

PRESS RELEASE

Development Initiatives Network (DIN) comments on the Not-for-Profit Organisations Governance Code

“The governance code must be compliant with existing legal and regulatory requirements for not-for-profits in Nigeria.”

LAGOS, 2nd July 2015 – The Financial Reporting Council (FRC) is a federal government agency charged with, among other responsibilities, coordinating and providing guidance on matters pertaining to corporate governance in Nigeria.

At the public hearing on the exposure draft of the Not-for-Profit Organisations Governance Code, the FRC had the first real opportunity to hear from the individuals and organisations that would be affected by its adoption amid growing calls that the Code needs to be tailored to fit the realities of the fast-expanding not-for-profit sector.

Speaking at the event, Vincent Attah, DIN’s General Counsel stated that the Governance Code must be compliant with existing legal and regulatory requirements for not-for-profits in the light of the statutory roles and functions of existing bodies such as the Corporate Affairs Commission, Federal Inland Revenue Service and the Economic and Financial Crimes Commission. He cautioned that the FRC should not use subsidiary legislation, under the guise of introducing the Governance Code, to confer itself with powers that definitely fall outside the scope of its enabling law.

DIN regards the introduction of a Governance Code as a welcome development that should be celebrated. However, we are of the opinion that the solution to the perceived governance problems in the not-for-profit sector is not more mandatory rules. Rather these can be equally addressed through self or collective regulation and that the FRC should be in the vanguard of improving the quality of governance within the sector by regularly organizing nationwide board and governance educational programmes and encouraging not-for-profits to establish and participate in networks through which the development, monitoring and evaluation of governance practices can be pursued.

In its response, the FRC promised to address shortcomings in the draft Code and in the composition of the Steering Committee charged with its preparation given that it currently does not have any representation from not-for-profits. DIN believes that an inclusive and participatory process will not only make the Governance Code more acceptable but will also result in realistic and practical governance requirements for not-for-profit organisations.