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# ACT – CIVIL SOCIETY ORGANISATION (CSO) ORGANISATIONAL DEVELOPMENT (OD) GUIDE

## How to set up a CSO

### Purpose

The purpose of this OD Guide is to provide support to those who are keen to establish a Civil Society Organisation (CSO<sup>1</sup>) to support citizens' rights to development, in their location. Development CSOs' activities include social development, economic development, addressing issues of climate change, human rights, health care, education, etc. CSOs can work on behalf of its constituent group to promote social or political change and they play a critical part in developing society, communities and promoting citizens' participation in decision-making.

This OD Guide will outline a process that can be followed by those who wish to establish a CSO in a way that demonstrates their accountability, transparency and inclusion in effecting sustainable change.

In line with a commitment to Human Rights and Gender and Social Inclusion, it is anticipated that CSOs' focus an approach to organisational systems and projects that mainstream Gender and Social Inclusion (G&SI) and the adoption of a Rights-based Approach in all that they do.

### What is a CSO?

CSOs play a very important role in society in every country. They serve others, ie: their constituents, by providing support and services that are needed but are not being provided by others, and they provide a representative voice for those who are often marginalised from decisions that affect them. For the purpose of this document, we shall use the term CSO to represent CSOs, CBOs and CSO Networks.

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<sup>1</sup> The term CSO and NGO can both be used intermittently. A CBO is usually a community-based, small, local level CSO, often with less experience than a CSO.

The **World Bank** defines NGOs (CSOs) as '*...organisations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development*'.

CSOs are not-for-profit, or non-profit organisations – they do not distribute profits to stakeholders and their Founder does not get a bonus when there is an increase in income. Instead all revenue is cycled back

into the non-profit (CSO) to improve its projects and programmes, to fund the core costs of the CSO and to strengthen its mission.

CSOs typically exist to serve a community or advance a social cause. Some examples include: charities, advocacy groups, membership organisations and associations. Providing CSOs have a strategic plan, clear policies, and can demonstrate their accountability with good financial management and monitoring systems in place, alongside a track record of inclusive support, they are usually well-placed to apply for donor grants. Donor grants are usually made available to support CSOs to carry out specific activities that align with their (the donor's) own objectives and area of work, and they usually provide additional support for the administration and management of those activities (approx 7-10% of the total). These are known as 'restricted' funds.

It can often be difficult for a CSO to get grant funding that can be used for the CSO's core costs, such as salaries, fuel, running costs, rent, etc. For such running costs often donations that are not specifically focused on activities can be used, these are known as 'unrestricted' funds (often from local fundraising efforts).

It is advisable that a CSO seeks both 'restricted' and 'unrestricted' funding support to enable it to carry out its mission efficiently and effectively.

In line with the World Bank definition above, CSOs are organisations that address social issues to promote public welfare. CSOs should have the following features to qualify as a CSO:

- **Non-profit:** A CSO is not set up to make profit for personal gain. If a CSO conducts some revenue generating activity, the profit earned should not be distributed amongst the board members or staff, instead it should be used to support the CSO's activities.
- **Social values:** A CSO should address a social cause and should work towards the public good. The activities undertaken by the CSO should improve the conditions of its constituent group.
- **Voluntary:** CSOs are formed by the free will of their founding member(s). There are no laws that restrict or promote the formation of CSOs, it is a voluntary decision of its founder members.
- **Legally registered:** The CSO should be legally registered as per Nigeria Federal and State laws.
- **Independent:** CSOs are independent of government or private sector interference. They are controlled by the board of trustees and work independently for social welfare.
- **Non-criminal:** CSOs should not indulge in anti-social and criminal activities.

### Is it possible to set up a CSO alone?

Technically, yes, it is possible to start a CSO alone. However, it takes a lot of time and effort, so it often requires work on its development full-time, so doing it with a partner or a team is recommended. If someone did start out completely on their own, it would be necessary to quickly involve other people. To start with it would be necessary to recruit a board of trustees. It will be necessary to build a network of supporters, advocates, potential funders and volunteers. Starting a CSO alone, or even in a partnership, can be very challenging. As the CSO grows it will become impossible to manage it all without additional help from volunteers or even paid staff.

Establishing a CSO can become a person's life mission. This guide is for those who have identified a need in their community and have decided to start a CSO to address that need.

From the outset, being clear about the vision and mission of a CSO is very important. In this Guide we will look at what it takes to create a unique CSO that can be funded and managed in order to provide a valuable service. It will guide the CSO's founder on how to manage the CSO efficiently to meet the needs of the population it serves, and be organisationally and financially sustainable. The guide will also focus on the steps needed to grow and expand the reach of the CSO and how to develop and implement a growth strategy to do so.

### Setting up a CSO, typically involves the following 12 steps:

- 1 Carry out an in-depth situational analysis: Facilitate a local consultation process to ensure that the focus of the CSO is rooted in the culture, economy, political understanding and on the identified needs of the CSO's constituent group. Document these findings.

The analysis should answer the following questions:

- a) Is there a clear need for the kind of work the CSO will be doing? Will the community actually benefit from the CSO's programme?
- b) Are there any other CSOs fulfilling this need in the community, or locally?

If the answer is 'Yes' to b), starting a CSO may not be the best use of efforts and resources. Consider supporting the existing CSO instead, so as not to create unnecessary competition for donors' attention, and to strengthen collaboration.

If it is decided to start a CSO, it will be necessary to do a lot of research into the feasibility of this, as well as to establish exactly what start-up costs will be needed. The best thing to do for the CSO and the community they serve is to be as prepared as possible.

Seek legal and financial advice from professionals experienced in non-profit law and governance. Discuss widely with other CSOs how they became established and credible in the sector.

If possible, select two or three volunteers from the sector with relevant experience, interest, motivation, time and who are prepared to commit to

coordinate and move this process forward.

- 2 Establish a Board of Trustees: Recruiting the Board members is one of the most important steps in starting a CSO. To start with is important to develop details of the clear roles, responsibilities and skills required, and also to recruit based on their understanding of the sector and the local environment, so they can effectively provide oversight for the CSO. Initially, they will coordinate the process of the CSO's establishment. They should be able to demonstrate their commitment to the sector and ownership of the process. It should be clear to all Board members that their Board membership is voluntary and, therefore, non-paid. The key is to find people that are just as passionate about the cause as the founder. It is important to demonstrate gender diversity on the board and also a commitment to social inclusion.
- 3 Develop a Strategy/Strategic Plan and set Strategic Objectives: Based on findings from (1) and (2), feedback from key stakeholders, and the commitment of the Trustees + volunteers, agree together an outline of the: Vision, Mission, Values, Goal and Objectives. Having a robust strategy in place will not only help the CSO to plan to achieve its goals, but it will also prove useful when applying for tax-exemption, and garnering support (practical and financial). Start by giving the CSO a name and crafting its vision, mission and values. This will guide all subsequent activities. This is a good time to start to think about the CSO's identify and to start drafting branding assets like logo, slogan, colours, etc.

***A goal without a plan is just a wish.***

*(Antoine de Saint-Exupery (French writer, 1900 – 1944)).*
- 4 Develop the CSO's Constitution ([See the ACT Toolkit](#))
- 5 Research the specific legal requirements: Choose a legal structure – decide on the one that best suits your CSO/CS Network, such as non-profit limited company.
- 6 Register the CSO/CS Network: Register it with the appropriate government authorities to comply with the necessary regulations in order to begin operations. (Remember requirements may differ between states.)
- 7 Develop governance documents: Create by-laws, a code of conduct based on the agreed values, G&SI policy, Safeguarding policy, etc, and other relevant documents to guide the operations of the CSO.
- 8 Obtain tax-exempt status: If applicable, apply for tax-exempt status to receive the benefits as a charitable organisation.
- 9 Fundraising – develop a Fundraising Strategy: Identify key stakeholders of the CSO and, using a participatory approach, develop an organisational strategic budget. The strategic plan will form the outline of a long-term plan (3 yrs initially) of how the CSO will use its resources to support its activities to achieve

its Goal, Outcomes and Objectives; it should include the human and physical resources required, and outline basic roles and responsibilities. It should also have a detailed budget, aligned with the strategy, and a fundraising strategy to guide the resource requirements to take the CSO forward. The following may be useful:

i) Raise start-up capital

Seek Community Grants: Small community grants may be available; just a small grant may help to cover some of the fees associated with incorporation, etc. Be sure to do some research for eligible grant applications.

ii) Build a team of supporters

The CSO's first supporters won't necessarily contribute to the CSO financially, but they could help to spread the word about the CSO's work. This is the first step to attracting donors. In fact, those who first hear about the CSO may also be its first volunteers – people who are so committed to the cause that they don't mind offering their time and talents to help the CSO to succeed.

Here are a few things to do to try to find supporters and volunteers:

- Tell friends and family about the CSO and encourage them to talk about it within their own networks
- Encourage board members and volunteers to share the vision and mission of the CSO across their own networks
- Reach out to other CSOs in the community
- Reach out to local businesses about volunteer opportunities
- Attend networking events and talk about the CSO with everyone possible

10 Choose the most appropriate software and tools

One area where it is worth spending money is on appropriate software. The right tools can help to automate most of the administrative work and scale-up the operations of the CSO as it grows. It is important to establish a system where information and knowledge can be stored and retrieved easily.

There may be a couple of options when it comes to choosing software tools, eg: purchase separate tools, such as accounts software, website builder, an email platform and decide on the most appropriate social media platforms for marketing and sharing information and learning.

Get On-line

When donors and stakeholders hear about the CSO, the first place they'll go to is on-line, to learn more from the CSO's website. To make a first impression, make sure the website is user-friendly, accessible, informative and inspiring. With this, and a social media presence, a marketing strategy should be developed.

With these in place, the CSO can start actively fundraising.

11 Create a Communications and Publicity Plan

A communications and publicity plan is important for any CSO, but especially if starting on a limited budget. Getting the CSO's name and mission out there will help to garner support and raise funds.

Here are a few things to do to help spread the word about the CSO:

- Email as many as possible about the new CSO
- Link/partner with other CSOs and local businesses, where possible (join appropriate CS Networks)
- Develop a press release and make links with appropriate media (newspapers, radio, TV, etc)

12 Stay compliant

Filing paperwork with the appropriate bodies may be a lot of work, but it is necessary to store documents carefully, and to comply with legal and regulatory requirements, including the annual submission of returns. It is important to be aware of compliance requirements, if the CSO works across states, the requirements may differ in each state – develop a checklist!

Considering the above 12 steps, a CSO can become a legally constituted organisation, created voluntarily by an individual or a group of people that operates independently of government interference towards the welfare of people.

Starting a CSO is not easy, but it is highly possible. We hope this OD Guide has provided basic steps towards what should be done to prepare a CSO to raise the capital required to get up and running and to influence sustainable change.

## References/further reading

**Candid Learning:**

<https://learning.candid.org/resources/knowledge-base/ngo-definition-and-role/#:~:text=NGO%20activities%20include%2C%20but%20are,communities%2C%20and%20promoting%20citizen%20participation.>

**Funds for NGOs:** <https://www2.fundsforngos.org/featured/how-to-start-and-build-a-successful-ngo-from-developing-a-vision-to-implementing-your-fundraising/>

**The Guardian, UK:** <https://www.theguardian.com/global-development-professionals-network/2015/jan/27/how-to-set-up-ngo>

<https://www.wildapricot.com/blog/how-to-start-a-nonprofit-organization-with-no-money>