



Giving Back: Setting up an NGO in Nigeria

Get Started



A non-governmental organisation (“NGO”) is an entity, created by natural or legal persons, that operates independently of any government. An NGO may be registered at the Corporate Affairs Commission (“CAC”).

Under the Companies and Allied Matters Act 2020 (“CAMA”), the available structures for incorporating non-profits or charitable entities (“NGOs”) are:

- (a) Incorporated trustees; and
- (b) Companies limited by guarantee.

With respect to incorporated trustees, the CAMA provides that where two or more trustees are appointed by any community of persons bound together by custom, religion, kinship or nationality, or by anybody or association of persons established for any religious, educational, literary, scientific, social, development, cultural, sporting or charitable purpose, they may, if so authorised by the community, body or association, apply to the CAC for registration as a corporate body.

Regarding companies limited by guarantee, the CAMA provides that where a company is to be formed for promoting commerce, art, science, religion, sports, culture, education, research, charity or other similar objects and the income and property are to be applied solely towards the promotion of its objects and no portion thereof is to be paid or transferred directly or indirectly to the members of the company except as permitted by the CAMA, the company may be registered as a company limited by guarantee.

Either of the structures described above could be used to set up an NGO in Nigeria, as neither of these options involves an entity set up for profit. To assist you in deciding which of these structures would be more suitable, we have set out the major features and differences between these structures in the table below.

COMPARISON OF THE FEATURES OF A COMPANY LIMITED BY GUARANTEE AND INCORPORATED TRUSTEES

NO	FEATURE	INCORPORATED TRUSTEE	COMPANY LIMITED BY GUARANTEE
1	Consents and approvals	The consent of the Attorney-General of the Federation is not required.	<p>The consent of the Attorney-General of the Federation (“AG Fed”) is required before the company can be incorporated at the CAC.</p> <p>The AG Fed’s approval is discretionary. However, in the event that the AG Fed fails to give his consent within 30 (thirty) days, the promoters can place an advertisement in 3 (three) national daily newspapers inviting objections from the public to the incorporation of the company. Where there are no objections, the CAC can assent to the application and register the company without the AG’s consent.</p>
2	Returns and post-incorporation notifications to the CAC	The returns that are to be filed are like those required of other limited liability companies in Nigeria, for example, annual returns, returns in respect of changes to the board and company secretary.	Advertisements must be placed in the newspapers whenever any changes to the constitution of the organisation, the board of trustees or the name of the organisation are proposed. All advertisements are also required to be filed at the CAC. In addition to these, the organisation is required to file annual returns and bi-annual statement of affairs.
3	Registration Timeline	Once all the relevant documentation has been submitted, incorporation	Once all the relevant documentation has been submitted, incorporation can be concluded within 2-3 months.

NO	FEATURE	INCORPORATED TRUSTEE	COMPANY LIMITED BY GUARANTEE
		can be concluded within 3-6 months.	
4	Governance	Management, board of directors and members in general meetings	Council or governing board, board of trustees, members in general meetings
5	Remuneration and benefit	The directors of the company can be paid sitting allowances and directors fees; however, payment of directors' fees is discretionary, and the director fees shall be paid out of the company's fund.	Trustees cannot receive fees or remuneration, although they are entitled to be reimbursed for costs incurred in connection with the discharge of their duties.
6	Liabilities of Members	Members are financially liable up to the amount they have undertaken to contribute to the assets of the company in the event of its being wound up.	Members are not financially liable in the event of dissolution.

An NGO must register with the following regulatory agencies:

- a. **Registration with the Special Control Unit Against Money Laundering** - This registration is mandatory, and it ensures that the activities/transactions of the organisation do not support money laundering or financial terrorism.
- b. **Registration with the National Planning Commission (NPC):** This is relevant for NGOs set up in Nigeria by parent entities that are foreign non-profits. The NPC is the agency that is responsible for managing bilateral and multilateral economic co-operation, including development aid and technical assistance in Nigeria. The NPC formulates policies and regulations, and is responsible for registering all foreign non-profits that intend to operate in Nigeria. Upon registration with the NPC, the registered entity will be entitled to three (3) expatriate quota positions. The NPC will also procure the grant to the registered entity an exemption from paying import duty on goods and equipment imported for executing the entity's aims and objectives.
- c. **Registration with the Federal Inland Revenue Service ("FIRS")** - NGOs set up in Nigeria must register with the FIRS. The profits of any company/institution engaged in ecclesiastical, charitable, benevolent or educational activities of a public character are exempt from income tax provided such profits are not derived from a trade or business carried on by the company.



Disclaimer

This guidance note is for general information purposes only, does not constitute legal advice and does not purport to be fully comprehensive. If you have any questions or require any assistance or clarification on how the subject of this guidance note applies to your business, or require any company secretarial or business establishment services, please contact us ulawteam@uubo.org

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