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Building Trust, Legality and Impact

*A Practical Compliance and Ethics Guide for NGOs,
Foundations, and Civil Society Organisations under
Nigerian Law*

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Building Trust, Legality, and Impact:

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ABSTRACT

This framework provides a structured guide for non-profit organisations seeking to establish and operate in Nigeria in compliance with the Corporate Affairs Commission (CAC) and other relevant regulatory bodies.

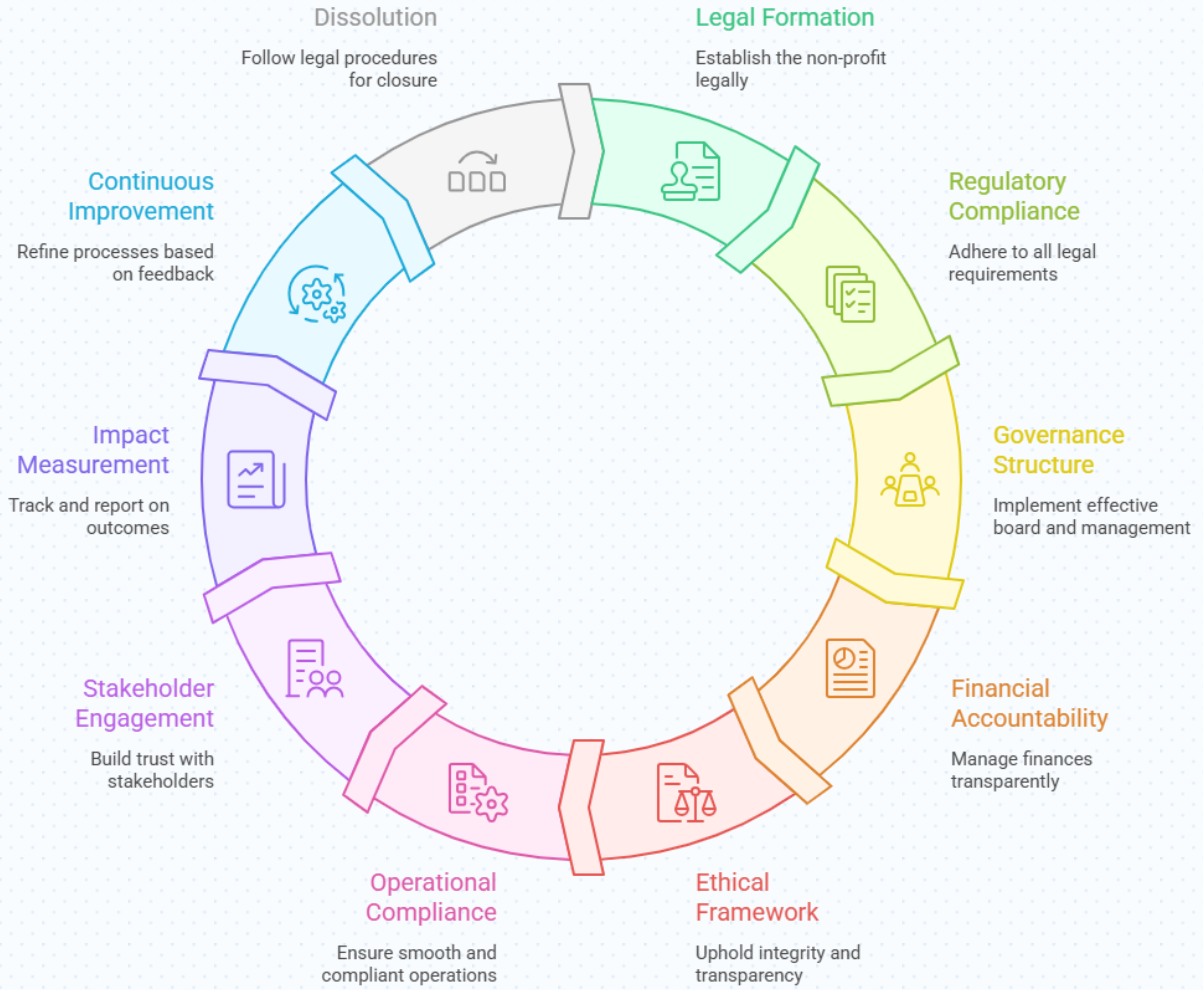
It outlines legal formation requirements, governance structures, regulatory obligations, and reporting standards, while embedding ethical safeguards to promote transparency and accountability. Designed for both local and international organisations, the framework integrates operational discipline with compliance mechanisms to reduce legal, financial, and reputational risks.

By aligning statutory obligations with best practices in governance and ethics, it equips non-profits to deliver sustainable impact while maintaining credibility with regulators, donors, and beneficiaries.



**Barrister Isioma Ewelukwa
Partner**

Non-Profit Governance Cycle



1. Introduction: Purpose and Operating Context

Operating a non-profit in Nigeria requires more than a compelling mission. It requires legal clarity, disciplined governance, and a commitment to transparency. The regulatory environment, led by the Corporate Affairs Commission (CAC), demands that organisations not only register properly but also operate within defined statutory and ethical boundaries.

This framework serves as a roadmap. It ensures that from incorporation to daily operations, every step reflects compliance, accountability, and integrity.

2. Legal Formation and Registration Framework

2.1 Appropriate Legal Vehicle

Non-profits in Nigeria are typically registered as **Incorporated Trustees** under Part F of the Companies and Allied Matters Act (CAMA) 2020.

2.2 Name Reservation and Approval

- Conduct availability search with CAC
- Reserve name reflecting charitable or public interest objectives
- Avoid restricted or misleading terms

2.3 Incorporation Requirements

- Constitution of the organisation (clearly stating objectives and governance rules)
- Details of trustees (minimum of two, typically credible individuals)
- Means of identification for trustees
- Registered address in Nigeria
- Publication of public notice in newspapers (for objections)

2.4 Trustee Structure

- Trustees act as custodians of the organisation's mission
 - Must meet integrity and eligibility standards
 - Should not have disqualifying criminal or financial records
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3. Post-Incorporation Regulatory Registrations

3.1 Tax Registration

- Register with the Federal Inland Revenue Service (FIRS)
- Obtain Tax Identification Number (TIN)
- Apply for tax exemption status where applicable

3.2 Sector-Specific Licensing (Where Applicable)

Depending on activities:

- Education: Federal or State Ministry of Education
- Health: Ministry of Health or relevant boards
- Social services: State-level regulatory bodies

3.3 Donor and Foreign Funding Compliance

- Notify or register with relevant authorities for foreign funding flows
 - Maintain proper documentation for grants and donations
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4. Governance and Institutional Structure

4.1 Governing Board

- Provide strategic oversight
- Ensure alignment with mission and legal obligations
- Maintain independence from management

4.2 Management Team

- Responsible for day-to-day operations
- Accountable to the board

4.3 Internal Policies

- Conflict of interest policy
- Financial management policy
- Procurement policy

- Whistleblowing policy

4.4 Meetings and Decision-Making

- Regular board meetings (documented minutes)
 - Defined quorum and voting thresholds
 - Transparent decision-making processes
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5. Financial Accountability and Reporting

5.1 Financial Systems

- Maintain proper accounting records
- Use dedicated organisational bank accounts
- Avoid commingling of funds

5.2 Annual Returns and Filings

- File annual returns with CAC
- Submit audited financial statements where required

5.3 Budgeting and Financial Controls

- Annual budgets approved by the board
 - Segregation of financial duties
 - Regular internal audits
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6. Ethical and Transparency Framework

6.1 Integrity in Operations

Ethical discipline is the foundation of sustainability. Non-profits must operate in a manner that inspires trust from beneficiaries, regulators, and donors.

6.2 Anti-Corruption Safeguards

- Zero tolerance for bribery or facilitation payments
- Transparent procurement processes

- Clear documentation of all expenditures

6.3 Transparency Measures

- Public disclosure of activities and impact
- Periodic reporting to stakeholders
- Open communication channels

6.4 Whistleblowing and Accountability

- Anonymous reporting channels
 - Protection for whistleblowers
 - Independent investigation procedures
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7. Operational Compliance and Risk Management

7.1 Regulatory Monitoring

- Track changes in CAC and other regulatory requirements
- Ensure continuous compliance

7.2 Documentation and Record-Keeping

- Maintain records of meetings, finances, and operations
- Ensure accessibility for audits and inspections

7.3 Risk Identification and Mitigation

- Legal risks (non-compliance)
- Financial risks (mismanagement of funds)
- Reputational risks (ethical breaches)

7.4 Third-Party Engagement

- Conduct due diligence on partners and vendors
 - Ensure contractual clarity and compliance
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8. Stakeholder Engagement and Public Trust

8.1 Donor Relations

- Clear reporting on fund utilisation
- Alignment with donor expectations and restrictions

8.2 Beneficiary Protection

- Safeguarding policies for vulnerable groups
- Ethical engagement practices

8.3 Government and Community Relations

- Maintain cooperative relationships with regulators
 - Engage host communities respectfully and transparently
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9. Monitoring, Evaluation, and Impact Measurement

9.1 Performance Tracking

- Define measurable objectives
- Regularly assess programme outcomes

9.2 Reporting Frameworks

- Periodic internal and external reports
- Impact assessments aligned with mission

9.3 Continuous Improvement

- Use feedback to refine programmes
 - Strengthen governance and operational systems
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10. Exit, Dissolution, and Asset Transfer

10.1 Legal Dissolution Process

- Follow procedures under CAMA
- Notify CAC and relevant authorities

10.2 Asset Distribution

- Transfer assets to similar charitable organisations
- Ensure no private benefit to trustees or members

Conclusion: Sustaining Impact Through Discipline and Integrity

A non-profit that is properly structured, well-governed, and ethically grounded stands on a firm foundation. In Nigeria's regulatory environment, compliance is not merely a legal requirement; it is a signal of credibility.

When governance is strong, transparency is intentional, and accountability is consistent, impact becomes sustainable. The organisation moves beyond activity into lasting influence - earning trust, attracting support, and fulfilling its purpose with clarity and integrity.

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