creates specific names for athletes or establishes any unique patterns in the industry, these developments and intellectual efforts fall under the protection of the law. The Academy should explore intellectual property protection options such as trademarks, Designs, or copyrights. This can safeguard the branding and intellectual assets of the Academy.¹⁷

8. Considerations for Child Protection

A Sports Academy that will be working with minors must endeavour to adhere to child protection laws regarding background checks for staff, emergency procedures, and parental consent for participation and medical treatment of the minor.

¹⁷ Nigerian Copyright Commission: <https://www.eregistration.copyright.gov.ng/>, Assessed on 13th April, 2024.

9. Dispute Settlement and Resolution Considerations

In almost every organization with structures, there are bound to be disputes and the quick settlement of the same under a well-structured dispute mechanism is key. Therefore, a Sports Academy should endeavour to have internal structures to resolve disputes that arise within the Academy. Also, external contracts emanating from the Academy should include quick dispute resolution mechanisms such as Arbitration and Mediation to avoid the prolonged nature of most commercial litigations.

10. Insurance Considerations

Obtaining appropriate insurance coverage for an Academy is as important as all of the above considerations. Some of these insurance coverages available to a Sports Academy are health and injury insurance, public liability insurance, property insurance, and possibly student accident insurance. It is pertinent for an academy to seek the above-listed insurance coverages to cushion and manage the situation in the event of any unforeseen circumstances.



CONCLUSION

Establishing a Sports Academy in Nigeria involves navigating a complex legal landscape that encompasses various laws, regulations, and regulatory bodies. Despite the challenges, the importance of such academies in nurturing talent and promoting sports cannot be overstated, given Nigeria's rich sporting tradition and the significant contributions of the sports industry to the nation's economy and social

cohesion. A critical aspect of establishing a sports academy is understanding the legal framework governing the sports industry in Nigeria. From the foundational National Sports Commission Act to specific sports-related legislation and international treaties, numerous legal instruments shape the landscape within which sports academies operate. Key considerations include choosing the appropriate business structure, obtaining necessary permits and registrations, ensuring regulatory compliance and accreditation, drafting essential contracts, managing tax obligations, and addressing data protection and intellectual property concerns. Furthermore, collaboration with relevant government bodies, such as the Ministry of Youth and Sports Development and the National Sports Commission, as well as adherence to international standards set by organizations like the International Olympic Committee and FIFA, are integral to the success and legitimacy of sports academies in Nigeria. Ultimately, by navigating these legal considerations effectively and ethically, aspiring sports academy founders can create institutions that not only develop athletic talent but also contribute positively to the growth and sustainability of Nigeria's sports industry, fostering a culture of excellence, inclusion, and opportunity for generations to come.

Disclaimer: This article is for informational purposes only and is not intended to constitute legal advice. Interested persons are encouraged to seek advice from a qualified lawyer or legal professional regarding their specific circumstances.

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