Introduction

Nonprofits play an increasingly important role in public service provision and policy making across the country, giving rise to needs for new forms of regulatory oversight of such entities. In response, a number of regulatory guidelines, standards and bills have been initiated by institutions in governance charged with the responsibility of regulating, enacting and implementing laws in Nigeria. There has been push-back from civil society on the increasing interest of government to over-regulate the sector and its lack of enforcement capacity to meet the governance challenges posed by increased nonprofit activities. Guiding the formation and operations of nonprofits in Nigeria, is the Part C of the Companies and Allied Matters Act (CAMA).

In this brief, NNNGO presents lessons from experiences of nonprofits in 34 States of the Federation on the Part C of CAMA. The brief provides recommendation on how regulators can encourage nonprofits to adopt sustainable governance practices.

Results

In February 2017, NNNGO undertook a qualitative conversation-based national telephone and face-to-face consultation with the civil society community in Nigeria to gather their experience, insights and thoughts on the Part C of CAMA and the regulatory improvements needed for the nonprofit community. Data for this report was captured through telephone conversations with 223 nonprofits from 34 States and 2 face-to-face regional consultations held in Lagos and Abuja having 156 participants from 28 States of the Federation in attendance. In total, 379 individuals participated in the consultation. Ninety-five percent of the participants were Chief Executive Officers (CEO) while project and program staffs accounted for 5 percent of the participants.

“Nonprofits play an increasingly important role in public service provision and policy making across the country”
The following are the main findings from the consultation:

a. Regulatory texts in guides, laws, codes and standards should be worded to reflect gender sensitivity.

b. Non-compliance with regulations should attract commensurate fines and prison terms.

c. Clarity in the age of who can register a nonprofit, the use of the word “infant” is subject to many interpretations.

d. Extension of the ease of doing business processes to the nonprofit registration procedures.

e. Improvement in ease of registration of a nonprofit by reducing the length of days required for newspaper publications including simple registration processes.

f. Unified date for filling annual returns

g. To ensure that regulations address the needs of the sector, the Minister of Trade must constantly consult with stakeholders before making or reviewing regulations.

Figure 1: States where responses were received 33/36 states including FCT
Recommendations

To encourage regulatory measures that support nonprofits to improve their governance metrics, the researchers made four recommendations for regulators:

1. Promote regulations amongst nonprofits to enhance technical and sector knowledge

   As organisations work to achieve their visions and missions, insights from the consultation showed that many were not aware of the regulatory requirements surrounding their operations. In large part, consultation participants had not read the Part C of CAMA themselves neither did they have a copy until copies were sent to them for the purpose of this consultation.

   **Action:** The Corporate Affairs Commission (CAC) can promote innovative participatory platforms where nonprofit coalitions and Networks play multiple roles of raising awareness on regulatory standards amongst their membership including monitoring compliance by their members. Both the CAC and nonprofit community can develop an ecosystem for improved understanding and knowledge on how the Part C of CAMA relates to their day-to-day activities making regulatory compliance more effective and inclusive.

   The Commission can create dedicated participatory platforms that serve as official spaces for debate, negotiation and elaboration of rules and incentive mechanisms that meet local requirements and international best practices.

2. Flexibility needs to be integrated into regulatory approaches

   There was pushback worth noting during the consultation and this has to do with name of organisation to be registered. Participants across several states especially those registered in the last 5 years suggested that the Corporate Affairs Commission should allow nonprofits to use the name they wanted rather than restricting them to names that have ‘‘initiative’, ‘empowerment’’ and ‘‘foundation’’.

   **Action:** CAC must recognise that the name of an organisation is important to its branding, each organisation needs a name that makes sense locally, but if they expand their operations, the name will still be understood elsewhere. The name chosen for an organisation will be around for a long time and can have substantial impact on how the organisation is perceived. Usually nonprofits need names that convey the nature of their services or activities and ideally, their unique value proposition.

   Flexibility in naming and other regulatory approaches is needed to capitalize on the diversity found in the nonprofit sector ensuring that laws, directives and guides provide nonprofits with the appropriate level of autonomy to adapt rules to their local situation, realities and context.

3. Improve and strengthen ease of registration for nonprofits

   Participants from the consultation felt that any step taken by the Commission in its ease of doing business initiative must capture the nonprofit sector.
In their opinion, registering a nonprofit should be easy and done in a matter of days as it is being anticipated for businesses. While they welcome the Commission’s use of technology, participants recognized the need to make this effective and a one-stop shop for registering and filing annual returns, they acknowledged this would help curb touting.

**Action:** The Ministry of Trade and the Commission should provide policy frameworks that elevate the treatment of civil society and recognize the ongoing impact of nonprofits on the Nigerian economy and the need to ensure that what is good for the private sector is good for the social sector. As potential employers, providers of goods and services, magnets for investment, and possible platforms for mobilizing people and influencing policy, if a business can register as a legal entity in few hours, why can’t nonprofits? A similar approach for nonprofits would yield significant economic, social and political dividends.

4. **Encourage improved regulatory compliance on filing annual returns starting with “amnesty on penalties”**

Without exception each nonprofit participating in the consultation underscored the need for improvement in Part C of CAMA while they affirmed the need for a law guiding the operations of nonprofits. In large part, participants already admitted to defaulting in their filling of annual returns and offered more questions than answers including how do we file an annual return?

We haven’t filed since our founding, are there any penalties? What can NNNGO do to help ensure we don’t pay too much penalties? This emerged as a clear area needing the urgent attention of the Commission.

**Action:** The Commission can provide a new window of opportunity for defaulting nonprofits to file their annual returns without paying penalties. This will increase regulatory compliance by nonprofits, capturing of more nonprofits within the Commissions’ database and improved revenue. The Commission should give official recognition to other alternative regulatory compliance procedures that rely on peer review among nonprofits such as publication of filed annual return forms, annual reports and audited accounts on the nonprofits website.

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