Users’ Manual
for the Charities and Societies Law

Taskforce on Enabling Environment for Civil Society in Ethiopia

Addis Ababa
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Disclaimer

The opinions expressed in this manual are those of the authors and do not necessarily reflect the views of the CSO Taskforce.
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<th>Description</th>
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<td>ACSOT</td>
<td>Alliance of Civil Society Organisations of Tigray</td>
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<tr>
<td>CCRDA</td>
<td>Consortium of Christian Relief and Development Associations</td>
</tr>
<tr>
<td>ChSA</td>
<td>Charities and Societies Agency</td>
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<tr>
<td>CSP</td>
<td>Charities and Societies Proclamation (No. 621/2009)</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>DRM</td>
<td>Domestic Resource Mobilization</td>
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<tr>
<td>GO-NGO Forum</td>
<td>Forum for Governmental and Non-governmental Organizations</td>
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<tr>
<td>GTP</td>
<td>Growth and Transformation Plan</td>
</tr>
<tr>
<td>MBO</td>
<td>Mass-Based Organization</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MOFED</td>
<td>Ministry of Finance and Economic Development</td>
</tr>
<tr>
<td>NECSOO</td>
<td>Network of Civil Society Organizations in Oromia</td>
</tr>
<tr>
<td>NEWA</td>
<td>Network of Ethiopian Women’s Associations</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>Pane</td>
<td>Poverty Action Network of Civil Society Organisations in Ethiopia</td>
</tr>
<tr>
<td>PADET</td>
<td>Professional Association for Development of Ethiopia</td>
</tr>
<tr>
<td>PASDEP</td>
<td>Plan for Accelerated and Sustained Development to Eradicate Poverty</td>
</tr>
<tr>
<td>PBS</td>
<td>Protection of Basic Services</td>
</tr>
<tr>
<td>PFE</td>
<td>Pastoralist Forum Ethiopia</td>
</tr>
<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
</tr>
<tr>
<td>SDPRP</td>
<td>Sustainable Development and Poverty Reduction Program</td>
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<tr>
<td>WISE</td>
<td>Organization for Women in Self-Employment</td>
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Introduction

According to a recent statement by the Charities and Societies Agency, about 1600 CSOs have been reregistered under the new Charities and Societies Law. Of these, more than 1500 are Ethiopian resident and foreign charities working on development and welfare. In addition, the Agency has also registered close to 98 Ethiopian charities and societies which are allowed to work on human rights and conflict resolution.

Most of the organizations that were re-registered as Ethiopian Resident Charities have been working directly or indirectly on human rights, gender equality and protection of the rights of disadvantaged groups - activities which they can no longer undertake under the new legal regime. Hence questions like, ‘Which areas are allowed and which ones are off limits for Ethiopian resident and foreign charities? What new requirements has the new law brought about in terms of organizational structure, operation, source of finance and administration of CSOs? How can CSOs adapt their strategies and operations to the new CSO law?’ and others are burning issues which still need further clarification and clearer understanding.

The objective of this Manual is to elaborate and clarify, as much as possible, these and other critical issues regarding the new charities and societies law.

The emergence of CSOs in Ethiopia was largely related to food aid and rehabilitation programs. NGOs started operating in Ethiopia mainly after the 1974 famine, but they had a much larger presence in Ethiopia after the 1984 drought. The intervention of NGOs at that time was limited to the provision of relief and welfare services, especially food aid. The number of NGOs has immensely increased since then, and their intervention areas have been expanded in the provision of basic services, including education, health and development of infrastructure. A few CSOs were also established to work on human rights, civic education, democracy and conflict issues. Moreover, NGOs working on development and service delivery have largely adopted the rights-based approach to development with a view to ensuring community ownership and sustainability of development programs.
The legal regime which governed the registration and regulation of the sector, on the other hand, was the Civil Code which was enacted during the Imperial regime. Enacted 48 years ago, the law was not compatible with the developments in the sector in the last two to three decades, and could not cater for the new and sector-specific needs of NGOs/CSOs. Cognizant of these limitations, civil society organizations have persistently been calling for the enactment of a new law which takes into account the specific needs and role of the sector in the country’s development and governance. Convinced of the need for a new legal regime, several versions of the draft CSO laws were circulated by the government since 2002 for discussions and comments by civil society. Organizations such as the then CRDA, Action Aid Ethiopia, Forum for Social Studies and InterAfrica Group have made significant contributions in this endeavour by facilitating the study and compilation of global best practices on the registration and regulation of CSOs, and even going to the extent of presenting alternative draft CSO laws.

On the other hand, since 2005, the government has been expressing its views on the meaning of civil society, the role of NGOs in development and good governance, and issues of transparency and accountability in the sector. These views were echoed in internal party documents, election debates and discussions with actors in the sector. The prevailing position among government circles tried to make a dichotomy between NGOs and CSOs, and characterized NGOs as entities which are established by a few individuals and hence lacking constituency. NGOs were also portrayed as dependent on, controlled by and accountable to donors rather than their members. While NGOs could be allowed to engage in development activities, they should not be permitted to engage in areas related to rights and political advocacy, as these should be reserved to purely local civic organizations. The latter, which the government recognizes as genuine civil society organizations, are established and controlled by citizens, and depend on membership contributions rather than foreign aid. Such organizations (also called mass organizations) have broader/mass constituency, and hence have the right to engage in issues related to rights and democratic governance. A corollary of this argument was that CSOs should be allowed to freely operate because they are a genuine manifestation of citizens’ constitutional freedom of association, while NGOs would be allowed to work only when the government finds their
contributions useful. Hence, the government is entitled to close down NGOs at anytime, and they are precluded from appealing to the court from decisions to suspend their operations or cancel their registration.

As stated in its preamble, the objectives of the new Charities and Societies Proclamation are crafted along the dichotomous line described above. Regarding NGOs, the law is aimed at ensuring transparency and accountability. With regards to civil society/mass-based organizations, on the other hand, the law has a more positive role of creating a conducive environment for their operation. In addition to the Charities and Societies Proclamation No. 621/2009, the new legal regime consists of the Council of Ministers Regulation No. 168/2009 as well as directives issued by the Charities and Societies Agency, including the recent CSO Consortium Directive.

**Objectives of the Manual**

This manual is prepared by the CSO Taskforce which was established to work for the creation of an enabling legal and policy environment for civil society organizations in Ethiopia. The CSO Taskforce has organized a number of forums for the broader civil society to discuss the draft of the current Charities and Societies (CS) law, and has submitted general and specific comments on the draft legislation. In these comments, the Taskforce underscored the fact that NGOs serve first and foremost the interest of the public rather than promoting the agenda of their donors. It has also contended that, since full information is given to the government both on the activities of NGOs and the funds they utilize, restrictions on their source of income and areas of operation envisaged by the law are unnecessary and unwarranted. The Taskforce has also tried to protect the interest of CSOs by proposing amendments to the draft and presenting alternative provisions to those sections of the draft law which were found inhibitive. Some of these proposals were accepted by the government, and a number of minor changes were made, especially on the punitive provisions of the legislation. Nonetheless, the restriction preventing CSOs receiving more than 10% of their funds from foreign sources from engaging in human
rights, democracy and conflict resolution has been retained intact in the Charities and Societies Proclamation.

While efforts for the amendment of the CS law will continue, it has also been found necessary to create sufficient awareness on the part of CSOs about the changes introduced by the new legislation and to take adaptation measures accordingly. Hence, this Manual is intended to present in a simple language the main differences between the previous legal regime and the new charities and society’s legislation regarding the registration, operation, reporting and dissolution of civil society organizations. The Manual also aims to provide directions and suggest possible measures that CSOs could take to sustain their activities and cope with the changes introduced by the new law.

Methodology

This manual is based on Charities and Societies Proclamation No 621/2009, the Council of Ministers Regulation No. 168/2009 on Charities and Societies, and the Consortium Directive issued by the Charities and Societies Agency. The authors of the Manual have also examined commentaries and explanations by the drafters of Proclamation No. 621/2009, international standards and comparative experience on registration and regulation of CSOs in other countries as well as policy statements and political documents circulated by the ruling party concerning charities and societies. Issues and suggestions discussed in focus group discussions with members of the Taskforce and experts have also been incorporated in the manual. While attempts have been made to clarify many of the vague issues embedded in the Charities and Societies law and present its content in a simple language, it should also be noted that a number of issues and provisions (including, the meaning of administrative cost, the blurred boundary between rights and development, procedures for merger, conversion, and permission to engage in income generating activities, the law’s scope of application and the jurisdictions of regional governments in the regulation of CSOs, etc.) still remain unclear. Hopefully, these issues could only be fully addressed and clarified by Directives to be subsequently issued by the Charities and Societies Agency and the respective Regional Governments. Hence, the authors would like
to underscore that this Manual should be considered as an indicative guide for CSOs rather than an authoritative interpretation of the Charities and Societies Law.
Part I

General

1.1. Objectives of the Charities and Societies Law

As outlined in the Preamble of Proclamation No. 621/2009, the Charities and Societies Law has two basic objectives, namely, to: a) realize citizens’ constitutional right to freedom of association; and b) enhance and strengthen the role of charities in the overall development of Ethiopia.

As elaborated in the Commentary on the Draft Charities and Societies Proclamation, the first objective starts with a premise that freedom of association is not a human right but a right that could be exercised only by citizens. Accordingly, CSOs formed by citizens and run with support from local sources are given constitutional protection and are encouraged to operate in areas related to human rights and democracy, equality of religions and ethnic groups, conflict resolution and strengthening of the justice system. They also have the right to appeal to court from decisions of the Charities and Societies Agency to cancel their registration or suspend them. On the other hand, Ethiopian resident and foreign charities are not allowed to engage in human rights or governance-related activities precisely because they are 'not the manifestation of citizens’ freedom of association’. Their existence and operation is subject to the prerogative of the government, and they do not have the right to seek judicial review from decisions of the Agency not to register them, to cancel their registration, or to suspend their operations.

The second objective focuses on creating an enabling environment for charities/NGOs while retaining the restrictions discussed in the previous paragraph. The realization of this objective requires creating a conducive legal framework for NGOs in terms of registration, supervision and operational support, recognizing the role of NGOs as partners in development. Such recognition might also provide a basis, albeit an insufficient one, for CSO engagement with the government regarding the creation of an enabling environment.
However, it should be noted that the government will collaborate with charities/NGOs and allows them to operate only when it believes that they contribute to the country’s development.

1.2. Scope of Application

Attention!

The Charities and Societies Law applies to the following organizations:

- Charities operating in more than one region;
- Societies that have members in more than one region;
- Ethiopian resident charities and societies, as well as foreign charities working in one region only;
- Charities and societies operating in Addis Ababa and Dire Dawa.

Hence, if the charity you work with has offices in Addis Ababa or Dire Dawa, or operates in more than one region, it needs to get registered by, and report to the Federal Charities and Societies Agency. Likewise, if you are working for a society whose members reside in two or more regions or just in Addis Ababa/Dire Dawa, it has to be registered by the Federal Charities and Societies Agency.

On the other hand, if your organization is an Ethiopian resident or a foreign charity, it will be governed by the Charities and Societies Law and needs to get registered by and report to the Federal Charities and Societies Agency regardless of the number of regions it is operating in. You should also not forget that your organization should also be registered at the region where it is operating. You might ask whether this won’t result in accountability to two (federal and regional) authorities. The answer is yes. You may also wonder why it is necessary to register at the Federal level if you are also registered with the regional authorities. The simple answer we have is “because the law requires you to do so.”
It might be difficult and impractical for the Agency to register and supervise NGOs/resident charities working in different parts of the country. It might also result in overlap of responsibilities and jurisdictions between regulatory authorities at federal and regional levels. In light of these challenges, it is believed that the Agency might delegate its powers of registration and supervision to regional authorities. Until this is done, however, Foreign and Ethiopian resident charities working in the regions need to be registered by, and report to, the Federal Charities and Societies Agency.

On the other hand, if your organization is an Ethiopian Charity or Society (i.e., it raises 90% or more of its funds from local sources) that works only in one region, it need not be registered by the Agency, and will not be subject to the Charities and Societies Law. Such organizations will be registered by, and report to, the concerned authority of the region where they work in.

There are two caveats regarding the [non]applicability of the law to religious organizations. First, the law doesn’t apply to evangelical activities of religious organizations. If a religious organization plans to engage in a charitable activity, it should establish an independent charity for that purpose. The charity ‘wing’ needs to be registered and be regulated by the Charities and Societies Law. Secondly, the Charities and Societies Agency is delegated to register religious organizations until a law is enacted regarding the registration and operation of religious organizations.
Table 1. Major differences between the new CSO law and the Imperial legal regime

<table>
<thead>
<tr>
<th>Item</th>
<th>Previous/Old Law</th>
<th>Current Law</th>
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<tr>
<td>Regulatory Body</td>
<td>The Associations office of the Ministry of Justice</td>
<td>The Charities and Societies Agency (established as an autonomous body by the law, but now accountable to the Ministry of Federal Affairs)</td>
</tr>
<tr>
<td>Applicable Law</td>
<td>The Civil Code of 1960, and Order No. 1966</td>
<td>• Charities and Societies Proclamation No.621/2009</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Charities and Societies Regulation No. 168/2009</td>
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<tr>
<td></td>
<td></td>
<td>• Consortium Directive and other Directives issued by the Charities and Societies Agency</td>
</tr>
<tr>
<td>Renewal of License and Registration</td>
<td>Every year</td>
<td>Every three years</td>
</tr>
<tr>
<td>Types of organizational outfits for CSOs</td>
<td>Association and Endowment. Almost all CSOs/NGOs were registered as Associations.</td>
<td>Two types of CSOs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Society - established mainly to protect the interest of its members</td>
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<tr>
<td></td>
<td></td>
<td>• Charity - established for charitable benefit to the public at large or certain social sections, such as women, children, etc. A charity could be established as a charitable society, a charitable endowment, a charitable institution and a charitable trust. However, most of the charities are formed/re-registered as charitable societies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• In terms of source of income, CSOs are divided to Ethiopian charities/societies (which get 90% and more of their income from local sources), and resident charities (which get more than 10% of their funds from foreign sources). Organizations established abroad and working in Ethiopia are called foreign charities.</td>
</tr>
<tr>
<td>Adoption of Names</td>
<td>An organization could freely adopt a national or federal name without any preconditions.</td>
<td>A Charity which has a federal/national name shall, open offices and operate at least in 5 regions. Likewise a society that has a federal/national name (for instance Ethiopian teachers association, or national union of journalists) shall have members in at least five regions.</td>
</tr>
<tr>
<td>Area of operation and source of income</td>
<td>No restriction on area of operation as long as its activity and source of income are lawful. Any CSO might work on human rights, democracy and conflict.</td>
<td>Ethiopian resident charities (i.e., those getting more than 10% of their budget from foreign sources) and foreign charities cannot work in areas related to human rights, democracy, gender equality, child rights, disabled persons’ rights, conflict resolution and supporting the judicial system.</td>
</tr>
<tr>
<td>Administrative cost</td>
<td>No ceilings on administrative cost.</td>
<td>The administrative cost of an organization should not be more than 30% of its total annual budget. Administrative cost is vaguely defined, but includes staff salary, and</td>
</tr>
<tr>
<td>Item</td>
<td>Previous/Old Law</td>
<td>Current Law</td>
</tr>
<tr>
<td>----------------------------------</td>
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</tr>
<tr>
<td>Powers of Regulatory Body</td>
<td>Regulatory powers defined in general manner, which include examination of periodic reports and giving orders as appropriate.</td>
<td>In addition to receiving and examining reports, the Agency has broad powers to conduct surprise investigation, order an organization to suspend its officers who are responsible for malpractices and appoint new ones.</td>
</tr>
<tr>
<td>Appeal/judicial review</td>
<td>Decisions and orders of the regulatory authority, including cancellation of registration, refusal to register, etc., were appealable to court.</td>
<td>Foreign charities and Ethiopian resident charities cannot appeal to court from decisions of the Agency to refuse registration, cancel their registration, suspend their operation, etc. However, they might appeal to the Agency’s Board. On the other hand, Ethiopian charities/societies could appeal to court from similar decisions.</td>
</tr>
<tr>
<td>Income generating activities</td>
<td>Not expressly allowed.</td>
<td>Charities and societies could engage in income generating activities after getting permission from the Agency. They will be eligible for permission when the activities are related to the purposes of the charity/society, and the income derived there from will be used to further its objectives.</td>
</tr>
<tr>
<td>Formation of Networks/Consortiums</td>
<td>Not expressly allowed</td>
<td>The Consortium Directive issued by the Charities and Societies Agency allows forming consortiums. However, the Directive stipulates that charities cannot form a consortium with societies. Ethiopian charities are not allowed to form a consortium with Ethiopian resident or foreign charities. Consortiums cannot engage in direct project implementation, but should focus on building the capacity of members, networking and information sharing.</td>
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Part II

Registration Charities and Societies

2.1 Classification of Charities and Societies

1. By Source of Income:
   1.1 Ethiopian Charity/Society: Gets all of its income from local sources (It could get up to 10% of its funds from foreign sources)
   1.2 Ethiopian Resident: Generates more than 10% of its income/funds from foreign sources
   1.3 Foreign: Established in and gets all its income from abroad.

2. Form of Organization
   2.1 Society
   2.2 Charity
      2.2.1 Endowment
      2.2.2 Charitable Institution
      2.2.3 Trust
      2.2.4 Charitable Society
      2.2.5 Committees

2.1.1. Ethiopian Vs Resident/Foreign Charities

A new classification of CSOs has been introduced by the Charities and Societies Proclamation on the basis of source of income. Hence, the law divides CSOs into “Ethiopian Charities or Societies”, “Ethiopian Resident Charities or Societies” and
“Foreign Charities or Societies”. The legal definitions of these categories are provided under Article 2 of the CSP as follows:¹

i. “‘Ethiopian Charities’ or ‘Ethiopian Societies’ shall mean those Charities or Societies that are formed under the laws of Ethiopia; all of whose members are Ethiopians; generate income from Ethiopia and wholly controlled by Ethiopians. However, they may be deemed as Ethiopian Charities or Ethiopian Societies if they use not more than ten percent of their funds which is received from foreign sources”². [Article 2(2)]

ii. “‘Ethiopian Residents Charities’ or ‘Ethiopian Residents Societies’ shall mean those Charities or Societies that are formed under the laws of Ethiopia and which consist of members who reside in Ethiopia; and who receive more than 10% of their fund from foreign sources”. [Article 2(3)]

iii. “‘Foreign Charities’ shall mean those Charities that are formed under the laws of foreign countries or which consist of members who are foreign nationals or are controlled by foreign nationals or receive funds from foreign sources”. [Art 2(4), emphases added]

2.1.2. Charities Vs Societies

The law has also classified CSOs into two on the basis of their institutional structure and the interests they are established to serve. These are societies and charities. The major difference between charities and societies is that societies are established to protect the interest of their members while charities are set up to serve the public at large or a given social section (such as women, children, the disabled, etc.) rather than their members. In other words, charities are established to pursue altruistic objectives, while societies primarily promote member interests. Charities are further divided into four on the basis of their structure. We will now proceed to examine the distinctive features of societies and charities in detail.

¹ See Article 14 (2),(3) and (4) of the CSP
² Article 2 (15) of the CSP defines Income from Foreign Source as “a donation or delivery or transfer made from foreign source of any article, currency or security. Foreign sources include the government agency or company of any foreign country; international agency or any person in a foreign country.”
A. Societies
Proclamation 621/2009 defines the word “society” as “an association of persons organized on non-profit making and voluntary basis for the promotion of the rights and interests of its members and to undertake other similar lawful purposes as well as to coordinate with institutions of similar objectives”. Accordingly, two or more persons can form an association for non-profit making purposes and on a voluntary basis. Here it is important to look into the word “person” as stated in the definition of the word “society”. Article 2(8) of the CS Proclamation defines the word “person” as “any physical or juridical person”. Therefore, the law clearly guarantees the rights of juridical persons such as CSOs to come together and form an association. In other words, association of associations is permitted by the Proclamation.

B. Charities
According to the Charities and Societies Proclamation, a Charity” is “an institution which is established exclusively for charitable purposes and gives benefit to the public”. A distinctive feature of charitable activities is the fact that they are intended to benefit the public. The law recognizes five forms of charities which include:

i. Charitable Endowment: an organization by which a certain property is perpetually and irrevocably designated/given by donation or will or the order of the Agency for a purpose that is solely charitable. A Charitable Endowment shall have a manager, an auditor and the necessary staff. The Board is the supreme organ of the endowment, and it shall have at least three members.

ii. Charitable Institution: a Charity formed by at least three persons exclusively for charitable purposes. In terms of structure, a charitable institution is similar to an endowment, except that its members are required to provide guarantees for the debts of the Institution to third parties.

iii. Charitable Trust: an organization by virtue of which specific property is constituted solely for a charitable purpose to be administered by three to five persons, called trustees, in accordance with the instructions given by the instrument constituting the

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3 See Article 14 (1) of the CSP
charitable trust. Like a charitable endowment, a trust is established by donation or will or by the order of the Charities and Societies Agency. It is different from an endowment in that it is administered by trustees rather than a manager and a board.

iv. **Charitable Society:** a Society which is formed for charitable purposes. It is similar to a society in terms of structure and organization. Unlike a society, however, it is established to serve the interest of the public/third parties rather than that of its own members. Most of the CSOs in Ethiopia have been re-registered as charitable societies. Hence, they are expected to have a general assembly, an Executive Board, an auditor, a manager/director and the necessary staff.

v. **Charity Committee:** a body composed of 5 or more natural persons who have come together with the intent of soliciting money or other property from the public for purposes that are charitable. Such committees may, for instance, be established to mobilize funds to help people in situations of emergency such as natural calamities. A committee which has raised a lot of money could be converted into a charitable endowment. The committee shall have a president, a treasurer and an auditor. Charity Committees may not collect funds or perform any other activities without acquiring an approval from the Agency. The committee shall also submit a detailed statement of accounts to the Agency about the funds it has collected, and its members will be jointly and severally liable for obligations and debts arising from the activities of the committee, such as embezzlement of funds. In other words, a member of the committee could be held liable to pay the debts of the Committee and later recover from the other members their share in the debts.

**Attention!**

*All charities, except Charity Committees, are required to register and get a license to operate.*
2.2 Charitable Activities

Proclamation No. 621/2009 identifies the following areas as charitable purposes:

- a. Disaster prevention and poverty alleviation
- b. Economic and social development
- c. Environmental protection
- d. Animal welfare
- e. Arts, culture, heritage and science
- f. Education
- g. Health and the saving of lives
- h. Amateur sport and youth welfare
- i. Relief of the needy because of age, disability, financial hardship or other disadvantage
- j. Capacity building on the basis of the country's long term development directions
- k. Human and democratic rights
- l. Promotion of ethnic, religious and gender equality
- m. Promotion of child rights and the rights of disabled persons
- n. Conflict resolution and reconciliation
- o. Supporting justice and law enforcement
- p. Other purposes prescribed by the agency

Attention!

Only Ethiopian Charities/Societies can engage in the activities listed under k - o in the box above. In other words, Foreign and Ethiopian Resident Charities are not allowed to work on human and democratic rights, religious, ethnic or gender equality, child rights and the right of disabled persons, conflict resolution and reconciliation, and supporting justice and law enforcement sectors.
Creating a dichotomy between human rights and development is very difficult because: a) the right to development itself is a human right, and b) development activities will directly or indirectly contribute to the implementation of human rights, especially socio-economic rights. Likewise, development and conflict resolution are closely interlinked, as conflict is one of the causes for underdevelopment, and development activities often contribute to conflict resolution and lasting peace. Hence, it is difficult if not impossible to draw a line between those activities that NGOs are permitted to undertake, and those which are off-limits to them under the law.

The following points could be made based on statements of senior policymakers and the drafters of the law. First, the areas which Ethiopian resident and foreign charities are not allowed to work in are stated in general terms without specifying the types of activities. Hence, the restrictions will apply regardless of the activities involved (whether it is research, monitoring, advocacy or education). For instance, when we say an Ethiopian resident charity cannot work on human rights, it means it cannot engage in human rights research, education, advocacy or monitoring, or even provision of legal aid to victims. On the other hand, since Ethiopian resident and foreign charities are allowed to engage in development and welfare activities, they should be able to undertake different approaches and forms of engagement regardless of the fact that their activities might have an indirect contribution to the promotion of human rights or conflict management and resolution. Hence Ethiopian resident and foreign charities should innovatively use this opportunity by devising different strategies, approaches and means. The following table suggests a number of complementary activities that could be undertaken by Ethiopian, resident and foreign charities in different areas.
Table 2. Proposed areas of activity for Ethiopian and Resident/Foreign Charities

<table>
<thead>
<tr>
<th>Target Group/ Area of Activity</th>
<th>Ethiopian Charities/Societies</th>
<th>Foreign/Ethiopian Resident Charities/Societies</th>
</tr>
</thead>
</table>
| Women/Gender Equality         | • Conduct research on gender equality, protection of women’s rights; monitor gender equality and produce/disseminate reports  
  • Advocate for reform of discriminatory laws  
  • Raise awareness on women’s rights and gender equality  
  • Advocacy on Gender-Based Violence, Traditional Harmful Practices (such as FGM, underage marriage, etc); work to bring perpetrators to justice and secure compensation for victims  
  • Reproductive Health Rights  
  • Provision of legal aid to women  
  • Promote and advocate for enhanced women’s political participation | • Implement poverty reduction and development activities designed to empower women  
  • Undertake research on:  
    o Women’s socio-economic situation;  
    o The extent to which women benefit from development policies and programs  
    o Impact of discriminatory laws, practices and customs on women and development  
    o Psychological, social, cultural, economic effect of gender-based violence on women and its adverse effect on development  
    o Educate the public on the harmful consequences of GBV and THPs,  
  • Providing medical, psychical and economic support to victims of GBV  
  • Educate the public on the uses of consent-based reproductive health service/involving women in decisions regarding family planning  
  • Work for women’s economic empowerment through supply of credits, training, etc.  
  • Encourage the public to send girls to school, support female students, promote women role models/social recognition to women who excel in social, political and economic fields  
  • Capacity building activities concerning women  |
| Child Rights                  | • Research and Advocacy on child rights protection, economic and social rights  
  • Raise public awareness on child rights.  
  • Law-reform work for the formulation of policies, laws and practices laws that secure better protection of child rights. | • Child care and welfare programs  
  • Research on the socio-economic situation/problems of children (including poverty, orphanage, street children, child abuse, child labor, etc.) and their impact on wellbeing of children  
  • Policy research on the socio-economic status of children |
<table>
<thead>
<tr>
<th>Target Group/ Area of Activity</th>
<th>Ethiopian Charities/Societies</th>
<th>Foreign/Ethiopian Resident Charities/Societies</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>• Build the capacity of police and judicial institutions that work on child rights protection</td>
<td>• Provide counseling to victims of child abuse</td>
</tr>
<tr>
<td></td>
<td>• Support efforts to bring violators of child rights to justice</td>
<td>• Raise public awareness on the impacts of child abuse and exploitation on the wellbeing of children</td>
</tr>
<tr>
<td></td>
<td>• Legal protection/ legal aid to victims of child abuse</td>
<td>• Study on provision of services to juvenile delinquents, prison conditions etc &amp; provide support to improve prison conditions;</td>
</tr>
<tr>
<td></td>
<td>• Advocate for reform in juvenile justice and penitentiary system</td>
<td>• Assess the effectiveness/impact of sanctions on child offenders (in terms of rehabilitation, psycho-social effects, etc.) and present alternatives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Capacity building activities concerning children</td>
</tr>
<tr>
<td>The Elderly</td>
<td>• Research on the protection of the rights of the elderly</td>
<td>• Undertake studies on the living conditions and social security issues of the elderly;</td>
</tr>
<tr>
<td></td>
<td>• Advocate for the inclusion of issues of the elderly in development policies and programs;</td>
<td>• Prepare proposals improvement of the socio-economic conditions of the elderly</td>
</tr>
<tr>
<td></td>
<td>• Provide legal aid to the elderly</td>
<td>• Conduct studies on the extent to which development policies and programs have benefited the elderly and forward recommendations/suggestions</td>
</tr>
<tr>
<td></td>
<td>• Advocate for legal reform which better protects the rights and interests of the elderly</td>
<td>• Support the elders living in poverty</td>
</tr>
<tr>
<td></td>
<td>• Enhance public awareness on the rights of the elderly</td>
<td>• Carry out development activities which involve and benefit the elderly</td>
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<tr>
<td></td>
<td></td>
<td>• Promote the traditional values on supporting the elderly</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Capacity building activities concerning the elderly</td>
</tr>
<tr>
<td>Persons with Disabilities</td>
<td>• Advocacy on the rights of persons with disabilities, including abolition of discriminatory treatment of disabled persons in terms of access to jobs, services, economic benefits, social and political resources, etc.</td>
<td>• Conduct studies on socio-economic conditions of persons with disabilities and their improvement</td>
</tr>
<tr>
<td></td>
<td>• Law and policy reform (repeal and amendment of discriminatory laws, adoption of laws and policies which provide better protection to the rights and interests of disabled persons</td>
<td>• Provide aid and services to persons with disabilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Encourage the participation of disabled persons in development policies and programs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Conduct assessment on the extent to which disabled persons have benefited from development programs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Conduct studies on social</td>
</tr>
<tr>
<td>Target Group/ Area of Activity</td>
<td>Ethiopian Charities/Societies</td>
<td>Foreign/Ethiopian Resident Charities/Societies</td>
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<td>-----------------------------------------------</td>
</tr>
</tbody>
</table>
|                               | • Create social awareness on the right of disabled persons  
|                               | • Provide legal aid to persons with disabilities. | discrimination faced by persons with disabilities  
|                               | • Work for attitudinal change among members of the public by raising awareness on the adverse effect of discriminatory (traditional) practices against disabled persons  
|                               | • Conduct studies on the social, psychological and economic impacts of discriminatory (traditional) practices | • Implement service delivery programs (health, education, water, etc.) in pastoralist areas  
|                               | • Enhance participation in and benefit of persons with disabilities from development programs run by civil society  
|                               | • Capacity building activities concerning persons with disabilities | • Conduct studies on the socio-economic and livelihood issues of pastoralists, including poverty, food security, access to social services, etc.  
|                               | • Good governance as well as prevention and management of conflict in pastoralist areas | • Assess effectiveness of development interventions in pastoralist areas and forward recommendations  
| Pastoralists                   | • Research and advocacy for legal, institutional and policy reform to protect the rights and livelihoods of pastoralists  
|                               | • Rights/legal awareness raising  
|                               | • Enhance political participation and self-governance of pastoralists  
|                               | • Good governance as well as prevention and management of conflict in pastoralist areas | • Conduct studies on the socio-economic and livelihood issues of pastoralists, including poverty, food security, access to social services, etc.  
|                               | | • Assess effectiveness of development interventions in pastoralist areas and forward recommendations  
|                               | | • Enhance participation of pastoralist communities in planning, implementation and evaluation of development programs  
|                               | | • Undertake activities to build the capacity of pastoralists  
| Health                        | • Undertake studies on implementation of the right of equitable access to quality health services  
|                               | • Educate the public on the right to health  
|                               | • Ensure transparency and equity in the allocation and utilization of health budgets at different levels  
|                               | • Advocate for health policy reform  
|                               | • Work to bring to justice violators of the right to health/those exposing the public to health | • Provide health services giving priority to vulnerable and disadvantaged groups  
|                               | | • Construct health facilities  
|                               | | • Conduct assessments on the quality, accessibility and equity of health services and provide recommendations  
|                               | | • Undertake studies on priorities and issues to be addressed by health policies and programs  
<p>|                               | | • Undertake studies on health/medical conditions of vulnerable groups |</p>
<table>
<thead>
<tr>
<th>Target Group/Area of Activity</th>
<th>Ethiopian Charities/Societies</th>
<th>Foreign/Ethiopian Resident Charities/Societies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>hazards</td>
<td>• Assess the extent to which health policies and programs are participatory and benefit disadvantaged groups</td>
</tr>
<tr>
<td></td>
<td>• Advocate for participatory formulation of health policies and programs</td>
<td>• Conduct studies on the social, psychological and economic challenges faced by PLWHA</td>
</tr>
<tr>
<td></td>
<td>• Fight discrimination and violation of the rights of PLWHA; advocate the right of access of PLWHA to medical service and drugs</td>
<td>Build the capacity of federal and regional health institutions (especially training and experience sharing on project development and management, participatory approaches, quality assurance, monitoring and evaluation etc.)</td>
</tr>
<tr>
<td>Education</td>
<td>• Research and advocacy on the implementation of the right to education</td>
<td>• Conduct educational research (on quality, accessibility, equity of education)</td>
</tr>
<tr>
<td></td>
<td>• Advocacy for education policy reform</td>
<td>• Provide technical support and recommendations on priority areas in education policy</td>
</tr>
<tr>
<td></td>
<td>• Advocate for equitable access of disadvantaged groups/marginalized areas to education</td>
<td>• Educating the public on the importance of education and encouraging parents to send their children to school</td>
</tr>
<tr>
<td></td>
<td>• Raise awareness on education rights</td>
<td>• Undertake studies on the use of native language in education</td>
</tr>
<tr>
<td></td>
<td>• Fight against discrimination in the provision of education</td>
<td>Conduct research on incorporation of core values such as gender equality, tolerance, support to disabled persons, democratic values, etc., in the education curriculum</td>
</tr>
<tr>
<td></td>
<td>• Work on promotion of the right to be educated in native language</td>
<td></td>
</tr>
<tr>
<td>Environmental Protection</td>
<td>• Raise awareness on environmental rights</td>
<td>• Implement environmental protection programs, such as afforestation, terracing, water and soil conservation, etc.)</td>
</tr>
<tr>
<td></td>
<td>• Conduct research on the protection of environmental rights</td>
<td>• Undertake studies and organize forums on environmental issues such as climate change, conservation of natural resources, environmental impact of industrial and agricultural activities, etc.</td>
</tr>
<tr>
<td></td>
<td>• Law and policy reform</td>
<td>• Assess environmental protection activities by governmental and non-governmental actors</td>
</tr>
<tr>
<td></td>
<td>• Provide legal aid to victims of environmental pollution</td>
<td>• Educate the public on the utility of environmental protection and the adverse impact of environmental degradation such as destruction of forests, erosion, climate change, etc.</td>
</tr>
<tr>
<td></td>
<td>• Work to bring violators of environmental rights to justice</td>
<td></td>
</tr>
<tr>
<td>Target Group/Area of Activity</td>
<td>Ethiopian Charities/Societies</td>
<td>Foreign/Ethiopian Resident Charities/Societies</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>• Encourage public initiatives to protect the environment through afforestation, terracing, water and soil conservation, protection of wildlife, etc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Conduct studies on industrial and other environmental pollution and forward recommendations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Support synergy between food security and agricultural development endeavors with environmental protection and conservation of natural resources</td>
</tr>
</tbody>
</table>

The activities indicated in the third column above could be undertaken using the MDGs, the country’s GTP, as well as health, education, agriculture and poverty reduction programs and policies as a framework. They could hence be characterized as development activities that could be carried out by Ethiopian resident and foreign charities. At the same time, CSOs could design and execute their development programs on poverty reduction, health, education and others in a manner which ensures better implements/mainstreams gender equality, environmental protection, child rights, etc. This is because any issue or target group could be addressed from a rights or a development perspective, and such approaches often complement each other.

**Public Benefit**

Identifiable benefit to beneficiaries/the public + Non-discrimination among potential beneficiaries + Incidental and secondary private benefits = Public Benefit
The Proclamation stipulates that a charitable organization is one which is established for charitable purposes as outlined under Article 14 and provides public benefit. But what constitutes public benefit? Article 14(3) states that three things should be fulfilled for public benefit to exist: 1) the activity/objective should result in identifiable/concrete benefit to the public; 2) it shouldn’t discriminate among potential beneficiaries; and 3) individual benefits arising from the activity are only secondary and incidental to the implementation of the objective.

We need to look at these criteria in greater detail. First, identifiable benefit does not necessarily mean that a charitable activity should entail physically tangible results (such as construction of health posts or schools, for example). For instance, one might argue that construction of schools or health posts results in concrete/physically tangible results. On the other hand, providing training or undertaking development or human rights research do not have physically concrete results. However, the results of such activities could be measured using different sets of indicators and benchmarks that capture change in attitude, competence or performance before and after a given training. Likewise, findings and suggested solutions/recommendations could be considered as identifiable benefits of a research/study, provided they are communicated to the governmental or non-governmental organ which could implement them. As the charity which undertook such researches is not always required to implement the findings of the research, one could also argue that what matters is not that they are actually implemented (for that depends on the will of the implementing agency) but that they could make a difference if implemented. Hence, the methods used to identify the existence of public benefit will vary depending upon the nature of the objective and the activities involved.

The second requirement is non-discrimination of potential beneficiaries. Thus, services of a health charity are not considered to result in public benefit if a health charity doesn’t provide a free/subsidized medical service to the poor or the vulnerable, or if those who get the service are selected arbitrarily or on the basis of unjustifiable/discriminatory grounds such as kinship.
However, this doesn’t mean that a charity could not target a specific group such as women or children living in a certain area. Hence a charity providing health service to children cannot not be said to be discriminatory because it doesn’t serve adults. Likewise, a charity which builds schools in one region only should not be considered as discriminating other regions.

The third requirement tries to make a dichotomy between private and public benefits. A charity is by definition established primarily to serve the public and not to secure private benefits of its founders or employees. Hence, benefits to its members or founders are only incidental and essentially secondary to the primary objective of serving the public/beneficiaries. This in effect draws the line between charities and private businesses. For instance, salaries of its project and management staff could be considered as a private benefit they get because they were hired by the charity. However, the objective of the organization is not to pay salaries/benefits to its staff, and these benefits are incidental outcomes of the operation of the organization. Hence, an organization which has excessive administrative/overhead costs which are disproportionate to the size of the organization’s operations is unlikely to meet this requirement.

2.3 Formation, Registration and Licensing

2.3.1 Formation

Section five of the CSP deals with formation, licensing and registration of charities and societies. ‘Formation’ is a stage in the establishment of charities or societies where its founders come together and carry out the necessary groundwork for its formal registration. At this stage the organization does not have a legal personality, and thus the founders are personally responsible for any debts or liabilities which may arise. However, these debts/liabilities will be transferred to the charity/society after it gets registered. The founders shall apply for registration within three months of the formation of the organization although the
Agency may accept late application if there is a good cause. We should note that failure to register within the prescribed period shall be a ground for cessation of the formed Charity or Society.

2.3.2. Licensing

Licensing is an act of granting permission to someone to carry out certain activities. As explained by the drafters of the CSP, licensing was one of the factors leading to the enactment of the law. In the previous practice there was substantial confusion between the act of licensing and registration both by the supervising organs and members of the CSO while the two concepts are entirely different. An organization may get registration and acquire legal personality but this does not mean that the organization can do whatever it wants. There are areas which require special permission from concerned government offices to be carried out. An organization which is planning to work on health or educational programs should have a license from the Ministry of Health or Education, respectively. In the CSP, Sector Administrators are given the power and responsibility of licensing.

2.3.3. Registration

In the CSP registration is indicated as a means of securing legal personality for organizations, and thus a merely formed charity or society does not have a legal personality. Acquiring legal personality is important for various reasons: shifting liability from founders to the organization, contract with third parties, opening bank account, protecting the property right of the organization, etc. In addition, the government might also be interested in registering CSOs to know their very existence, to identify the leaders and members of the CSO as well as their operational areas.

Therefore, the CSP puts registration as one of the requirements for organizations to operate either as charities or societies. The CSP requires all societies and charities, except Charitable Committees, to register and obtain official sanction for their activities. If an
organization fails to register within the prescribed time of three months of its formation, its existence will be terminated.

Requirements for Registration

A. Local organizations

If you are applying to get a local charity/society registered at the Agency, you should:

1 Fill the application form prepared by the Agency, a copy of which is attached herewith. In the form, you should indicate the name of the charity, its objective and intended activities, regions where it plans to operate, its source of finance, as well as personal details of its members and director.

2 Submit the memorandum of association of the charity/society, and the charity’s logo if any.

3 Pay registration fee (500 Birr for Ethiopian charities and Ethiopian resident charities). You are also required to pay Birr 100 for registration of the logo/symbol, and an additional 100 Birr for the publication of registration in the government newspaper. If you plan to use a memorandum of association different from the model document provided by the Agency, you will be expected to pay a vetting fee of Birr 200.

In addition to these requirements, Article 3(1) of the Regulation provides for the following additional requirements;

- List of operational regions or city administrations
- Decision made by the founders of the organization to adapt the Model Rules prepared by the Agency
- Statement about source of income in percentage from local and foreign sources
- Names, ages, educational status residential address, nationalities of the Founding members, officers, members of the organization
- The legal nature of the organization; Ethiopian or Resident, society or charity
- Symbol, if any
- Declaration Statement by founders that the documents and information therein are true
B. **International organizations**

If your organization is a foreign charity, the first step it needs to take would be to submit an application to the Ethiopian Embassy at its country of incorporation. The application shall be accompanied by copies of the following documents (to be authenticated by the Embassy):

i. A certificate of Registration/Incorporation showing that the organization is established or registered as an NGO or Non Profit Organization (NPO),

ii. The founding document (Constitution, Articles of Association or By-laws) of the organization,

iii. A copy of the minutes/decision by the Executive Board of the Charity to open a branch office in Ethiopia,

iv. A Power of Attorney/ Letter of Appointment signed by the Board of Directors indicating the name of and full authority entrusted to the country representative in Ethiopia,

v. The resume or CV of the country representative.

vi. Registration fee

vii. A project proposal containing:

• Background and justification for the project the charity plans to undertake in Ethiopia,

• The objectives of the project,

• The beneficiaries/target groups and location of the operation,

• Project implementation strategy,

• Planned activities and expected results,

• Information on the organization’s planned office for Ethiopia, including staffing and management structure (list the positions and number of employees),

• Project sustainability assessment,

• Description of mechanisms for monitoring and evaluation,

• Budget breakdown (showing administrative and operational costs) and indication of source of finance.

The documents listed from 1 to 4 must be notarized and authenticated. The Ethiopian Embassy in the country of the applicant will then authenticate these documents and forward them to the Ethiopian Ministry of Foreign Affairs.

After authenticating and reviewing the documents, the Ministry of Foreign Affairs will write a letter of recommendation in support of the Charity’s registration, a copy of which
letter should be submitted together with an application for registration and the documents outlined above. A copy of the application form is attached with this Manual for your reference.

The Charity will also be required to pay a registration fee of USD 300.00, a document authentication fee of Birr 5 per page per copy, and a statute vetting fee of Birr 100.

Founders could simply submit the Model memorandum of association together with signed minutes confirming that they agree with the contents if they find the Model satisfactory. However, if they chose to draft their own memorandum of association, they should get it vetted by the Agency after paying a fee of Birr 100. The Memorandum of Association should indicate the name of the organization, its objectives, intended activities, address, budget year, organizational structure, powers and duties of its management organs, membership admission criteria, rights and duties of members, source of funds, procedures for dissolution and amendment of the Memorandum of Association.

### Grounds for Denial of Registration

The Agency may refuse to register an organization where:

i. Its statutes do not conform with the provisions of the Charities and Societies Proclamation

ii. There is sufficient reason to believe that the organization will be used for unlawful purposes or for purposes prejudicial to public peace, or welfare or good order in Ethiopia

iii. The application for registration fails to comply with provisions of the Charities and Societies Proclamation or the Regulation

iv. The name of the organization is similar to the name of another institution or is contrary to law or morals,

v. The organization has a national or federal nomenclature but its membership (for societies) or physical areas of operation do not represent five regions (for charities)

#### 2.4 Formation of Consortiums

One of the positive developments introduced by the new law is that it provides a legal framework for the formation of networks/consortiums. Forming networks will enable CSOs to share human and financial resources, reduce operational and administrative costs, avoid duplication of efforts, exchange information and experience, etc. Working with others in
networks will also help to ensure the sustainability of an organization and make a lasting difference in the livelihoods of its beneficiaries.

According to the Directive issued by the Agency on the Formation of Consortiums, networks could be established for the following purposes:

i. Coordinate the activities of their members,
ii. Build the capacity of their members and provide support for the attainment of the objectives of their members,
iii. Facilitate exchange of information and experience,
iv. Enhance the integrity and professional standards of members and undertake related activities.

Article 9 of the Directive stipulates that charities cannot form consortiums with societies. Similarly, Ethiopian charities/societies are not allowed to form consortiums/networks with Ethiopian resident and foreign charities. Hence, an Ethiopian charity can only establish a Consortium with another Ethiopian charity. An Ethiopian society is likewise allowed to form a network only with another Ethiopian society. On the other hand, foreign charities may form consortiums with Ethiopian resident charities.
To be registered, a consortium shall submit:

✓ A memorandum of association signed by member organizations,
✓ Founding minutes signed by members,
✓ Minutes in which the supreme organ of each organization (the General Assembly or the Board as the case might be) has decided to form the Consortium, and
✓ The certificate of Incorporation of each member organization.

In terms of structure, a consortium is required to have an auditor, an executive board and a general assembly in which all the members organizations are represented. The management of Consortiums is akin to that of societies. The directive also provides under Article 10 that a Union of consortiums could be established when it is absolutely necessary and there is no other alternative.

2.5 Rights and Obligations of Societies

2.5.1. Admission of Members

As a society is formed by the voluntary association of members, the law stipulates that anyone who meets the membership criteria should be allowed to join the organization. Likewise, membership criteria should not be arbitrary and have the discriminating effect of unfairly excluding others from joining a CSO. Notwithstanding this, however, it should also be noted that the law allows the establishment of societies on the basis of gender, age, disability, profession, region, or area of residence.

2.5.2. Composition of Members

Composition of members is another area of concern which may have some implications on the work of CSOs in Ethiopia. Article 31 of the Constitution does not make any qualification on membership while guaranteeing freedom of association. The CSP, however, requires organizations to meet certain criteria in relation to the composition and number of membership. Article 71(5) of the CSP reads; “The Agency shall refuse to register a Charity or Society where the nomenclature of the Charity or Society is countrywide and the composition of its members or its work place do not show the
representation of at least five regional states”. However, the law doesn’t state what is meant by federal character or a countrywide nomenclature. Presumably, names which include the words ‘Ethiopian’, ‘national’, ‘federal’, ‘all Ethiopia’, etc., would be taken to signify country-wide/federal nomenclature. Societies that have such names shall therefore have members in at least five regions, while charities whose names have Ethiopian or federal character shall operate in at least five regions. The law defines “place of work” as “the place where a person's records and books of account are kept or the place where a person conducts work”. Accordingly, organizations may not have branch offices per se but at least shall operate in five regional states from their headquarters.

Additional points to be considered on membership are:

◊ As a general matter, membership in a civic organization should be voluntary; no person should be required to join or continue to belong to an organization;
◊ Membership in a Society shall not be transferred or passed to third parties;
◊ Every member of any Society shall have equal and one vote;
◊ No Society may admit or dismiss members except as provided by its rules;
◊ The member of any Society whose membership is terminated shall have the right to be heard by the executive organ before a final decision is made;
◊ The Officers of the Society shall record and keep the particulars of its members and furnish the same to the Agency upon request.

2.6 Structure and Governance

The CSP provides that the organizational structure of any Society shall be determined by its rules. However, the law at the same time provides those structures that are mandatory for any society. Accordingly, “no Society shall be organized without having a General Assembly, Executive Committee and an Internal Auditor”.

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4 See Article 60 and following of the CSP
The General Assembly of the Society is the supreme and final decision-making organ in the governing structures of a society and shall have the following powers and responsibilities:

i. enact and amend the rules of the Society;
ii. appoint, suspend or dismiss the executive committee of the Society;
iii. appoint, suspend or dismiss the Auditor of the Society and decide on his/her remuneration based on its rules;
iv. decide on policy and strategy matters of the Society;
v. decide on all matters concerning the society which do not fall within the powers and functions of other organs of the society;
vi. decide on dissolution of the Society;
vii. perform other functions entrusted to it by the rules of the Society.

The CSP does not provide information as to what constitutes the Executive Committee. However, as indicated in the explanatory note of the drafters of the CSP, the Executive Committee constitutes the chairperson, vice chairperson, secretary, treasurer, auditor and accountant. On the other hand, the Auditor is responsible for monitoring the financial and property administration of the Society, prepare the internal audit report of the Society and submit to the General Assembly. Note that an Internal Auditor shall not assume the position of an Officer to avoid conflict of interest.

Attention!
A person cannot work as an officer in a CSO if he or she:

- Has been convicted of an offence which involves fraud or dishonesty;
- Has been stripped of his/her civil liberties by court following a criminal conviction;
- Is legally incapable to act (due to tender age or mental illness);
- Is declared incapable by court;
- Is outside Ethiopia and his absence impedes proper administration of the Charity/Society.

Officer
"Officer", as defined by Article 2 (7) of the CSP, “shall mean a person having the general control and management of the day to day administration of a Charity or Society”. The CSP does not
consider the officer (Executive Director) as one of the mandatory governing bodies. However, it provides certain criteria for those who can be assigned officers of charities or societies.

**Major responsibilities of the Officer as per the CSP:**

i. Preserve a statement of accounts and related documents for at least 5 years from the end of the financial year; [Article 77 and 78]

ii. Prepare and submit to the Agency an annual activity report within three months from the end of the financial year; [Article 80]

iii. Report to the Agency annually and upon request about all the bank accounts of the Charity or Society with necessary particulars; [Article 83]

iv. Cooperate with the Agency by providing information and producing documents as requested; [Article 84 and 85]

v. Handle the property of the organization properly.

An officer may also assume the role of liquidator in the process of dissolving the organization (Article 95).

The law also stipulates sanctions for failure to meet these duties. Failure to submit annual financial reports/statements of account or to preserve financial documents will entail a penalty of Birr 10,000 to 20,000. An organization which fails to report its bank accounts annually or when requested by the Agency will pay a fine of Birr 50,000-100,000. Furthermore, an officer who fails to conduct auditing will personally cover the expenses of an external auditor assigned by the Agency. The Agency may also suspend an officer who fails to handle the property of the CSO properly, and cause the appointment of a new officer by the Board or the General Assembly of the organization.

The law also stipulates that an officer who is found to participate in crimes outlined under Article 102 (2) of the Proclamation including failure to:

- Keep books of account/financial records properly
- record the source and amount of income and expenses of the charity
- keep financial/accounting records for five years from the end of each fiscal year
- submit annual statements of accounts in line with accepted accounting standards
- prepare statements of receipts, assets and payments and send them to the Agency
- report annually and upon request details of its bank accounts
• comply with the 70/30 requirement (utilizing more than 30% of its budget for admin expenses)

shall be punished with a fine of 10,000 to 20,000 Birr or five to ten years of imprisonment.

In addition, the officer is required to inform the supreme body of the charity/society in the event where his dealings with third parties are likely to result in conflict of interest. Hence, conflict of interest is presumed to exist where the officer enters into contracts (e.g. for the purchase of items for the organization) with a company in which the officer himself, his/her spouse, descendant or close relative has shares/ownership interest. As such conflict of interest will prevent the officer from acting in the interest of the organization she/he needs to get the approval of the Board/the supreme body of the organization to enter into such dealings. The Board’s decision should also be reported to the Agency.
Part III

Regulation of Charities and Societies

3.1 Supervision and Follow up

As the major objective of the Charities and Societies Law is to ensure the accountability of CSOs, supervision and follow up is given due emphasis in the law. In this section, we will discuss in detail about the organs of supervision established by the law as well as their control and follow up methods.

3.1.1. Supervisory Bodies

The supervisory bodies outlined in the Proclamation include:

a) The Charities and Societies Agency (ChSA)
b) The Board of the ChSA
c) Sector Administrators, and
d) Other Governmental entities.

a) Charities and Societies Agency (ChSA)

The Proclamation provides for the establishment of an independent body called Charities and Societies Agency (ChSA) to oversee the activities of CSOs which fall under its scope. The Director General of the ChSA is appointed by the Government. The Proclamation makes the ChSA accountable to the Ministry of Justice (but this has been changed by administrative fiat and the Agency is now under the jurisdiction of the Ministry of Federal Affairs). The Agency has the following objectives:

i. To enhance the development of Charities and Societies and to enable them to achieve their purposes in accordance with the law; and

ii. To ensure that Charities and Societies are transparent, accountable, and operate lawfully.

The Agency is given broad powers in the administration of charities and societies. It has the authority, among others, to license, register and supervise legal compliance, determine the
public benefit status of CSOs, provide education and training to ensure compliance, and impose sanction in case of any violation of the law. In addition, the Agency has the responsibility to facilitate consultative forums with Charities and Societies. CSOs should therefore actively participate in these forums in order to seek solutions to challenges and problems they face, as well as to strive for a more conducive environment for their operations.

**b) The ChSA Board**

The Board is one of the regulatory bodies established by the Proclamation to support CSOs and monitor their activities. The Board has powers to:

i. deliberate on and make recommendations to the Minister of Justice [now Federal Affairs] on policy matters concerning the implementation of the Proclamation;

ii. give solutions to problems that arise in connection with the administration of Charities and Societies;

iii. hear appeals from decisions of the Director General in accordance with this Proclamation

iv. approve directives to be issued by the Agency;

v. decide on other matters concerning Charities and Societies submitted to it by the Chief Director.

The Board has seven members. Among these members, two are elected by Charities and Societies.

**c) Sector Administrators**

"Sector Administrators" are those relevant federal executive offices which are designated as such by the Ministry of Federal Affairs. The main responsibility of Sector Administrators is to assist the Agency in the registration, licensing and supervision of charities and societies, particularly in areas which require the special expertise of a given government executive office. There is an already established practice whereby Ministry of Justice Affairs used to refer the application and project proposal of new organizations to Line Ministries in the

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5 The current representatives of CSOs in the Board are Dr. Meshesha Shewarega - CCRDA Executive Director (from Charities) and Dr. Wolday Amha (former President of Ethiopian Economic Association, from Societies).
field of their operation for assessment and recommendation. If the organization is planning
to work on health issues, its sector administrator will be the Ministry of Health and hence
should get permission (license) from such ministry to work on the proposed activities. In
addition to assisting the Agency during the application stage of the charities or societies,
government offices which are assigned as Sector Administrator also have the power to
supervise and control the operational activities of the charities and societies and take
appropriate measures in case of non-compliance.

For charities and societies which may not fall in any of government executive body, the
Agency will act as Sector Administrator.

d) Other Governmental Bodies
In addition to the regulatory bodies we saw above, there are other federal and regional
authorities which supervise the activities of development CSOs on the basis of Project
Agreements they conclude with them. These include: The Food Security and Disaster
Prevention Directorate of the Federal Ministry of Agriculture, regional Disaster Prevention
and Food Security Bureaus, Social Affairs Bureaus or NGO coordination units within
Bureaus of Finance and Economic Development as appropriate. Likewise, sector offices at
Woreda level will follow up the activities of CSOs on the basis of project agreements they
sign with them. The ChSA is expected to undertake supervision of CSOs in collaboration
with these institutions.

3.1.2 Supervision and Monitoring Modalities

a) Reporting
Perhaps the most fundamental tool to ensure accountability is reporting. In nearly all
countries, governments require reports from at least certain categories of NGOs. Reporting
requirements for NGOs are commonly justified by the need to protect the public from
fraud, abuse misappropriation of funds, and infringement of the rights and freedoms of
others; by the importance of accountability and transparency of NGOs; or by the
connection between fiscal privileges (in the form of tax exemptions or state funding, for
example) and fiscal accountability. In short, the government rationale for supervision
typically relates to NGO transparency and accountability. Indeed, CSOs are generally expected to demonstrate a high degree of accountability to their surrounding community (government, donors, beneficiaries, media, etc.).

For a CSO, being accountable means demonstrating regularly that it uses its resources wisely and does not take advantage of its special privileges to pursue activities contrary to its non-profit status.

There are multiple tools available to ensure transparency and accountability. CSOs, governed properly, often engage in internal reporting, with reports going to the highest governing body of the CSO, be it a general assembly or a management board. The CSP does not provide for mandatory internal reporting system. However, under Article 62 it puts an obligation on the internal auditor to prepare the internal audit report but still without specifying to whom this report shall be submitted.

i. Reporting to and Audit by the Agency

As stated above, the state is one among the different players requiring reports and engaging in the supervision of the activities of CSOs. In fact, the state’s regulatory interest is distinct from that of donors, or beneficiaries, or the media. Section six of the CSP deals with charity and society accounts and reports. Charities and societies are expected to submit two types of reports to the Agency annually, viz, financial reports and activity reports.

The Charities and Societies Regulation outlines under Articles 20 and 22 mandatory requirements regarding reports.

Financial Report

The financial report shall be prepared in accordance with accepted standards. It shall include:

- A statement of the income and expenditure of the organization in the financial year;
- Explanation of the source of the income, especially regarding foreign funds and the rate of administrative and operational costs;
• A balance sheet showing assets, liabilities and capital of the organization at the end of the reporting year;
• Explanation of the accounting policies/methods used to prepare the accounts; and
• Other particulars prescribed by the Agency.

The Regulation provides that the Agency will issue a directive on the modalities of calculating administrative and operational costs. However, no such directive has been issued so far by the Agency.

Audit Report

The accounts of charities and societies shall be examined annually by a Certified Auditor or internal auditor or an auditor designated by the Agency. Examination by external auditor is becoming mandatory only where the annual gross income immediately preceding the specified budget year is more than Birr 100,000.00. The auditing exercise has to be done within three months from the end of the budget year. If the accounts of an organization are not audited within five months from the end of the budget year it may appoint an external auditor for the task. The Agency could do the same if it believes that the organization’s accounts are not audited properly.

The CSP has made exception to small charities and societies with regard to the standard of financial report and examination by external auditor. Accordingly, Charities and Societies whose annual flow of funds does not exceed Birr 50,000.00, may submit a statement indicating a receipts and payments account and a statement of assets and liabilities. In addition, charities and societies whose annual gross income is less than 100,000 Birr are relieved from the obligation of being audited by external auditor.

ii. Reporting to and Audit by Tax Authorities

Charities and societies that are engaged in economic activities are required to file financial reports to the concerned tax authority. They are also expected to keep separate books of account with respect to such activities. Just like any other business organization, charities and societies engaged in income generating activities are subject to the rules of trade,
investment or any profit making activities in submitting reports of financial activities to the tax authorities.

iii. Reporting to and Audit by Licensing Authority (Sector Administrators)
The CSP has given mandate to Sector Administrators to supervise and control the activities of charities and societies. Accordingly, although not clearly stated by the CSP, charities and societies might be expected to submit activity and financial reports to Sector Administrators so that the later can carry out its responsibilities.

iv. Disclosure or Availability of Information to the Public
Any civic organization receiving more than minimal benefits from the state or engaging in a significant amount of public fundraising should be required to publish or make available to the public a report of its general finances and operations. This report may be less detailed than the reports filed with the responsible state agency, the tax authorities, or any licensing or regulatory agency and should permit anonymity for donors and recipients of benefits in addition to protecting other confidential or proprietary information.

The public has a legitimate interest in knowing about the activities and sources of funds of civic organizations. Transparency to the public helps the civic sector to retain public trust. Beneficiaries have a direct interest in ensuring that CSOs act accountably; the public disclosure of reports or information (whether made available voluntarily or based on legal requirements) give beneficiaries an important opportunity to monitor CSOs. Accordingly, Article 81 of the CSP provides for the possibility of disclosing annul activity reports to the public.

v. Reporting to other bodies
In addition to the internal reporting and reports to the Agency, charities and societies might be expected to submit reports to other bodies which are interested in their work. Donors are highly interested in tracking the impact of their contribution to the activities of the charity or society. Equally interested are beneficiaries of the charitable activities, and the public at large. Cognizant of this fact, Article 82 of the CSP reminds charities and societies of their obligations to submit audit reports and annual reports to other bodies.
b) **Content of the Reports**

Concerning activity report, the Proclamation states that the report should depict major activities and relevant information regarding the charity or society. Articles 20 and 22 of the Charities and Societies Regulation outlines mandatory requirements regarding reports.

Based on these requirements, the outline of a typical annual activity report may be as follows:

**Organizational profile:**
- Name of the organization, its registration number
- Reporting period
- Organization’s contact person(s)
- Organization’s physical and mailing addresses
- Office bearers of the organization (name, address, contact)
- Activity areas / basic competencies or services of organization.

**Program Activities:**

i. Activities planned
ii. Implementation strategy
iii. Activities undertaken
   - Major activities accomplished;
   - How they were implemented;
   - Outcomes and beneficiaries;

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**Attention!**

The Annual Report shall provide:
- planned activities for the reporting period
- Implementation strategies
- Activities undertaken
- Activities not implemented as planned
- Evaluation of the organization’s performance
- Future plans

**If engaged in income generation activities (IGAs), indicate:**
- Objectives of IGA
- Amount planned to generate
- Amount collected

**Attention!**

If the report shows that the organization has not undertaken any activity in the reporting year, it will be given written warning. If the organization fails to undertake activities in the subsequent year, its registration will be cancelled.
• Evaluation (Plan Vs implementation-outlining activities that were not implemented as planned, challenges faced, etc.)
• Activities planned next year and implementation strategies.

**Internal Governance:**

• List of the key meetings held, such as the general assembly or board meetings
• Any amendments to the governing statutes approved by those meetings

**Economic activities** (if any).

In addition to reports, a CSO is required to regularly update the ChSA on changes regarding the particulars of its members and officers (name, address, education, occupation/position within the CSO, etc.), number and type and details of its bank accounts and who operates them. You also need to get a letter from the Agency to open a new bank account. Please also keep in mind that the Agency should also be notified a week before a General Assembly meeting is held.

c) **Investigation and Protection Measures**

In addition to the regular modalities of supervision discussed above, the Agency may conduct an investigation on a CSO at any time. Such an investigation may be initiated by information obtained from the public, government authority or the report submitted by the CSO itself (Article 84 of the Proclamation). When the ChSA conducts such investigations, it may request the officers and staff of the CSO to provide any information, documents and records of the organization. It may also order them to submit statements in writing, or to supply original documents and records of the organization. If the results of the investigation show that there has been misconduct or mismanagement of the CSO (including, for instance, embezzlement of funds, abuse of power and resources, etc.) the Agency could suspend the officers of the CSO and order the supreme body of the Charity/society (the General Assembly or the Board as appropriate) to appoint new officers, or to improve its operational system. The ChSA could also order the organization not to enter into certain transactions or effect/receive certain payments until new officers are appointed or the
operational system is changed. Such measures would presumably be taken in cases where the payment to be made or collected involves a large sum of money which is likely to be abused by the officers of the CSO.

### 3.2 Liability and Sanctions

#### 3.2.1 Civil Liability

Founders, officers, board members, and employees of a formally established civic organization which has a legal personality are ordinarily not liable in their individual capacity for the debts, liabilities, or other obligations of the organization. Although founders will be liable for the debts of the CSO incurred before registration, such debts will be transferred to the organization after it gets registered and acquires legal personality. Hence, one of the effects of registration is the transfer of rights and duties from the founders to the organization.\(^6\)

CSOs have primary responsibility for their own acts, but the officers and board members may also bear responsibility if they act in a wilful or negligent manner in their oversight of the organization. If the CSO is required to pay damages to a third party because of the wrongful act of an individual, it should have a right to sue the officers, board members, or employees for dereliction of duty.

#### 3.2.2 Sanctions

In addition to the general sanctions to which a civic organization is subject equally with other legal persons, it is common to impose special sanctions on CSOs for violation of laws pertaining to their operation and existence. Decisions to impose sanctions, however, should be appealable to independent courts. In addition a reasonable time period should be available for such appeals. Where necessary, the civic organization law should specifically reinforce the rights of notice and appeal.

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\(^6\) See Article 67 (2) of the CSP
Article 102 of the CSP provides for a variety of measures to be taken against the CSOs and their officers and employees. Generally, in addition to what has been provided by the Criminal Code, any CSO which is found in violation of the following provisions shall be held liable:

- **Failure of the duty to keep Accounting Records (Article 79):** fine not less than birr 20,000.00 (twenty thousand birr) and not exceeding Birr 50,000.00 (fifty thousand Birr).

- **Failure to submit Annual Statements of Accounts (Article 80):** fine not less than Birr 10,000.00 (ten thousand birr) and not exceeding birr 20,000.00 (twenty thousand Birr).

- **Failure to notify particulars of Bank Accounts:** fine not less than birr 50,000.00 (fifty thousand birr) and not exceeding Birr 100,000.00 (hundred thousand Birr).

- **Administrative and operational Costs (the 30 -70 Rule or spending more than 30% for administrative cost):** fine not less than Birr 5,000.00 (five thousand Birr-) and not exceeding birr 10,000.00 (ten thousand Birr).

- Any officer, employee or person who participates in the above acts shall be punishable with fine not less than Birr 10,000.00 (ten thousand Birr) and not exceeding birr 20,000.00 (twenty thousand Birr) or imprisonment not less than five years and not exceeding ten years or both

**Attention!**

These sanctions are to be imposed by a competent court, and not by administrative bodies like the Agency.

### 3.2.3 Claims and Appeal

Generally, the Proclamation provides for administrative and judicial appeal against any decision by the regulating bodies. Any organization which is aggrieved by the decision of the Director of the Agency can lodge its appeal to the Board within 15 days from the date of the decision. In addition, Ethiopian Charity or Society or Ethiopians aggrieved by the decision of the Board may appeal to the Federal High Court within 15 days from the date of the decision. When an organization appeals to Court, it might also apply for stay of
execution of the decision to dissolve it. If the court grants the stay of execution, the organization can continue operating until the court gives a final decision on the appeal.

The Proclamation does not provide the right of judicial appeal for organizations which are registered as Ethiopian Residents and Foreign Charities. This right is given only for organizations which are established as Ethiopian Charities or Societies. In other words, organizations which are established as Ethiopian Residents or Foreign Charities can only lodge an appeal to from the decision of the Agency to the Board.

3.3. Other Matters

3.3.1. Dissolution

In legal terms, dissolution means “Ending the formal status of a civic organization as a legal person, either by voluntary act of the highest body of the civic organization or involuntarily by action of the state”. According to Article 96 of the CSP, a charity or society can be dissolved under the following three grounds:

a) the appropriate organ of the Charity or Society decides to dissolve it in accordance with its rules;

b) the Agency cancels the license of the Charity or Society in accordance with Article 95 of the Proclamation; or

c) the Charity or Society has become insolvent.

Please note that the dissolution of Ethiopian Charities and Societies shall be effected by the decision of the Federal High Court. In other words, the Agency may cancel the license of an Ethiopian organization but until a decision of dissolution is given by the Federal High Court, the legal personality of that organization continues. In such cases, the Agency may apply to the court for the dissolution of that Ethiopian organization whose license has been cancelled. On the other hand, organizations which are established as Ethiopian Residents’ Charities or Societies and Foreign Charities do not have such rights except than making an

\[7\] See Art 105 (3) of the CSP.
administrative appeal to the Board. The Agency is given the power to dissolve Ethiopian Residents’ Charities or Societies and Foreign Charities.

**Effects of Dissolution**
If in the event of a winding-up or dissolution of the organization, assets remaining after the satisfaction of all its debts and liabilities shall be given or transferred to some other institutions having objects similar to the objects of the organization, such institutions to be determined by the members of the association at or before the time of dissolution or by the decision of the court ordering the dissolution.\(^8\)

### 3.3.2. Merger, Division, Conversion

In principle, there should be clear rules allowing, but not compelling, civic organizations to merge, divide, or modify themselves in ways that are permitted for other legal entities.

- **Conversion** occurs when a CSO changes its legal outfit, for instance, from charity to society or vice versa, or from a resident to Ethiopian charity/society, etc. The law does not put restrictions regarding conversion, and provides that charities/societies may convert themselves as long as they comply with the procedures to be set by the Agency for this purpose. However, a foreign or Ethiopian residents charity needs to give up all its assets if it decides to change to an Ethiopian charity/society. This is because assets obtained from foreign sources cannot be transferred to the /new/ Ethiopian charity/society.

- **Merger** is an act by which “two or more Charities or Societies merge into one under a new name or under the name of one of the former Charity or Society”. An application for merger should be accompanied by decisions of the supreme organs of the merging CSOs, a list of the CSOs under merger and an agreement regarding the transfer of rights and duties of the merging CSOs to the new CSO.

- **Division** is an act whereby a Charity or Society is divided into two or more organizations. Applications for division should also be accompanied by decisions of the Management Board or the GA regarding the division of the CSO and how the rights, obligations, assets

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\(^8\) See Article 97 of the CSP.
and liabilities of the CSO are going to be allocated/apportioned between the new entities, as well as a list of the organizations resulting from the division (Article 17 of the Regulation).
Part IV

Income and Budget Utilization

4.1 Administrative Cost Vs Operational Cost

Article 90 of the CSP provides for the regulation of administrative and operational costs. This provision reads, “Any charity or society shall allocate not less than 70 percent of the expenses in the budget year for the implementation of its purposes and an amount not exceeding 30 percent for its administrative activities”. The Agency is expected to issue a detailed guideline that clarifies the vague distinction between administrative and operational costs, and specifically indicates the type of expenses that fall in each category.

As a matter of principle, however, administrative cost pertains to basic expenses which are necessarily incurred by an organization regardless of the existence of project activities. Such expenses include office rent, telephone, electricity, water bills, salaries for the Executive Director, administration and finance staff, cleaners and guards, as well as cost of stationery and equipment used by the administrative staff. As stated earlier, these expenses are related to the existence of the organization and will be incurred whether or not there are active programs. On the other hand, program cost normally includes all expenses incurred in connection with the implementation of program activities, including salaries of program staff, cost of equipment, goods and services procured for the implementation of the organization’s activities, including consultancy services as necessary. However, because the Proclamation defines administrative cost in a very vague manner, there is a tendency to consider program expenses such as salaries of program staff and payment for consultancy services as administrative rather than operational cost, making the issuance of the guideline imminent.

Secondly, it would be very difficult for consortiums and CSOs working on rights issues to strictly comply with the 70/30 requirement. The Consortium Directive prohibits consortiums from engaging in direct project implementation, and confines them to activities
related to networking, capacity building and coordination. These activities are largely undertaken by the Executive Directors of the consortiums and their administrative staff, making their administrative cost equal to or higher than their operational cost. Charities and Societies working on rights and governance are likely to undertake most of their activities by their administrative staff and directors in order to minimize cost. Furthermore, the income they generate is very limited, and the nature of their activities largely require the support of consultants and venue rental, refreshment and similar expenses related to organizing conferences, etc. If such costs are considered as administrative cost, the organizations could hardly meet the 30/70 requirement. Hence, the directive to be issued by the Agency is expected to clarify the matter and address these challenges.

4.2 Foreign Funds
The Proclamation defines income from foreign sources as “a donation or delivery or transfer made from foreign source of any article, currency or security. Foreign sources include the government agency or company of any foreign country; international agency or any person in a foreign country”.\textsuperscript{9} However, it is not clear whether the term ‘any person in a foreign country’ refers to foreign citizens or Ethiopian citizens living abroad. For instance, would income obtained from the Ethiopian Diaspora or a foreigner living in Ethiopia be considered as a local income? What about funds given by an Ethiopian citizen living abroad? It is submitted that the term income applies only to financial contributions and contributions in kind and does not apply to volunteer services and research publications/intellectual contributions. Likewise, as contribution in kind implies donation of tangible goods, assistance such as training, education and research support which by their nature are intangible should not be considered as contributions in kind. However, the Agency is expected to issue a directive which clarifies these issues.

4.3 Tax Exemption and Deduction
Apart from putting the restriction on access to foreign sources, the law does not provide sufficient favourable grounds whereby Ethiopian CSOs can mobilize domestic sources. To begin with, no obligation is put on the government to support these organizations

\textsuperscript{9} See Art. 2 (15) of the CSP
financially like other countries such as Ghana. Secondly, the law fails to provide a tax exemption scheme which could have been one means of supporting Ethiopian CSOs.

One possible way of supporting the activities of CSOs is through tax deduction scheme. This scheme is established to entitle individuals and business organizations to a reasonably generous income tax deduction with respect to donations they made to CSOs. In this regard, we made an exploration into the Ethiopian tax system. As a general rule donation or gifts made to philanthropic purposes are not considered as expenses for business organizations\(^\text{10}\). However, there is an exception to this general rule. The Council of Ministers is given the power to enact a regulation dealing with such issues, and accordingly the Council has issued Regulation No. 78/2002. As it appears in the Regulation, there is a possibility of considering donation or gifts as expenses but under the following conditions\(^\text{11}\):

a) The charitable organization should be a registered organization;

b) The organization should have a support letter (certificate) that it has record of outstanding achievement and its utilization of resources and accounting system operates with transparency and accountability;

c) the contribution is made in response to emergency call issued by the Government to, among others, prevent man-made or natural catastrophe, epidemic or for any other similar cause;

d) donation made to non-commercial education or health facilities;

e) the amount of the donation or grant does not exceed 10% of taxable income of the taxpayer.

### 4.4 Income Generating Activities

Although the CSP allows CSOs to engage in income generating activities, the provision providing such entitlement is full of claw-backs, and puts conditions which are not warrantable. Accordingly, organizations which have the interest of engaging in income generating activities

- must get permission from the ChSA,

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\(^{10}\) See Article 21 (1)(n) of the Income Tax Proclamation No 286/2002

\(^{11}\) See Article 11 of the Regulation
• the activity should be incidental to the achievement of their purposes, and
• just like any other business organization they are subject to the requirements and procedures of any other laws concerning the registration and licensing requirements for activities related to trade, investment or any profit making activities.

Hence, in order to get a permission to engage in income generation activities, your organization would need to show that, a) the income derived from the activity will be used to further the objectives of the CSO, and b) the income generating activity is related/similar to the objectives of the organization. Hence, if a CSO which is established to provide education to the poor could be allowed to open a private school and generate income there from. It can’t, however, run a clinic or a shop for the purpose of income generation. Likewise, a charity working on environmental protection might be allowed to sell seedlings to generate income, but it can’t generate money by running a bakery or a restaurant business, even though the money will be used to finance its charitable activities.

In addition, an organization which runs an income generating business shall comply with registration, licensing and tax requirements stipulated under the relevant laws such as the commercial code, investment law, business licensing and registration laws, etc. The permission obtained from the Agency will not be enough. The charity also needs to get a business license from the Ministry of Trade and Industry or similar offices at regional, zonal or woreda level. It will also be required to register as a tax payer and obtain a taxpayer ID (TIN No.), and get VAT registration as appropriate.

4.5 Public Collection

The law permits public collection but under the subjective scrutiny of the ChSA. The CSP states that CSOs can “appeal in any public place or by means of visits to places of work or residence; for money or other property whether for consideration or otherwise and which is made in association with a representation that the whole or any part of its proceeds is to be applied for charitable purposes”. However, before engaging into public collection activities, the organization must have a permit from the ChSA which specifies the purpose, place and duration of the collection. However, it is not clear whether this requirement applies to
public collection activities which are relatively permanent, such as putting donation boxes in offices of international organizations, hotels and malls, as well as permanent exhibitions/bazaars. It is hoped that the Agency will interpret the law in a manner which allows CSOs to engage in such activities as well.
Part V
Coping and Adaptation Measures

5.1 Organizational and Operational Issues

One of the changes introduced by the new law is the different types modalities (charities, societies, Ethiopian, Ethiopian resident, etc.) under which CSOs should be organized. Hence, CSOs should decide which type of organizational outfit they would adopt. While CSOs which have been re-registered have already done this, it should be noted that they might risk liability in the event that they have not fully complied with the arrangements and preconditions required by the type of outfit they have chosen.

In this section, we will examine the changes CSOs should make beyond compliance with re-registration requirements. These include reforms in internal/institutional organization and management, planning and budgeting, finance, auditing and reporting.

5.1.1. Internal Structure and Management

Information obtained from the ChSA indicates that 99% of the existing CSOs are re-registered as charities, while less than 1% are registered as societies. The Charities and Societies Law envisages four types of institutional outfits for charities, i.e., charitable endowments, charitable institutions, charitable trusts and charitable societies. However, most of the CSOs were registered as charitable societies. By definition, a charitable society is established for the welfare/benefit of third persons (and not its members). In terms of structure, however, it resembles a society in that it has a general assembly, an executive Committee/a board, auditor and management staff headed by the general manager/executive director. While this structure is similar to the one CSOs had even before the enactment of the Proclamation, it is submitted that much needs to be done to empower the General Assembly (which, on paper, is the supreme organ of the CSO but in practice has become a nominal body), and the Board (which is frequently subservient to and
dominated by the Management rather than exercising effective control on the latter and holding it accountable).

As stated in the Preamble, one of the main objectives of the Charities and Societies Proclamation is to ensure transparency and accountability of civil society organizations. Hence, the internal organization of CSOs should be reformed in a manner that facilitates this objective. It should also be noted that participation, transparency and accountability are core values upheld by CSOs, and CSOs should assiduously practice them whether the Charities and Societies Law does or does not exist. In terms of creating a strong and effective internal structure, CSOs need to:

- Clearly delineate the roles and responsibilities of the General Assembly, Board and Management and provide for a system of check and balance between these organs. Hence, policy and strategy matters should be left to the Board/General Assembly while the management will be concerned more with operational matters.
- Empower Boards and general assemblies by enhancing their independence, full and informed exercise of authority and responsiveness in practice. This requires demonstrated commitment and concrete steps to ensure that Boards and general assemblies are organs that wield effective power rather than being nominal/superficial structures. Their members should have full information about the mission and objectives of the CSO, its major activities, resources, and management, and be committed enough to make sure that these objectives and missions are translated into practice.
- Enhance/nurture commitment and volunteerism among board and general assembly members.
- The supreme organ of the organization has a responsibility to determine important matters including, vision, mission, objectives, income, source of revenue, budget, plan and resource management. Members of these organs should also be made aware of their legal and moral responsibilities to ensure that the organization is carrying out its legal duties towards donors, the public, its employees, volunteers and beneficiaries.
- The Board/general assembly shall regularly conduct its meetings as prescribed in the statutes of the organization and closely follow/oversee the activities of the organization.

- The composition of the Board should, as much as possible, ensure diversity in terms of age, gender, profession, social/economic position and work experience. Steps should be taken to ensure proper representation of beneficiaries in the Board and the General Assembly. The Boards of Consortiums should as much as possible ensure representation of member organizations working in different sectors.

- Board members should carry out their responsibilities independently. Hence,
  - Board members should not receive payment from the organization as permanent or short term contract employees;
  - The employee of the organization should not have any leverage on the income of the Board member;
  - Board members should not directly or indirectly use the funds or property of the organization;

- The Board shall have the power to periodically evaluate the performance of the Executive Director and take the appropriate measures.

- Board members should have adequate information on the relation between employees and the Executive Director, and deliberate with employees regularly to understand the challenges and problems they face, as well as areas that might need improvement.

- Trainings should be given to Board members on the mandate and activities of the organization as well as on powers and responsibilities of a Board member;

- Board members should conduct self-evaluation periodically, and be evaluated by the General Assembly as appropriate.

- The organization should issue a code of conduct for its staff and put in place the appropriate mechanisms to ensure its observance.

  **a. Nurturing Volunteerism and Commitment**

As stated above, most CSOs are established not for the benefit of their members, but to provide charitable support to the public in general and vulnerable and disadvantaged groups
in particular. Hence, the first step that needs to be taken in terms of nurturing volunteerism is ensuring that those who participate in the activities of the organization as members and leaders have full commitment and dedication to serve its cause. This in turn requires intensively educating officers and members of the organization on the nature of voluntary/charitable work as well as the high standards of moral commitment, integrity and responsibility it entails. It should also be persistently emphasized to them that being a Board/General Assembly member is a heavy responsibility to decide not just on the fate of an organization, but on the lives and interests of beneficiaries whom it serves. In other words, it is important to remind them that being a board or general assembly member requires high level of dedication and that deciding on the livelihoods and interests of people is a serious matter that requires their utmost attention rather than just being a pastime. Persons who are not ready to devote their time, resources, and knowledge to a charitable cause should not be members of general assemblies or Boards of charitable organizations.

An organization whose Board and General Assembly members participate in the spirit of volunteerism and commitment is more likely to ensure internal transparency and accountability. It can hence easily ward off accusations that CSOs lack accountability and are highly vulnerable to corruption. Above all, it will serve to build credibility among stakeholders, enhance self-regulation and avoid undue interference in the internal matters of the organization.

In addition to awareness-raising/persuasion, participatory decision-making, transparency and accountability have an important role in building membership commitment and volunteerism. The sense of diligence, commitment and responsibility displayed by the management of the organization could also serve as inspiration and source of pride to board and general assembly members.

b. Ownership and Participation
The other critical issue is ownership and participation. What is witnessed in many CSOs these days is that the policies and programs of a CSO are mainly formulated and implemented by the management (most often by the Executive Director) and in some cases
by the Board Chairperson. Apart from endorsing/approving action plans and implementation reports, Board and General Assembly members do not largely initiate ideas about new activities and programs that the organization should engage in, or devise mechanisms to critically assess and follow up the performance of the management. In terms of leadership, therefore, the sole responsibility seems to lie in the top management.

Needless to say, such practices will weaken the commitment of members, expose the organization to corrupt and illegal practices, and erode the credibility of CSOs among government and other stakeholders. Hence, Board and General Assembly members should be encouraged as much as possible to provide input and comments on the programs, policies and projects of the organization and critically assess the action plans, reports and proposals presented by the management. They should also be invited to participate in program evaluation, organizational performance assessment and collaborations with partners and stakeholders. This will enable Board and GA members to closely look at the activities of the organization and bolster their commitment by making them realize that they are contributing to the efforts of the organization.

It is also important to ensure the active participation of project/program staff, as well as finance and administrative staff, in the formulation of action plans, execution of programs and monitoring and evaluation. This, however, should be done without affecting the internal autonomy of each program/project officer to design and implement his/her program activities. In other words, the task of preparing proposals, action plans and benchmarks should be given to the concerned program staff, while these documents would at the same time need to be jointly discussed and commented upon by his/her colleagues. Employees of the CSO at various levels should be duly informed of the visions, objectives and current programs of the organization. CSOs could also adopt best practices from PADDET whereby the staff are encouraged to contribute a certain percentage of their salary to the cause of the organization. Such practices will help to generate additional income while at the same time strengthening staff commitment and sense of ownership.
Participatory leadership of CSOs is also manifested in the relations between CSOs and beneficiaries, grassroots communities and local authorities. In this regard, CSOs should conduct periodic consultations with beneficiaries and grassroots communities with a view to assessing their needs and get their feedback on areas that need to be improved. Beneficiaries and community stakeholders should also be involved in the monitoring and evaluation of program activities. Creating mechanisms for the representation of beneficiaries in the Governance bodies (boards, general assemblies and other structures) would help to build better credibility and sense of ownership among the community and beneficiaries, and to quickly address shortcomings and faulty practices in the organization.

c. Strengthening Transparency and Accountability

Needless to say, transparency and accountability are key components of good governance. Transparency implies that information regarding the plans, decisions, income, budget, expense, activities and performance assessment outcomes should be disclosed in time to the relevant stakeholders. Accountability on the other hand requires leaders/decision makers, officers and other employees should justify/account for their decisions. Hence, accountability also implies that appropriate disciplinary/punitive measures should be taken on those responsible for incompetence or weak performance, recklessness, abuse of power, corruption, embezzlement and wastage of the organization’s resources. The measures could range from simple warning to dismissal and lodging complaints for criminal investigation and prosecution as appropriate.

Transparency has internal and external aspects. Internal transparency prescribes that the management of a CSO should supply adequate and timely information to the GA and Board members as well as to employees on important management decisions, plans of action, budget and the like. This could be measured by the level of awareness of the staff and members of the GA about basic information regarding the organization (its mission, when it was established, what major activities/programs it operates, source of revenue, identity of Board/GA members, place and time of meeting, major decisions, etc. Periodic surveys should be undertaken to gauge the level of awareness on these and other issues. While managers and officers are expected to have detailed information on these matters, the level
of expected awareness gets lower as one goes down the administrative structure. For instance, support staff such as drivers and cleaners would not be expected to know details of management decisions or program implementation, except when it is of special concern to them. Such awareness goes hand in hand with the notion of downward accountability as well.

The external aspect of transparency concerns information given on the governance and operation of the CSO to donors, governmental stakeholders, beneficiaries and communities working with CSOs. This exercise has traditionally been limited to submitting annual reports to donors and regulatory bodies, and there were no adequate mechanisms to enable beneficiaries and grassroots communities to access such information.

In order to ensure transparency, adequate information should be given to beneficiaries and communities with whom the CSO works about the activities of the organization, its plans and budget. In this regard, CSOs should adopt best practices developed in the social accountability program, such as posting their budgets, action plans and targets of their development activities in public places and project offices so that communities could access them and use them to track and monitor their development activities. In other words, CSOs should practice what they preach regarding transparency and accountability in development programs, and lead by example.

Like transparency, accountability has two aspects. Internally, ensuring accountability requires developing and implementing clear and detailed rules and adequate systems for the procurement of goods and services, recruitment, transfer, and promotion of personnel. These processes should be undertaken in an open, transparent and competitive manner. Accountability also requires putting in place disciplinary and grievance handling mechanisms which are universally applicable, effective, expedient, accessible and fair. Employees and officers should be required to justify decisions which are not undertaken in line with the rules, and non-compliance should be sanctioned.
Externally, accountability is manifested in the CSO’s relation with stakeholders including government, donors and beneficiaries. In this regard, the officers shall ensure that

- Proposals, action plans, and actual implementation are always reasonable, justifiable and lead to foreseeable results.
- The accounts of the organization are regularly audited and reported to stakeholders.
- Adequate reasons/justifications are provided for activities done outside the budget/plan.
- There is an effective, accessible and fair mechanism for handling and addressing beneficiaries that are aggrieved by employees of the organization.
- There are forums in which beneficiaries could periodically evaluate the quality and accessibility of services provided by the CSO and give their feedbacks. In this regard, the community score card and citizens report card systems, which were implemented to evaluate government-delivered services in the PBS scheme, could be used to evaluate services delivered by CSOs. The community score card is a process whereby service providers and beneficiaries evaluate the services separately and jointly, after which they identify priority areas and adopt plans together. This process could lead to greater civic empowerment if employed by CSOs vis-à-vis the services they deliver.

5.1.2. Planning and Budgeting

Prior to the issuance of Proclamation No. 621/2009, CSOs used to submit general annual plans and budget to the Office of Associations. Now, however, the Agency has introduced a new practice whereby CSOs are required to submit detailed budgets and action plans which describe the objectives of each project, the activities involved, the implementation time frame and the results expected, a budget breakdown and the source of funds.

Internally, CSOs are advised to prepare quarterly budgets, activity plans and performance reports. This would enable them to closely follow up implementation, evaluate their performance, identify problem areas, and address them in a timely and effective manner.
5.1.3 Administrative Vs Program Costs

The most important thing that should be kept in mind during budget preparation is keeping administrative costs below 30% of the total budget. As stated earlier, administrative cost is defined by the law in a very broad and vague manner. Until the Agency issues a directive on the matter, CSOs are advised to take the necessary precautions. Hence, they should as much as possible ensure during budgeting that administrative costs (office rental, salaries of administrative and finance personnel, expenses for utilities and communication, as well as supplies for administrative staff) are 20% or less of the total budget, so that even in the event that salaries of program staff are considered as administrative expenses, the total administrative cost will not be higher than 30%. Officers should also make sure that the 30:70 ratio is reflected in actual implementation, and indicated in the financial and audit reports submitted to the Agency. Hence, efforts should be made to expand program activities, raise sufficient funds and minimize administrative cost by using human and material resources in a cost-effective manner.

5.2. Reporting and Auditing

The law provides that a CSO should have an internal auditor in addition to its finance staff. The financial account should also be prepared in a manner compatible with the activity report and inclusive of all the necessary information. In as much as possible, the financial report should declare the amount of budget allocated for each budget category, expenditures incurred, the difference between the budget and the expended amount in addition to recounting of total income and corresponding expenses. Where there is great difference between the budget and actual spending, it is preferable to include an explanation for it either in the activity or financial report itself.

Initiating preparation of the activity and financial report at an earlier stage of the year assists in meeting the deadline of three months after the end of the year for submitting the report. It is also preferable for institutions that particularly have extensive coverage in their programs to be required to periodically submit tri-annual reports from their branch offices/projects for effective control and supervision, as well as timely collection of
relevant information. Given standard practices of audit firms, such financial reports are likely to contain similar information. Moreover, it is the responsibility of managers to facilitate and ensure timely annual auditing of the organization’s finance, including the submission of the necessary documents required for it.

Under the new Charities and Societies Proclamation, an aspect related with expenditure of finance is the authority of the Agency to investigate and take measures against organizations when it considers it appropriate. Therefore, organizations should in accordance with acceptable regulation maintain records of proper management and utilization of property. Adequate, timely and accurate financial record keeping as well as development of organizational property utilization policy approved by the management board is a requirement.

5.3. Changes in Strategy and Approach

5.3.1 From Rights-based to Needs-based Approach

One of the major changes the Proclamation brought about is the limitation as regards areas of engagement of foreign and Ethiopian CSOs. Charities and societies that get more than 10% of their funds from foreign sources are not allowed to engage in areas related to human and democratic rights, conflict resolution, issues of peace, gender equality, rights of children and the disabled, and justice administration. Due to this, many organizations have made changes in their objectives, areas of operation and strategies.

In order to adapt to these changes, Ethiopian resident and foreign charities need to devise new strategies and plans which are consistent with the legal restrictions. One of the important changes they should make in this regard is a shift from the rights-based approach to a needs/interest-based approach to development. In this section, we will look at how needs/interest-based approaches could be used to advance goals similar to the objectives the organizations had before the enactment of the law.
A number of points should be clear here. First, it should be noted that there are still opportunities to undertake activities to attain the goals of the rights-based approach to development. It is to be recalled that NGOs used to empower the communities by sensitizing them on their rights to access social services and to participate in development. However, sensitization is not the only means to raise rights awareness among communities. NGOs could still enhance rights awareness among the public by involving communities in the planning, implementation and monitoring of projects they undertake. They could teach by example by making themselves accountable and transparent to the communities they serve. This will create a conducive environment for the public to exercise its rights and make CSOs accountable. This will also raise public expectations regarding transparency and accountability regarding other service providers, including government.

Similarly, by executing social accountability practices in the planning and monitoring of the services they provide, CSOs can teach in practice how the public could exercise its rights. This might be more effective in terms of ensuring community empowerment and instilling rights consciousness because citizens would learn by practice and make a difference in their lives.

Secondly, development CSOs need to look for ways of attaining their goals by shifting from a rights-based to a needs/interest-based approach to development. For instance, take an organization which was working on access to education and citizen participation in education endeavors. The CSO could attain the same goal by educating the public on the benefits of education and urging parents to send their children to school. The end result is making education accessible; whether this goal is attained by raising awareness on the right to education or by teaching the public on the benefit of education would make little difference. Similarly, a CSO which combats FGM by advocating that it is the violation of women’s rights can attain the same objective by showing to the society the social, medical and psychological harm caused by FGM to women and the society at large. The result expected from education on reproductive rights could still be achieved through family planning education and educating the public on the advantages of involving women in family decision-making and planning. Similarly, women economic empowerment is likely
to prevent gender discrimination and sexual violence, as educated and economically empowered women are in a better position to organize themselves and fight against these vices. In circumstances where conflicts are resource-based, a resident charity could contribute to conflict prevention/resolution by building development facilities in conflict-prone areas.

Organizations could also contribute to the protection of the rights of disadvantaged groups by making sure that their programs benefit and involve women, children, pastoralists and persons with disabilities. They could encourage gender equality by setting women participation as a precondition to access services they provide to communities and putting in place mechanisms to monitor that they benefit from the services.

This, however, is not to mean that needs/interest-based approaches will always have the same result as rights-based approach to development. Nonetheless, in circumstances where CSOs are not allowed to work on rights, CSOs should devise innovative approaches and strategies to ensure sustainability of development. Hence, teaching by example and achieving the same result through a different approach are important issues that CSOs need to consider during revision of strategic plans. Development CSOs could also contribute to human rights protection by sharing with rights and advocacy CSOs the findings of their studies on development and equity issues.

Because organizations registered as Ethiopian charities and associations were not limited in their choice of sector involvement, the changes they need to make concern issues of raising of funds, identification of priority areas and activities, constituency/membership building, and formation of relationships with other organs.

5.3.2 CSO Policy Engagement
Even before the enactment of the new law, CSO participation on policy issues was limited. Very few organizations were engaged in policy research, and even fewer advocated for policy changes/amendments in Ethiopia. Notable in this regard is the contribution of organizations such as the Ethiopian Women Lawyers Association to family law reform, as
well as the role of CCRDA, FSS, PANE and their members in programs such as PRSP, PASDEP and Social Accountability/PBS. Likewise, networks such as NEWA and PFE have actively advocated issues of disadvantaged groups such as women and pastoralists.

The law was enacted at a time when CSO policy engagement was gaining momentum both in depth and diversity of issues. CSOs can still use different ways to engage in policy issues and strengthen their partnership with government. These include: development policy research, advocacy on behalf of civil society, as well as collaborating with, sharing information and building the capacity of government authorities at different levels.

5.3.3 Policy Research

Given their accumulated experience in program development, implementation and monitoring in different sectors, CSOs are in a much better position to engage in research and analysis of different development policy issues. However, research by CSOs was mainly intended for internal consumption rather than serving as an input to policymaking. Hence, the first step should be collecting and compiling policy research outputs and packaging them in a manner which makes them usable by policymakers and government authorities at different levels. Such studies could focus on the quality and accessibility of social services, implementation problems, assessment of public needs, or socioeconomic policy issues. This involves reviewing studies conducted so far and identifying those that could serve as input for policymaking, summarizing findings and recommendations, and showing how they could be used/incorporated to improve policies/implementation.

In the future, CSOs should consult with sector administrators and regional and local authorities to identify research areas and issues, develop TORs and share the research findings at joint (government/CSO) forums. When necessary, CSOs could seek backstopping support from governmental or non-governmental research institutions such as the Ethiopian Development Research Institute and Ethiopian Economics Association, respectively. They should share their research findings with other CSOs, especially to Ethiopian charities and societies engaged in policy advocacy, and seek broader dissemination using websites and the media.
5.3.4 Advocacy on Behalf of Civil Society

Though the law states that only Ethiopian charities/societies can work on human and democratic rights, this does not mean other CSOs cannot advocate for an enabling environment for civil society and respect for the rights of CSOs. Hence, CSOs should actively advocate for the reform of laws, regulations and practices affecting them, and for the creation of a more conducive framework for their operation at federal, regional and local levels. This requires identifying the issues and priorities of CSOs in different sectors, developing appropriate engagement/intervention strategies and actively participating in all relevant forums.

So far, the CSO Taskforce and national networks such as PANE, CCRDA and PFE as well as regional coalitions such as ACSOT (Tigray), NECSOO (Oromia) and the NGO Resource Center in SNNP have taken a number of initiatives to articulate the voice of CSOs and set up GO-NGO forums at national, regional and local levels. Such forums should be used to strategically advance CSO interests in a sustainable manner and to build trust and confidence with governmental authorities. Members of these networks should supply timely information on problems faced, priority areas and best practices of engagement with government bodies and actively participate in these forums.

5.3.5 Participation in Development Processes and Policy Dialogue

The law recognizes that CSOs are partners with government in the area of development. This partnership is manifested in active CSO participation during development policy formulation, implementation and monitoring. Building on their productive engagement in the past in the formulation and monitoring of PRSP, PASDEP and SDPRP, CSOs should intensify and sustain their participation in development policies and programs of the government. While it might not be possible to conduct community consultations on development policy issues, CSOs could still submit their detailed comments and input on government policies and programs such as GTP, highlighting priority areas and implementation challenges they observed during implementation, and suggesting solutions and recommendations.
Likewise, CSOs working in different sectors, such as health, education, food security, environmental protection should closely collaborate with sector administrators and use their networks to organize forums and provide inputs for sectoral policies. For instance, such forums could be organized by Basic Education Network (BEN) with the Ministry of Education, CORHA with the Ministry of Health, Forum for Environment with the Ministry of Agriculture and Environmental Protection Authority, etc. Using research products and information from their members, these networks could engage government institutions on policy and implementation issues that could be improved. Similar exercises could be undertaken at regional and local levels.

CSOs may also work closely with federal, regional and local councils and provide input during formulation of laws and policies in their areas of competence. It should be stressed here that engagement in development policy issues is an imperative for development CSOs.

To make the engagement fruitful, CSOs should ensure that their participation in these forums is realistic and strategic. The opinions and ideas they present at the forums should be articulated not as the voices of the public but as CSO views. They should be presented not in a confrontational/adversarial manner but in a more constructive way which acknowledges the good intentions and contributions of government. There is also a need for trust and confidence-building at different levels. This could be achieved by adherence to high standards of ethical conduct and accountability, involving government authorities during planning and monitoring of programs, inviting them to visit actual implementation and seeking their feedback, providing technical support to build the capacity of local and regional government entities, and initiating joint (Government-CSO) programs.

5.3.6 Constituency Building
Most Ethiopian CSOs are set up by a few individuals and rely on foreign funds. Their relations with the communities they work with have been hierarchical (donor-recipient) than one of equal partnership. Lack of constituency/mass base has undermined the bargaining power of CSOs and risks resulting in alienation from the public. Hence, the public didn’t stand in their support when they faced policy and legal challenges, and has
become an easy prey for defamatory media campaigns on the sector. It is therefore imperative for CSOs to change this situation and expand their mass base.

In the short term, building a membership base will be a critical issue to Ethiopian Charities and Societies that have to raise most of their funds from local sources. These CSOs should expand their membership base and mobilize material resources and volunteer support to alleviate the severe financial constraints they face. This requires aggressive media engagement to sensitize the public on their activities/contributions, and develop innovative strategies to attract members and acknowledge their contributions. Among measures that could be taken along this line are creating different types of membership (ordinary, honorary, institutional) to bring on board organizations and individuals who could contribute to the CSO’s cause, organizing annual events and giving awards and certificates of recognition to members who have made significant contributions, etc.

It should be noted that there is a difference between charities and societies in terms of constituency building approaches and priorities. Since societies are formed to protect the interest of their members, their capacity to attract members depends on the benefits offered to potential members. Hence, they should start by assessing the needs of members and devising mechanisms to meet them. They should also develop strategies to maximize members’ contributions (in cash, in kind/service, through promoting the organization and getting more people to join the society, creating networks with governmental and non-governmental stakeholders, etc). Once this is done, societies should aggressively promote themselves by advertising the benefits of membership in the society in areas where there are potential members, and encouraging members to bring others on board using informal networks of friendship, family and workplace. Promotional activities should highlight the major contributions of the society in the past, and show how more public support could enhance these contributions.

Constituency-building activities should target the youth. Clubs should be set up to nurture volunteerism and civic engagement in schools, colleges, private and public enterprises that have a large number of employees (such as factories, banks, insurance companies, utilities
and service sector industries, etc.). Such clubs could be made attractive to the youth by helping them to organize forums in which senior citizens could share their experience with the youth, provide training and information on career and academic opportunities to the youth and devising mechanisms to enable the youth to provide community service. It is also important to create organizational structures which enhance member participation, provide clear assignments to members and recognize members who made important contributions, and encourage members to provide feedback on the activities of the clubs.

Most of these strategies and methods could also be used by charities. However, charities should expand their mass base not by showcasing the benefits they offer to members, but by highlighting their contributions to the community, fostering the culture of volunteerism and commitment to community service, and showing members how their participation could change the lives of others. This involves creation of strong links between volunteers and beneficiaries and transforming beneficiaries into actors. A charity can only promise moral satisfaction from charitable deeds but not material benefits. Hence, its promotional focus should be highlighting its contribution and track record on commitment to public service. Members and volunteers should be informed that their contributions are meant to benefit their own community, and remind them what they would do if the beneficiary was their family member or close relative.

Rather than merely waiting at the receiving end, beneficiaries should be empowered to think that they benefited through their participation. This could be achieved by requiring beneficiaries to pay nominal/modest fees for services, engage in promoting the charity or assist volunteers in providing services. Promotion by beneficiaries could be done through testimonies that highlight the benefits they obtained and informing potential supporters that their contribution could also alleviate the plight of others who are in dire need/whose rights and liberties are in jeopardy. Media promotion should encourage volunteerism and charity by using sensational stories that could foster empathy among the community.
5.3.7 Strengthening CSO Coalitions

Needless to say, CSOs need to form networks to build their capacity and strive for an enabling environment for their operations. Cognizant of this need, Ethiopian CSOs have formed a number of consortia in the past. However, many of these consortia are dominated by their secretariat, and participation of member organizations lacks consistency and sustainability. The leadership of consortia is often left to executive directors and the secretariat rather than the board or the general assembly. Some have even been competing for funds with their members as if they are ordinary CSOs.

This problem mainly stems from the fact that representatives of member organizations do not actively participate in the management of consortia for different reasons. Consortia are basically established to benefit their members through capacity building, information exchange and networking, and protecting the interest of their members. Hence, members should articulate what they need from their consortia, decide on their priority areas, participate in planning, implementation and assessment, and hold the secretariat accountable for activities that were not performed as planned. Noting that consortia are key instruments for CSO policy engagement, member organizations should take participation in committees, boards and general assemblies of networks as a task that should be given priority rather than as an extra-curricular activity. They should work hard to maximize the benefits they get from the network, and develop innovative ways of using the network effectively.

Members also play a key role in the consolidation and observance of ethical values and good governance practices in networks. To do this, however, members need to empower themselves and take responsibility to be in charge of the network’s fate. Consortia secretariats should encourage members to be proactive by creating forums and structures which enhance ownership and effective engagement of member organizations.

5.3.8 Collaboration between Ethiopian, Foreign and Residents Charities

The Directive issued by the Agency does not allow foreign and Ethiopian residents charities to form consortia with Ethiopian Charities and Societies. Similarly, charities
are not allowed to form consortiums with societies. Notwithstanding this prohibition, however, the writers believe that Ethiopian resident and foreign charities (development NGOs) could still exchange information, share their research findings with and create linkages at individual/officer level with Ethiopian Charities and Societies, i.e., those working on human rights, conflict resolution and advocacy issues. The law does not prohibit providing capacity support to Ethiopian Charities and Societies in terms of training on financial and project management, strategic plan development, monitoring and evaluation, communication/promotional skills, constituency building and income-generation trainings which are critical for Ethiopian Charities and Societies under the current circumstance.
Part VI

Mobilization and Utilization of Resources

Domestic Resource Mobilization (DRM) refers to the generation of savings from domestic resources and their allocation to socially productive investments. In the broadest sense DRM encompasses the mobilization of human as well as financial resources for investment, creating income, mobilizing and utilizing resources effectively is becoming crucial for Ethiopian charitable organizations, particularly for those organizations which are registered as Ethiopian and required to raise their income from local sources.

In fact the issue of resource mobilization is also equally important for those organizations which are registered as Ethiopian residents although the degree may vary. These organizations should work towards enhancing their capacity to raise resources locally for sustainable development and change as well as guarantee their independence from foreign resources. This approach would assist Ethiopian resident organizations to change their legal status to Ethiopian and work directly on rights and policy issues. As a matter of fact, as stipulated under the Charities and Societies Proclamation, an organization which was established as Ethiopian Residents or Foreign Charities cannot transfer its money or property if it decided to change its status to Ethiopian Charity. Nevertheless, in as long as it has established the necessary strategies and structures, and gained the experience, it wouldn’t be impossible to mobilize local resources as an Ethiopian Charity.

The largest share of financing for development has to originate from domestic resources. This is an inescapable necessity. Foreign development assistance has been declining, and it is becoming highly volatile, responding to the vagaries of unpredictable market sentiment. Therefore, to defend these and other similar forms of challenges associated with resources, charitable organizations have to take various measures and strategies. The following sections will deal with these possible measures and strategies.
6.1. Benefits of Mobilizing Domestic Resources

Strengthening domestic resource mobilization offers many potential benefits to CSOs/NGOs. Firstly, it will reduce the dependency on external flows, thereby reducing one of the sources of damaging volatility in resource availability, and reduce vulnerability to external shocks. Secondly, it enhances ownership of the development process as well as strengthening local capacity. Thirdly, these efforts are also likely to be seen as a positive sign by donors, thereby augmenting external resource inflows. Above all, it is crucial to bring sustainable development changes.

Foreign funds are mostly dependent on the interests of the donor and hence negatively affect the independence of fund receiving organizations to determine their operational areas. It may also create in the community a sense of dependency on external support, thereby eroding its capacity to fight for its interest and rights. Therefore, CSOs should give priority to domestic resources so as to enable the community to decide its future development, develop a sense of accountability and ownership.

6.2. Preparing for Domestic Resource Mobilization

Charities and societies have to make a thorough assessment of the potential of domestic resource before resorting to foreign aid. For sustainable development and change, priority should be given to domestic resources. Therefore, CSOs should explore the capacity of the community they are targeting to serve.

Each community has its own unique potential. Accordingly, whenever a charitable organization plans to engage in resource mobilization, the first step should be to make an inventory of the available financial and non-financial resources in the community, including private organizations, individuals, associations, government institutions, etc. One thing we should bear in mind is that resource does not mean only financial resource; it also includes non-financial resources such as supports in-kind, expertise, skills and labor.
6.2.1. Financial Resource Mobilization: Options

Generally, there are three types of sources of resources. These are resources generated by one’s own effort, by others’ effort and non-financial resources. However, in determining the source of the income of your organization, you should take into account different factors. A source which is acceptable to one organization may not work for another organization. Therefore, the organization has to examine whether a given resource is compatible with its objectives and values as well as the legality of the resource. The following are some of the major resources:

- Membership fee,
- Donors’ fund,
- Earned income, e.g., sales, tenders,
- Community, e.g., by organizing public events
- Investment
- Careful utilization of finance.

6.2.2. Membership Contributions

As one means of resource, members can play an important role in strengthening the sustainability of an organization. Membership should not be treated only as a mere legal requirement. As the practice shows, most charitable organizations in Ethiopia, including those claimed to be membership-based, fail to see membership beyond the legal requirement and provide less attention to their active participation and contribution to the organization. Although in the statutes (rules) of most organizations membership fee and contribution are indicated as sources of income, in practice members are not paying their fees or making any kind of concrete contributions. Members may be called only once in a year to approve audit and activity reports as well as plans and budget. What is worse, there are members who have difficulties even to meet this annual obligation.

Membership fee and contribution would be the main source of income particularly for charitable organizations registered as Ethiopian. It is obvious that because of the level of poverty as well as cultural problem, it might be very challenging to get a substantial amount
of financial contribution from members. However, charitable organizations need to design a strategy to maximize the contributions of their members towards their cause.

Different activities can be carried out to strengthen membership contributions, and some of them have already been discussed. One approach could be for organizations to meet the expectation of their members according to their personal and societal interests. Similarly, charitable organizations should engage in promoting their activities and establish contacts with different potential individuals towards strengthening members’ commitment. The existence of a governing body working in a transparent and participatory approach can also be one means of encouraging members to be committed to the organization.

Designing strategies for membership contribution as well as identifying the capacity of each member is crucial. Raising the awareness of members on the cause of the organization and the importance of their contribution can be considered as one strategy. There can be different levels of membership fees depending on the capacity of each member, and members who do not have the capacity to contribute money, may provide labor support or expertise. In addition, the organization has to design strategies to attract organizations, particularly business organizations, to be associate and honorary members and make contributions.

The organization has to make a thorough study on the challenges of collecting membership fees. Some members may have distance difficulties, or lack time to come to the organization; thus it would good to make some arrangements with the banks or the institution they are working for. Reluctant members should face some form of penalty like restricting their participation in some of the activities of the organization or even suspension from the membership. In addition to members, you should also encourage staff to become members (but with restrictions on running for an office in elections) and make contributions to the organization.

Apart from membership fees, members can take part in voluntary services, or act as good will ambassadors of the organization. They may represent the organization in some places
and work for the interest of the organization. In general, as members can play important roles in ensuring organizational sustainability, charitable organizations should raise the number and commitment of their members.

### 6.2.3. Public Collection

In addition to membership contribution, charitable organizations can also engage in periodic public collection activities to sustain their programs. Indeed, this is a new exercise for most Ethiopian NGOs/CSOs although some charitable organizations have the experience of collecting financial and non-financial support by going to residential places. As stated under Article 2(10) and 98 of the Charities and Societies Proclamation, public collection means an appeal in any public place or by means of visits to places of work or residence, for money or other property, whether for consideration or otherwise and which is made in association with a representation that the whole or any part of its proceeds is to be used for charitable purposes and shall not include appeals made on a land or building used for the purposes of worship or burial or any land adjacent to it.

This kind of resource is highly dependent on the willingness of individuals, and thus it should be supported by a persistent advocacy effort which is also important to make this source a reliable source. In this regard care must be taken in identifying residential places of donors, and it is also advisable to change places so as to avoid loss of interest by your donors. People who are assigned for public collection should be well conversant with the organization and about its activities and objectives. They should have with them a copy of the Certificate of Registration and the permission letter from the Agency. In as much as possible you should have media coverage/campaign before you start the public collection.

It is important to use slide shows or a video to promote and explain your organizational objectives and activities if the public collection is planned to be conducted in public or at
work places. In this regard you may work together with advertisement companies like the Sony Screen.

As compared to use of residential and work places, public collection is more effective if conducted in public places during special events, music and theatre concerts, festivals, etc. In addition, you may put collection boxes in public places such as international organizations, hotels, and recreational areas.

6.2.4. Income Generation Activities

In addition to the above source of income, charitable organizations may look for other sources to generate income. In recognition of this, Article 103 of the Charities and Societies Proclamation provides for the possibility of engaging in income generating activities. Accordingly, charitable organizations can engage in income generating activities to further the purpose for which they are established. However, they should get permission from the Agency, and the work should be incidental to the achievements of their purpose. According to the drafters of the proclamation, this arrangement will create an opportunity particularly for Ethiopian organizations to enhance their financial capacity.

Because of their nature some charities may not be able to engage in income generating activities which have direct relationship with their objectives. One option for such organizations might be the possibility of establishing a share company where its members are shareholders, or purchasing shares in other business entities. The profit of such a company can be used for charitable purposes and to realize the objectives of the organization. The Agency should issue directives which elaborate on these and other options for income generation.

As stated in the Charities and Societies Proclamation, organizations engaged in income generating activities shall also be governed by applicable provisions of the Commercial Code and the different tax laws. Accordingly, if they are carrying out the business on their own, they have to meet the following requirements in relation to the business:

- Securing approval of the Agency,
• Securing a business license,
• keeping separate books of account,
• No distribution of profit to members,
• Submitting an audit report to Inland Revenue and paying the appropriate tax,
• Installing Cash Register and VAT Registration, as required.

If charitable organizations are allowed to establish a business organization or become shareholders, you should remember that they may be required to pay tax on the profit or the dividend they receive.

Some key points to be considered before engaging in income generating activities:

• Check the negative impact of the business activity on the objective of the organization particularly in consuming organizational time;
• Check its negative impact on the good reputation of the organization;
• Assess the capacity of the business in creating job opportunities and improving the life of the community;
• Identify the capital and IT resources required to carry out the business as well as its implication for the organization;
• Balance with the professional capacity of the organization;
• Assess the contributions of the business activities to the organizational development and in creating opportunities for additional resources;
• Remember that it might be very difficult to get speedy decisions in organizations having strict structural arrangements;
• Check legal requirements like tax, books of account, etc.

6.2.5. Other Means of Fundraising

Special events are a popular fundraising activity. The organization sells tickets to a social event, concert, dance, or sports tournament and adds a margin of profit. You can also sell handicrafts, T-shirts with your logo, or food at the event to make more money. Charitable organizations can also engage in selling lots but with the permission of the National Lottery Administration Office, and may be the Agency as well.
As stated in the Charities and Societies Proclamation, organizations which are interested in organizing these kinds of public event should get permission from the Agency. In as much as possible, the events should be conducted through sponsorship of business organizations which are interested in advertising their products on the events. The organization may also invite celebrities, high profile and influential individuals to attract people participating in the events. It can also maximize its margin of profit by convincing service providers for a low cost or charge free services. Some of the public events such as organizing bazaars and telethons may require expertise in marketing and communication, and thus it is advisable to carry out such kind of events in collaboration with business companies having specialization in such areas.

As a matter of fact, these activities are not well exploited in Ethiopia although there are some organizations like the Ethiopian Red Cross Society, Cheshire Ethiopia, and recently Ethiopian Women Lawyer Association, Mary Joy and Elshadai which are trying to organize public events as one means of soliciting funds. The Ethiopian Bar Association and the Ethiopian Human Rights Council have good experience in organizing dinner receptions to raise funds for their organizations. Finally, you can also organize a “work party” where you bring the community together for a day to carry out certain activities for free.

In addition to raising money, special events can be a fun way to publicize your cause, raise awareness of a specific issue, introduce a new program, create a positive image of your organization, outreach to your community about your services, mobilize your constituency, and celebrate your accomplishments.
6.2.6 Utilization of Volunteer Services

Volunteers can provide great resources and benefits to your organization. Volunteering is generally done by choice, without monetary reward (apart from reimbursement of expenses), and to benefit the community. To recruit and keep your volunteers, you should have a policy. The policy may address issues such as why the organization is looking for the services of volunteers and what kind of benefit they may get from such services.

As evinced by recent studies, Ethiopian CSOs/NGOs lack the culture of using volunteers for their activities. Most of them do not have policy documents governing volunteers. In organizations using volunteers, they lack the capacity of assigning the proper volunteer to the proper task and exploiting their skills and capacity. Volunteers can assist a given organization in different ways, including:

a) Providing time, labor, skill, etc.

b) Providing free training for staff of the organization.
Attention!

Points to consider in mobilizing and supervising volunteers:

- Identify areas which can be handled by volunteers;
- Prepare job description;
- Determine the length of the voluntary service;
- Determine the skill and knowledge level of the service;
- Recruit volunteers from your community, schools, government institutions or civil society. In addition look for international organizations providing such kind of services;
- Refrain from acts of recruiting volunteers solely based on the interest of the applicant. Ensure that the applicant has the required qualifications to provide support for your organization. Holding an interview is crucial in addition to the credentials;
- Remember that the mobilization and administration of volunteers should be given equal attention as regular staff;
- You should not forget the different motives that volunteers have while serving your organization. In addition to communal contribution, they might be interested in developing their own skills, knowledge and relationship. Therefore, your organization has to meet these needs. Social interest alone cannot be a factor to attract and retain volunteers.
- Give due recognition for the services rendered by volunteers. You should communicate this recognition at staff meetings, in public speeches, activity reports, etc.
- You should have a record showing the type of works and time volunteers spent in your organization, and communicate the same to stakeholders. This is in-kind contribution made to your organization.

6.2.7 Cost Recovery

When a NGO’s programs bring real value to its beneficiaries, many beneficiaries (but perhaps not the poorest of the poor) will gladly pay something to participate in the programs. By selling, rather than giving away their services, NGOs can recover part or all
of their costs, better allocate their services to those who truly value them, and enhance the self-esteem and commitment of participants. Indeed many charitable organizations carry out their activities in communities who cannot afford to buy their services. In such cases, the alternative is to at least demand for payment from those who can afford to pay for the services.

6.2.8 Nurturing Individual Donors

Providing money or other support for the destitute has cultural and religious root in Ethiopia. Nevertheless, we do not have a coordinated and institutionalized system of providing such support, and thus unable to reduce the number of people begging for money but rather, as many agree, aggravating the problem. What is worse, there are individuals in major cities like Addis Ababa, who are using begging as a professional career.

It is possible to educate the public to make their donation on an institutional level. By convincing a large number of individuals to make small donations, an organization can collect a substantial amount of money and implement big projects. Remember the campaign “one Birr for one citizen”.

It is also possible to convince individuals to assign a part or the whole of their property upon their death to organizations carrying out philanthropic activities. There are also people who want to give some of their property while still alive. Therefore, we need to explore such kind of individuals in our localities.

6.2.9 Soliciting Contributions from the Business Community

Business organizations have social responsibilities to contribute to the development of the community where they are carrying out their business activities. However, only very few business organizations share this responsibility. There might be several reasons for this. However, the failure of the NGOs to educate the business community to fulfill their social responsibilities is the main problem. We
have not seen a situation where both the NGO and the private sector come together and
discuss the issue.

Corporations or local businesses may be interested in contributing more than just funds. For
example, they may provide professional support, volunteers, products and services,
sponsorship, awards, etc.

A business organization may want to be associated with your organization for any of the
following reasons:

- To take advantage of your organization’s reputation;
- To use it as part of their public relation activities;
- The belief of senior officials of the company in the cause of your organization;
- In response to your request and its persuasive power;
- To secure tax reductions for such a donation.

Therefore, we need to exert our advocacy effort to bring attitudinal changes and show that
supporting charitable organizations is also advantageous to business organizations and part
of corporate responsibility to society.

6.2.9 Setting up Institutional Sustainability Fund

This is one strategy employed by charitable organizations to ensure their institutional and
program sustainability and reduce dependency on donors. Accordingly, the organization
may deduct and deposit a certain percentage from the grant it receives to implement a given
project for future utilization, or to buy fixed assets or to engage in income generating
activities. As this strategy requires the goodwill of donors, organizations should do their
best to convince donors of the necessity of sustainability funds.

6.3. Designing Resource Mobilization Strategy

a) Why Resource Mobilization Strategy?

It is high time for charities and societies to examine different options towards strengthening
their financial capacity and reducing their dependency on foreign aid. One of the main
reasons for resource mobilization strategy is to explore effectively these options and strengthen one’s capacity. These organizations shall bear in mind that they are operating in a competitive environment for resources with government and each other. The amount of fund donors provide to a given country for a given agenda is limited and may not be able to satisfy the demands of all recipients, and thus the competition is inevitable. Therefore, there is no option but to have a good resource mobilization strategy to win the competition.

The adoption of such a strategy:

- Ensures the sustainability of its activities and services;
- Helps implement its activities effectively and efficiently;
- Ensures credibility of donors;
- Protects the independence of the organization;
- Makes itself compatible with and flexible to circumstances;
- Encourages the organization to be innovative in mobilizing resources at community and country levels;
- Reduces dependency by diversifying its resource base.

b) What Does Sustainability Mean?

There are many different ways of understanding what “sustainability” means in a development context. These include:

i. **Benefit sustainability:** This means that the benefits of development work continue to be felt by communities and individuals, whether or not the project or program continues.

ii. **Organizational sustainability:** This means that the organization is able to continue to do its work. It has a vision and a financial and organizational infrastructure to support the achievement of its vision.

iii. **Financial sustainability:** It is part of organizational sustainability. It has to do with the ongoing ability of the organization to generate enough resources to work towards its vision.


c) What Makes an Organisation Sustainable?

In order to be sustainable, an organisation must:

- have a clear strategic direction;
be able to scan its environment or context to identify opportunities for its work;
be able to attract, manage and retain competent staff;
have an adequate administrative and financial infrastructure;
be able to demonstrate its effectiveness and impact in order to leverage further resources; and
get community support for, and involvement in its work.

d) What Makes an Organisation Financially Sustainable?
To be financially sustainable, an organisation must:

- have diversified sources of income;
- Employ different and innovative ways of generating income;
- Do strategic, action and financial planning in a timely and regular manner;
- Put in place a strong and effective financial management system;
- Have a good public image;
- Be clear about its values (value clarity);
- Have financial autonomy; and
- Have a cordial and smooth working relationship with sector offices and government authorities in its operating areas.

e) What Are Financial Policies?
Financial policies guide an organisation so that it can run an efficient, honest and accountable financial system. An organisation needs financial policies that cover the following:

- opening and operating bank accounts;
- budgeting;
- non-budgeted expenditure;
- petty cash;
- receipts and deposits;
- acquisition and disposal of fixed assets;
- payments and cherub requisitions;
- staff loans;
- use of private motor vehicles;
- car hire;
- long distance travel;
- travel allowances;
- Clear and transparent procurement policy.

It is usually the Board of the organisation that decides what policies are needed and what they should be. In order to implement a financing strategy, you need appropriate policies.

f) Efficient Utilization of Resources

In conjunction with mobilizing local resources, equal attention should be given to the administration of human resources, effective utilization of finance and property of the organization. The following are some of the measures which should be taken into account.

Administration of Human Resource

- Employ only staff who are really necessary for the effective operation of the organization. You should adjust the number of staff with the volume of the work load. For example, an organization having two or more secretaries might be obliged to have one or no secretary, and thus the Executive Director might be obliged to handle this task by himself. Or if there is a situation where projects are reduced or cancelled, the director might be obliged to work alone.

- Encourage staff to assume multi tasks by cultivating a team work approach. For example, the Executive Director can act also as program coordinator and administrator, the secretary can assume additional task like cashier, documentation, store keeper, arranging meetings, etc. A driver may also be assigned to carry out video recording, printing of documents, purchasing, etc. Care must be taken to hire staff with multiple experience and interest to work flexibly. The organization, instead of hiring new staff, can arrange training for existing staff so that they can assume additional tasks.

- Not all activities of the organization require full time staff. Some activities of an organization like finance, auditing, IT, Monitoring and Evaluation, etc., can be handled on a part-time basis.
• Under the close supervision of the executive director, you may utilize volunteers for program activities, and thereby reduce your cost of salary.

• You may bargain with key staff for a reasonable or lower salary by permitting them to work also for other organization but with no effect on your organization’s work.

**Budget and Property Administration**

In relation to budget and efficient administration of property, an organization should consider the following key issues:

• Share offices and facilities with organizations working in similar areas to reduce your office rent cost. For example, an Ethiopian Charity may lease an office with reasonable cost from organizations which are established as Ethiopian Resident or Foreign Charity. This approach assists organizations to share common costs such as utilities and security, and to share information as well as to develop alliances.

• Rent a house which has basic rooms equivalent to your work. By using computers and laptops, you can effectively carry out your activities in a limited number of office rooms.

• Use email and text messages to reduce your telephone and postal services. Share Internet expenses with the owner of the house or try to get a house where you have free Internet access.

• You should organize meetings in your office, small public halls or other CSO conference rooms with low cost. In this regard we mention Hundee, a local grassroots organization which has a good experience of organizing meetings in their own offices rather than going to hotels. For the refreshment, you may prepare simple traditional foods such as *kolo*, or you may ask participants to at least cover their refreshment expenses.
In this part of the discussion, we will look into the experiences so far employed by Ethiopian Charities and Societies to expand and enhance their source of income types and amounts.

7.1. Donors’ Consortium

Though the number of charities and societies using this method is small, the practice exists among a few of them. Its application, however, has been known even prior to the coming into force of the new Charities and Societies Proclamation. Donors’ consortium is a forum where different donors come together to look into the operation and performance of the charitable organization they support, including evaluation of the administration of its finances and implementation of activities, and also, approval of its plans. Members of the consortium, depending on their capacity, contribute money for the implementation of the planned activities of the organization. This method has several advantages, the major ones being:

- Reducing the time taken by a recipient organization in preparing proposals and reports for different donors as the report and proposal presented to members of the consortium is one and the same;

- Giving freedom of dispersion of funds by recipient organizations as the money donated by members of the consortium is put in one account;

- Enabling recipient organizations to focus on long-term program activities rather than short-term and piecemeal project activities;

- Allowing donors to collaborate their efforts and money towards the implementation of tangible and long-term activities;
- Fostering the trust and confidence of donors who are not members of the consortium or who do not have an office in Ethiopia.

The following may be cited as examples of organizations which have previously utilized the method of donors’ consortium:
- Actions Professional Association for the People
- Ethiopian Human Rights Council
- Forum for Social Studies
- Prison Fellowship Ethiopia
- Ethiopian Lawyer’s Association.

### 7.2. Public Shows

This method is not widely practiced but is implemented by some organizations as one means of collecting money. Under this method, the following public shows could be included:
- Walks/running
- Music concert
- Different kinds of sport competitions.

For example, “The Great Ethiopian Run” attempts to associate with charitable activities the competitions conducted in different times. In 2001 and 2002, it contributed part of its income to charitable organizations.

Similarly, *Cheshire Ethiopia* and *The Ethiopian Red Cross Association* organize marches periodically to raise funds for their organizations. People or organizations participating in
these programs contribute money for their causes. Also, different organizations and individuals assist in sponsoring the distance walk program. In addition to collecting money, the organizations also use these opportunities to promote their program objectives to the public, which in turn strengthens the commitment of their supporters.

Music concert is the other form of organizing fundraising programs. In this regard, the support recently given by the famous Ethiopian singer, Tewodros Kassahun, to Elshadai Relief and Development Association - a local non-governmental organization - may be mentioned. The singer has donated the entire profit raised from performing the music concert to the aforementioned charitable organization. In parallel, financial support was also given to Abebetch Gobeba’s Children’s Charitable Organization from the proceeds of the music concert.

Serawit Fikre Muli-Media is the other organization highly known for its involvement in charitable activities. This organization has a record of providing of various forms of charitable services to different organizations such as Mary Joy, Family Planning, Ethiopian Blind People’s Association, Alert Ethiopia, etc. Moreover, in addition to the professional service it provides, the organization participates in sponsoring the education and maintenance of children under the auspices of different charitable organizations.

### 7.3. Volunteer Services

It is the strong belief of the Ethiopian Red Cross Society that any community-based development and humanitarian support cannot be successful without voluntary services provided by volunteers. For this reason, the Society considers volunteers as the major partners in its operations. Accordingly, the Society has an implementing guideline for the purpose of attracting, training and maintaining volunteers. Until recently, the Society had 6,000 volunteers, although the number is declining over time. One of the factors cited by the Society as contributing to the decline in membership is the variance in the amount of payment to volunteers between organizations.
The *Ethiopian Women Lawyers Association*, registered as an Ethiopian charitable organization according to the new law, is currently providing legal services as one of the components of its programs through the engagement of volunteers. Previous reports of the Association indicate that thousands of Ethiopians were benefiting from this program. And because the Association has a long-term experience of making use of voluntary services in implementing the legal service program, it has been able to ensure its continuity.

### 7.4. Fundraising Dinner

This Association is one of the oldest professional associations in Ethiopia; it has been registered as an Ethiopian Charitable Society under the new Charities and Societies legislation. In an effort to increase its income, the Association is undertaking different activities such as engaging its members and supporters to produce professional research materials free of charge to be sold on the market as a means of generating income for the Association. Moreover, the Association recently organized a dinner reception where participants and invited guests were asked to pay entrance fees and participation in an auction for the sale of an attorney’s gown. The gown was finally sold at a price of more than 10,000 birr.

### 7.5. Donation Boxes

Some organizations put money collection boxes at places frequented by the public. They put in writing the name and purpose of their organization and ask viewers to contribute to the cause. These boxes could be placed in market places, big hotels, banks, airlines, etc.
7.6. Newspaper Calls for Donations

Though not widely practiced, some organizations, particularly those that have web pages, announce donation opportunities for people who desire to give gifts for a cause. Recently, the manager of *Mary Joy* announced at one forum that her organization is willing to accept any form of donation, either in kind or in cash, including used items. Likewise, a charitable organization working on women called *WISE* put an announcement on the Amharic weekly, *Reporter*, calling on its supporters to donate.