Ethiopian Ministry of Justice

A Regional Court of Addis Ababa

Date: 20 October 2000

The Federal Democratic Republic of Ethiopia

Reference Number: 5634/P-6

To: Head of the Office of Communications

From: Director of the Office of Communications

Subject: Re: The Review of the Publications of the Office of Communications

Dear Head of the Office of Communications,

We are pleased to inform you about the recent developments in the field of publications. The last publication of the Office of Communications was reviewed on October 15th, 2000. The review was carried out by a panel of experts who analyzed the content, format, and overall impact of the publication.

The panel's report highlights the following:

1. The publication's content is relevant and timely.
2. The format is user-friendly and accessible.
3. The impact of the publication is positive, as evidenced by the feedback received.

Recommendations for improvement:

- Increased coverage of regional issues
- More interactive features
- Enhanced dissemination channels

We look forward to your comments and suggestions on how we can further improve the publication.

Yours sincerely,

[Signature]

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The F.D.R. Ethiopia
Office of Communications

Ref. No.

Date 20 October 2000

Addis Ababa - Ethiopia
Charities and Societies
Draft Proclamation No. 00/2008

WHEREAS the existing legal regime has been found inadequate to provide for the proper administration and regulation of charities and societies.

WHEREAS it was found necessary to enact a law in order to ensure the realization of citizen’s right to association enshrined in the Constitution.

WHEREAS the registration, licensing and regulation of charities and societies has been found necessary for the prevention of the illegal acts that are perpetrated in the name of serving it, and for the fulfillment of the government’s duty to protect the public against illegal activities contrary to peace, order and morality.

WHEREAS it was found necessary to promulgate a law to aid and facilitate the role of charities and societies in the overall development of Ethiopian peoples.

NOW; THEREFORE, in accordance with Article 55(1) of the Constitution of the Federal Democratic Republic of Ethiopia, it is hereby proclaimed as follows:

SECTION ONE
General

1. Short title
This Proclamation may be cited as the Federal Charities and Societies Proclamation No. 00/2007.

2. Definition.
In this Proclamation, unless the context requires otherwise:
1. “Agency” shall mean the Charities and Societies Agency.
2. “Budget Year” shall mean the year beginning from 1st January to 31st of December (G.C) or from Hanle 1 to Senec 30 (E.C) as the case may be.

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3. "Ethiopian Charities" or "Ethiopian Societies" shall mean those charities or societies that are formed under the laws of Ethiopia and all of whose members are Ethiopians and are funded or controlled by Ethiopians. However, they may be deemed as Ethiopian charities or Ethiopian societies if they receive money from foreign not more than ten percent of their total asset.

4. "Foreign Charities" or "Foreign Societies" shall mean those charities or societies that are formed under the laws of foreign countries or which consist of members who are foreign nationals or controlled by foreign nationals or receive funds from foreign sources.

5. "Gazette" shall mean the Gazette of Charities and Societies to be published by the Charities and Societies Agency.

6. "Ministry" and "Minister" shall respectively mean the Ministry and Minister of Justice of the Federal Democratic Republic of Ethiopia.

7. "Officer" shall mean a person having the general control and management of the administration of a charity or society.

8. "Persons" shall mean any physical or juridical persons.

9. "Place of Business" shall mean the place where a person's records and books of account are kept or the place where a person conducts business.

10. "Public Collection" shall mean an appeal in any public place or by means of visits to places of business 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 and shall not include appeal made on a land or building used for the purposes of worship or burial or any land adjacent to it.
11. "Rules" shall include the objects for which a charity or society is formed, or which it may pursue, or for which its funds may be applied; the qualifications for membership and for the holding of any office; the method of appointment or election to any office; the rules by which the charity or society is to be governed; and the method and manner by and in which any of the above matters may be amended.

12. "Sector Administrator" shall mean any of the ministries listed under article 72(1) or the Agency where the charity or society concerned does not fall under any listed sector administrator or falls under more than one sector administrator.

13. "Mass based societies" shall include professional associations, women's associations, youth associations and other similar Ethiopian societies.

3. Scope of Application

1. This law shall apply to charities or societies that operate in more than one regional state, to foreign charities or societies or to charities or societies operating in the City Administration of Addis Ahaba or Dire-Dawa.

2. This law shall not apply to international or foreign organizations operating in Ethiopia by virtue of an agreement with the Government of the Federal Democratic Republic of Ethiopia.

SECTION TWO
Establishment of the Charities and Societies Agency

4. Establishment

1. The Charities and Societies Agency is hereby established by this proclamation.

2. The Agency shall have its own legal personality and shall be accountable to the Ministry of Justice.
5. Objectives of the Agency

The Agency shall have the following objectives:

a. to maintain public trust in charities and societies by ensuring that their operation is according to their objectives;
b. to promote compliance by officers with their legal obligations in exercising control and management of the administration of charities and societies;
c. to promote the effective use of resources of charities and societies; and
d. to enhance the accountability of charities and societies to donors, beneficiaries, the general public and the government.

6. Powers and Functions of the Agency

1. The Agency shall have the following powers and functions:

a. to license, register and supervise charities and societies in accordance with this law;
b. to encourage and facilitate the better administration of charities and societies;
c. to identify and investigate misconduct or mismanagement in the administration of charities and societies and to take protective or remedial action;
d. to obtain, analyze and disseminate information in connection with the performance of any of the Agency’s powers and duties or meeting any of the Agency’s objectives;
e. to give information or advice or make proposals to the Minister on matters relating to any of the Agency’s powers and duties or meeting any of the Agency’s objectives;
f. in cooperation with the concerned sector administrator make decisions on the application of charities and societies for registration and license;
g. Without prejudice to the provisions of proclamation No. 467/2005 with regard to endowments and charitable trusts to exercise the powers of registration and authentication of documents;

h. to collect fees and charges for the services it renders;

i. to own property, enter into contract, sue and be sued in its own name;

j. to delegate, when it is deemed necessary, the powers and duties given to it by this Proclamation to; and

k. to submit to the Ministry a quarterly report on its operations during the year and at any time the Minister so requires;

l. to carry out such other similar activities necessary for the attainment of its objectives.

2. Notwithstanding sub article 1(g) of this article, the Minister may order the Office of the Documents Authentication and Registration to open a branch office in the premises of the Agency or assign its officers.

7. Organization of the Agency
The Agency shall have the following organizational structure:

1. A Director and Deputy Directors;
2. A Registrar;
3. A Charities and Societies Council; and
4. The necessary staff.

8. Appointment of Director and Deputy Director of the Agency
1. The Director of Charities and Societies Agency shall be appointed by the Prime Minister upon nomination by the minister;
2. Deputy Directors responsible to lead the fields of the agency shall be appointed by the Minister upon nomination by the director.
3. For the purpose of this proclamation the agency shall have charities and societies branches in it.
9. Powers and Functions of the Director

1. The Director shall be the chief executive of the Agency and shall, according to this law, plan, direct and administer the activities of the Agency.

2. notwithstanding the generalities of sub-article (1) of this article, the Director shall:
   a. exercise the powers and duties of the Agency specified under Article 6 of this proclamation;
   b. employ and administer the employees of the Agency in accordance with the relevant laws;
   c. prepare the work programme and budget of the Agency; and implement same upon approval;
   d. effect expenditure in accordance with the budget and work programme approved for the Agency;
   e. represent the Agency in all its dealings with third parties.
   f. prepare and submit to the Ministry the activity and financial reports of the Agency;

3. The Director may delegate part of the directorial powers and duties to officials of the Agency and to the appropriate state institutions to the extent necessary for the efficient performance of the activities of the Agency.

10. Powers and Functions of the Deputy Director

The deputy Director shall have the following powers and functions:

1. Carry out the responsibilities that shall be specifically entrusted to her by the Director.

2. The senior deputy director shall, unless the director has given specific delegation, act on behalf of the Director in his absence.

11. Appointment of the Registrar of the Agency

The Registrar of the Agency shall be appointed by the Minister upon the nomination of the director.
12. Powers and Functions of the Registrar

1. The registrar shall be responsible for keeping the register of charities and societies in order.
2. The registrar shall be responsible for the entry of the particulars of the registration and removal of charities and societies from the register and oversee the publication of those particulars in the Gazette.
3. Perform related activities entrusted to him by the director.

13. Charity and Society Council

1. There shall be established a Charity and Society Council consisting of the sector administrators and such other government organs as the Minister may appoint.
2. The Minister shall serve as the chairperson and the director shall serve as the secretary of the council.
3. Notwithstanding sub article (1) of this article, as may be necessary, upon recommendation by the agency the Minister may assign not more than two persons that represent the public as members of the council.

14. Powers and Functions of the Council

1. The Council shall have the following powers and functions:
   a. to enquire into any question which the agency may request it in connection with the enforcement of this Proclamation;
   b. to make such recommendations to the agency as it may think fit in relation to the regulation of charities and societies; and
   c. to promote good governance principles within charities and societies.
   d. to approve the annual plan; appraise the biannual and annual performance of the Agency and take the necessary measures;
   e. serves as a supreme organ of the charities and societies administration.

   The Council may perform such other similar functions as the Minister may determine.
15. Meeting of the Council

1. The Council shall meet at least twice every year;
2. There shall be a quorum where two thirds of the members are present at the meeting of the Council;
3. Decision of the Council shall pass by majority vote; provided, however, that the chairperson shall have a casting vote in case of a tie;
4. Without prejudice to the provisions of this Article, the Council may prescribe its own rules of procedure;

SECTION THREE
CHARITIES

Sub-Section I. General

16. Definition

1. A Charity means an institution, which is established for charitable purposes and gives benefit for the public.
2. Charitable Purposes are purposes that are exclusively charitable according to this law or any other laws of Ethiopia.
3. Subject to the provisions of sub-article (4), a purpose shall be charitable at least if it falls within any of the following description:
   a. the prevention or alleviation of poverty or disaster;
   b. the advancement of agriculture and environmental protection or improvement;
   c. the advancement of animal welfare;
   d. the advancement of education;
   e. the advancement of health or the saving of lives;
   f. the advancement of citizenship or community development;
   g. the advancement of women's and children's welfare;
   h. the advancement of the arts, culture, heritage or science;
   i. the advancement of amateur sport and the welfare of the youth;
   j. the advancement of human and democratic rights, conflict resolution or reconciliation or the promotion of harmony or equality and diversity amongst nations, nationalities and peoples or different religious groups;
k. the relief of those in need by reason of age, disability, financial hardship or other disadvantage;

l. the promotion of the sustainable development of the nations, nationalities and peoples of Ethiopia;

m. the promotion of the efficiency of the justice and law enforcement services;

n. the advancement of capacity building on the basis of the country’s long term development directions; and

o. any other purposes as may be prescribed by directives of the Agency.

4. A public benefit shall be deemed to exist where:

a. the purposes of the charity can generate an identifiable benefit to the public;

b. the purposes of the charity do not create a situation wherein its benefits exclude those in need; and

c. any private benefit of individuals and organizations could be acquired only incidentally and as a secondary consequence of the organization's activities.

5. The Agency may determine the details of charitable purposes and the public benefit by directives.

6. Foreign charities shall not take part in activities that fall under sub article 3(f), (j), (l) and (m) of this article.

17. Types of Charities

1. A charity may be formed as:

a. a charitable endowment;

b. a charitable institution;

c. a charitable trust; or

d. a charitable society.
2. Charities however formed shall be registered and have legal personality which allows them to perform all civil acts consistent with their nature.

3. Charities may form a consortium charity to coordinate their activities.

4. Without prejudice to Sub-article (1) of this article, charitable committees shall be regulated by the provisions of this proclamation.

Sub-Section II. Charitable Endowments

18. Definition

A charitable endowment is an organization by which a certain property is perpetually and irrevocably destined by donation or will or the order of the Agency for a purpose that is solely charitable.

19. Application for Registration

1. The registration of a charitable endowment may not be sought during the lifetime of the founder, except by the founder herself or her representative.

2. After the death of the founder, it shall be sought by the person to whom the founder has entrusted such task and who has accepted it or the testamentary executors of the founder’s will.

3. In default of the persons in Sub-article (1) and (2), it shall be sought by those persons who have drawn up the act of endowment or who have been witnesses to it or who hold that act in deposit.

4. Where the persons who are bound to seek the registration of the charitable endowment fail to do so, the registration of the charitable endowment may be sought, three months after the death of its author, by the Agency or by any interested party.

5. The Agency shall draw up model rules for charitable endowments that may be of aid to those wishing to use such model.

20. Revocation of an act of Endowment

1. The author of an act of endowment may revoke it so long as the charitable endowment has not been registered by the Agency.
2. The heirs of the founder may only exercise such right of revocation where the charitable endowment has not been registered by the Agency within 6 months from an application having been made to Agency with a view to obtaining its registration.

21. Structure of Charitable Endowments
Any charitable endowment shall be organized with the structure of Board of management, director, auditor and other departments as may be necessary.

22. Composition of the Board of Management
1. The founder may appoint the members of the board of management. Where the founder fails to appoint the members of the board the person appointed by him or failing such the Agency shall appoint the same.
2. Where a member of the board is, for any reason, unable to perform his duties a new member shall be appointed according to the rules of the endowment.
3. The number of members of the board shall in no case be less than three.

23. Powers and Duties of the Board of Management
1. The board of management is the supreme organ of the charitable endowment.
2. Appoint a director who is responsible to manage the endowment or dismiss the same;
3. manage the endowment as per its rules;

24. Meetings of the Board of Management
1. The Board of management shall meet as prescribed by the rules of the charitable endowment.
2. The decisions of the Board of management shall be taken by majority.

25. Remuneration of Board Members
1. A member of the board shall not be entitled to remuneration unless a provision about his entitlement to remuneration has been made, by the charitable endowment's rules or by any law.
2. Payments made in connection with covering costs incurred by board members for the purpose of attending board meeting shall not be considered as remuneration.
26. Powers and Duties of the Director

1. Manage the charitable endowment; administer the endowment pursuant to its rules;
2. Represent the endowment in all its dealings with the third parties;
3. Follow up and supervise the implementation of the decisions of the Board of Management;
4. Submit work plan and budget as well as reports on the activities and finance of the Endowment to the Board of Management;
5. Study conditions to promote income generating activities of the Endowment and devise mechanisms for the generation of funds;
6. Sign on the bank account opened in the name of the endowment in accordance with its rules.
7. Discharge other related tasks which may be given to him by the Board of management.

27. Powers and Duties of the Auditor

1. The auditor shall:
   a. Monitor the financial and proprietary administration of the charitable endowment.
   b. Prepare the internal audit report of the organization in accordance with standards acceptable in Ethiopia.
2. Notwithstanding the provisions of this proclamation regarding external audits the charitable endowment may at any time use an external auditor.

28. Determining the Beneficiaries

1. Where the persons in whose favor the charitable endowment is constituted is not sufficiently determined by the founder, the board may determine such beneficiaries as it deems consistent with the intention of the founder.
   The board’s decision shall not be effective unless approved by the Agency.
Sub-Section III. Charitable Institutions

29. Charitable Institution

1. A charitable institution is a charity formed by at least three persons exclusively for charitable purposes.
2. The provisions relating to the structure of charitable endowment shall apply, with the necessary adjustments, to charitable institutions.
3. Notwithstanding sub article (2) of this article; the rules of the institution may however provide that the charitable institution be structured in the form of a charitable society.

30. Duties and Responsibilities of Members

1. Each member of a charitable institution and any new member shall undertake to contribute to the assets of the institution, in the event of its being dissolved while he is a member or within one year after he ceases to be a member, for payment of the debts and liabilities of the institution contracted before he ceases to be a member and of the charges and expenses of winding up such amount as may be required, not exceeding a specified amount.
2. The Agency may by directives determine the minimum amount of guarantee required for the registration of charitable institutions.

31. Application for Registration

Persons with the intention of forming a charitable institution shall apply to the Agency in accordance with article 73 of this proclamation.

Sub-Section IV. Charitable Trusts

32. Scope of application

1. This section shall apply exclusively to charitable trusts.
2. The provisions of the Civil Code dealing with trusts shall not be applicable to charitable trusts.
33. Definition.
A charitable trust is an organization by virtue of which specific property is constituted solely for a charitable purpose to be administered by persons, the trustees, in accordance with the instructions given by the instrument constituting the charitable trust.

34. Formation
1. A charitable trust may be constituted by a donation or by a will or by order of the Agency.
2. Its constitution shall be subject, as regards the form and substance to the provisions of this proclamation and the provisions of the civil code relating to donations or wills.
3. An implied provision in the donation or will shall suffice for the constitution of the charitable trust.

35. Perpetuity of a Charitable Trust
1. A charitable trust may be constituted for a definite period.
2. Where a charitable trust is constituted for an indefinite period it shall be perpetual and irrevocable.

36. Application for Registration by Trustees
1. The person constituting the charitable trust shall appoint the trustees and such trustees shall apply, in the manner provided in article 73, to the Agency for a certificate of registration.
2. The trustees shall apply for the registration of the charitable trust within 3 months of constitution of the charitable trust.
3. The trustees may not perform any acts involving third parties before acquiring a certificate of registration except those acts necessary for transferring the funds mentioned in the donation or will to the possession or ownership of the charitable trust.
4. Whosoever makes default in carrying out any of the duties imposed by sub article (2) and (3) of this article shall be liable to administrative penalties to be determined by regulation and imposed by the Agency.
37. Number Of Trustees

1. The number of trustees shall not in any case be lower than 3 and more than 5. Where less than 3 persons are named the Agency shall appoint the number of people required to fulfill this requirement.

2. Where more than 5 persons are named as trustees, the 5 first named and who are able and willing to act shall alone be the trustees, and the other persons named shall not be trustees unless appointed on the occurrence of a vacancy.

3. Irrespective of sub article (1) the Agency may allow less than 3 persons as trustees where one or more of such trustee is a charity.

4. At least one of the trustees appointed under this article shall be an Ethiopian domiciliary.

38. Appointment of Trustees.

1. The trustees may be appointed by the person constituting the trust, or by the person designated by him, or, in default of such person by the Agency.

2. Where the trustee so appointed refuses his agency or is for any other reason unable to perform the trusteeship, a new trustee shall be appointed according the rules of the trust.

39. Appointment of a Charity as a Trustee

1. A person constituting a charitable trust may appoint a charity as a trustee in which case the officers of the charity will administer the trust.

2. The charity provided in sub article (1) shall administer the trust by the terms of the will, donation or order of the Agency and distinguish it from other donations or income that it utilizes to achieve its purposes.

40. Structure of a charitable trust

1. Where the person constituting the charitable trust does not designate a trustee manager, a trustee treasurer and a trustee auditor or does not appoint a person to do the same, the trustees shall among themselves make such designation.
2. The Agency shall make such designation as it deems fit where the trustees do not make any designation are unable to make the required designation.

3. Where there are more than three trustees those who have not been designated under sub article (1) shall have all the rights and obligations of the other trustees except those inhering in the designated responsibilities.

4. The trustees shall among themselves choose the person who shall serve as the chairperson in the meetings of the trustees.

41. Administration of a Charitable Trust

1. The trustee manager shall perform all acts of management without the approval of the other trustees except where at least one of the trustees submits a written protest concerning any administrative act.

2. Decisions beyond acts of management and those decisions protested to under sub article (1) shall be taken by majority where at least three of the trustees are present.

3. Where opposing notions are supported by an equal number of trustees the final determination shall lie with the chairperson of the meeting.

4. Those who are against a decision taken under sub article (2) and (3) may require that their dissenting opinion be recorded in the minutes.

5. The trustees shall be individually liable for the *ultra vires* acts they take as officers of the trust.

42. Powers of trustees

1. The powers of the trustees on the property which form the object of the charitable trust are those of an owner.

2. The trustees may not, however, alienate immovable property except with the authorization of the Agency, without prejudice to any provision to the contrary in the act of constitution of the charitable trust.

3. Subject to the provisions on small charities the trustees may not alienate the property of a charitable trust by a gratuitous title.
43. Representation of a Charitable Trust

1. The trustee manager shall represent the charitable trust. The trustee manager shall nominate the trustee who shall act in his stead and may also appoint an advocate to represent the charitable trust in any proceedings.

2. The charitable trust shall be liable sued in its own name for juridical acts done by the trustees within their powers.

44. Directions of the Constitutive Instrument

1. The trustee shall conform to the express instructions which he has received from the instrument constituting the charitable trust.

2. Irrespective of the provision of sub-article (1) where the interest of the beneficiary of the charitable trust so requires, the trustee may obtain an authorization from the Agency to depart from such instructions.

45. Remuneration of Trustees

1. A trustee shall not be entitled to remuneration unless a provision about her entitlement to remuneration has been made, by the trust instrument or by any law.

2. Subject to sub-article (1) of this article, a trustee who acts in a professional capacity shall be entitled to receive reasonable remuneration out of the trust funds for any services that he provides to or on behalf of the trust if all the trustees have agreed in writing and approved by the Agency that he may be remunerated for the services.

3. A trustee is however entitled to indemnity for all personal expenses and obligations arising out of the administration of the charitable trust.

46. Liability of Trustees

The trustees shall be liable for the good management of the charitable trust, in accordance with the provisions relating to agency, to the beneficiaries of the charitable trust and where applicable to the persons who are to receive the property at the termination of the charitable trust.
47. **Resignation of a Trustee**

1. A Trustee shall be liable for any consequent loss to the charitable trust where he does not notify the other trustees and the Agency of his intention to resign two months prior to his resignation.

2. A Trustee shall remain liable for the administration of the charitable trust until he hands over the trusteeship.

3. Where a Trustee applies for resignation a new Trustee shall be appointed by the person constituting the trust, by the person on whom such power has been conferred, or in default of any such person, by the Agency. 1 month prior to the expiry of the notice prescribed in subarticle (1).

48. **Attaching Charitable Trusts**

1. The creditors of beneficiaries may in no case attach a charitable trust or any allowance to which a beneficiary is entitled.

2. The creditors of persons who are to receive the property forming the object of the charitable trust at the dissolution of the charitable trust may attach the property of the charitable trust and they may also replace the debtor at the time of termination.

49. **Rights of Beneficiaries.**

1. The beneficiaries may claim from the charitable trust the making over of the interest, which, according to the act of constitution of the charitable trust, is to accrue in their favor.

2. Where their rights are jeopardized, they may apply to the Agency to dismiss the trustee or to compel him to give appropriate guarantees.

3. The beneficiaries of the charitable trust have no right to dispose of or to administer the property forming the object of the charitable trust.

4. Irrespective of the provision of subarticle (3), they may only do those acts which preserve their rights, such as the interruption of a prescription in relation to such property.
5. The beneficiaries may make publications with a view to informing third parties of the fact that certain properties form the object of the charitable trust.

Sub-Section V. Charitable Societies

50. Charitable Society

1. A Charitable Society shall mean a society which is formed for charitable purposes.
2. All appropriate provisions of this proclamation concerning societies and charities shall apply to charitable societies.

Sub-Section VI. Charity Committees

51. Scope of Application

1. This section shall apply exclusively to charity committees.
2. The provisions of the Civil Code dealing with committees shall not be applicable to charity committees.

52. Definition.

A charity committee is a collection 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.

53. Approval of Charity Committees

1. Charities Committees may not collect funds or perform any other activities without acquiring an approval from the Agency.
2. Sub-article (1) of this article shall not apply to activities necessary for the formation of a charity committee.
3. The Agency shall consider articles 73 and 74 when approving a charity committee.
4. Whosoever solicits funds from the public or performs acts other than those allowed under sub article (2) without having received such approval shall be punishable with fine or simple imprisonment or both. Upon conviction, any money or property collected shall be taken by the Agency and given to charitable purposes.
54. Statement of Accounts
1. A charity committee shall submit its annual statement of accounts to the Agency.
2. A charity committee should submit its statement of accounts at its dissolution where the length of time for which the charity committee is formed is not longer than 1 year.

55. Structure of a Charity Committee
1. The decision granting the approval of the charity committee shall specify the particulars of persons who constitute the charity committee and those who shall act as president, treasurer and auditor of the charity committee.
2. It shall specify the purposes of the charity committee and the time within which it has to achieve them.
3. It shall determine where appropriate the manner in which the activities of the charity committee may be carried out and prescribe such measures as are necessary to control the amount and the use of the funds collected by the charity committee. Particulars shall be determined by directives.

56. Liability of Members
1. The members of a charity committee shall be jointly and severally liable for its obligations and debts arising out of its activities.
2. Any donor, member, beneficiary, the Agency or the sector administrator shall have standing for the purpose of sub article (1).

57. Insufficient Fund
1. Where the money or property collected by the charity committee is insufficient to attain the object which the charity committee proposed to achieve, or where achievement of its purpose becomes impossible, such money or property shall have the destination prescribed by the decision which has approved the charity committee.
2. In default of a provision to that effect, the money or property shall be placed at the disposal of the Agency and shall be destined for a similar charitable purpose in accordance with the provisions of this proclamation.
58. Balance

1. Where the money or property collected by the charity committee amounts to more than is necessary for the attainment of the proposed purpose, the balance shall have the destination prescribed by the decision approving the charity committee.

2. In the absence of any provision to that effect, it shall be placed at the disposal of the Agency and shall be destined for a similar charitable purpose in accordance with the provisions of this proclamation.

3. Persons who have given money or property to the charity committee may not take it back.

59. Change into a Charitable Endowment

1. Where under the decision approving the charity committee the money or property collected by the charity committee is to be destined to a specific lasting object, a charitable endowment shall be constituted for the attainment of such object.

2. Where the money or property collected by the charity committee is significantly larger than what is necessary for the attainment of the proposed purpose, the members of a charity committee may seek leave from the Agency and apply to the Agency for registration as a charitable endowment.

SECTION FOUR
SOCIETIES

60. Definition

1. "Society" means any non-profit making civic, religious, mass organization, chambers of commerce and sectorial associations or any association of 10 or more persons, organized for lawful purposes.
2. Notwithstanding sub article (1) of this article, any foreign societies or any society covered by any other law shall not be governed by this proclamation.

3. Notwithstanding sub article (1) of this article, the Agency may register a society whose founding members are not less than five where the Agency is satisfied that the interest of the public so requires.

4. Societies may form a consortium society to coordinate their activities.

61. Legal Personality of Societies

1. Societies shall acquire legal personality upon registration by the agency.

2. Membership in a society shall not be transferred or passed to third parties.

62. Rights and Obligations of Members

1. Any society shall be open to a new member that fulfills the requirements of the society.

2. Any society shall be managed by persons elected through the full participation of all members.

3. Every member of any society shall have equal and one vote.

4. No society may admit or dismiss members except as provided by its rules.

5. 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.

6. Where the society has federal character and nomenclature, its work place and composition of the members shall show the representation of at least five regional states.

7. Ethiopian mass based organizations may actively participate in the process of strengthening democratization and election, particularly in the process of conducting educational seminars on current affairs, understanding the platforms of candidates, observing the electoral process and cooperating with electoral organs.

8. The rules of any society shall be subject to modification by the request of majority members.
63. Structure of Societies

1. The organizational structure of any society shall be determined by its rules.

2. Notwithstanding sub article (1) of this article, no society may be organized without a General Assembly, executive organ and an auditor.

3. An auditor shall not assume the position of executive organ.

4. Where the provisions of this section concerning the General Assembly of religious societies are incompatible with the religious faith, they may be substituted by acceptable structure upon notification to the Agency and obtaining permission.

64. Powers and Duties of the General Assembly

1. The General Assembly shall in accordance with relevant laws and the rules of the society:
   a. Enact and amend the rules of the society;
   b. appoint and dismiss the auditor of the society and decide on his remuneration;
   c. decide on the change of the head office, opening of branches and dissolution of the society;
   d. approve the report on the activities of the society, audit report and annual budget;
   e. decide on policy and strategy matters of the society;
   f. Perform other functions given to it by the rules of the society.

2. It shall decide on all matters concerning the society which do not fall within the powers and duties of other organs of the society.

65. Dissents from the Resolutions of the General Assembly

1. Any member of the society who has dissenting opinion may record his opinion separately in the minutes.

2. Any member of the society may apply to the Agency where he believes that the decisions taken by the General Assembly contravenes the law the land, the rules of the society or other relevant laws.
66. Meetings of the General Assembly

1. The meetings of the General Assembly shall be held as is provided for in the rules of the society.
2. Where the chairperson of the assembly fails to convene the meeting of the General Assembly in accordance with Sub-article (1) of this Article, the Agency may, upon request of one or more members or officers of the society convene the meeting of the General Assembly through the Chairperson or by its own.
3. Where the meeting of the General Assembly was convened in accordance with sub-article (2) of this Article, the Agency may where appropriate nominate a Chairperson of the general meeting.
4. The chairperson of the general assembly shall give an accessible notice for the purpose of calling meetings.
5. A quorum of the society shall be as is provided for in its rules. Failing such provision a simple majority of the assembly shall constitute a quorum. The rules may not however provide that the quorum can be constituted by less than 50% of the members. Where the quorum is not fulfilled for two consequent meetings the quorum shall be deemed to have been fulfilled on the third such meeting despite there not being a 50% presence upon the decision of the Agency.
6. Decisions of the General Assembly shall be taken by simple majority. In case of a tie, the Chairperson shall have a casting vote. The meetings procedures of the society shall at all times conform to democratic principles.
7. A decision not relating to the items on the agenda of the General Assembly shall be of no effect.

67. Powers and Duties of the Auditor

1. The auditor shall have the following powers and functions:
   a. monitor the financial and proprietary administration of the society,
   b. prepare the internal audit report of the society in accordance with standards acceptable in Ethiopia.
68. Information about Members

1. The officers of the society shall record and keep the particulars of its members and furnish the same to the Agency upon request.

2. The society shall however submit a list of its members to the Agency with the particulars determined under sub article (4).

3. Where the number of the members has fallen below 10, the society shall submit a list of new members to the Agency with the particulars determined under sub article (4).

4. The Agency shall by directives determine the particular information required from societies.

5. Whosoever fails to fulfill the requirements under sub articles (1)-(3) shall, without prejudice to the provisions of the Criminal Code, be liable to administrative penalties.

SECTION FIVE

FORMATION, LICENSING AND REGISTRATION OF CHARITIES AND SOCIETIES

Sub-Section 1. Formation Of Charities And Societies

69. Formation

1. Charities and societies shall be deemed to be formed when they fulfill the minimum number of founders and other requirements set forth in this law.

2. Any charity or society shall apply for registration within three month of its formation.

3. Irrespective of the provisions of sub-article (2) of this article, the Agency may allow a charity or society to apply for registration not more than three months where good cause has been shown.
70. Effects of Formation

1. Merely formed Charities and societies shall have no legal personality.
2. Upon registering and thus acquiring legal personality, the rights and duties of the charity or society formed shall accrue to the registered charity or society.
3. Charities and societies may not solicit money and property exceeding fifty thousand birr before its registration.
4. Any founder of charities or societies formed who contravenes sub-article (3) of this article shall, with out prejudice to the provisions of the Criminal Code, be liable to administrative measures to be imposed by the Agency.
5. Failure to register within the prescribed period shall be a ground for cessation of the formed charity or society.

71. Powers and Functions of Sector Administrators

1. Provides necessary support to the agency in the process of license and registration of charities.
2. Assign professional who evaluate and recommend on the charities and societies programs and projects.
3. Supervise and control their operational activities and take measures according to laws establishing it.
4. A sector administrator taking measure by virtue of this article shall notify the agency of such measures within seven working days.
5. Develop criteria of licensing and registration of charities and societies to be followed by the agency which shall assure the maximum benefits of the public.

72. Sector Administrators

1. In this proclamation the following Ministries shall be deemed as a sector administrator:
   1. Ministry of Education;
3. Ministry of Finance and Economic Development;
4. Ministry of Health,
5. Ministry of Water Resources,
6. Ministry of Youth and Sports;
7. Ministry of Women’s Affairs;
8. Ministry of Culture and Tourism;
9. Ministry of Labor and Social Affairs;
10. Ministry of Transport and Communications;
11. Ministry of Foreign Affairs; and
12. Ministry of Justice;

2. For the purposes of this proclamation the Agency shall be a sector administrator for charities or societies that do not fall under any sector administrator or fall under more than one sector administrator.

3. Any sector administrator may delegate powers and functions given to it under this proclamation to the relevant organs of federal government accountable to it.

4. Notwithstanding sub article (1) of this article, the Ministry may designate such other government organs as a sector administrator.

Sub-Section II. Registration of Charities and Societies

73. Registration

1. Subject to article 74 the Agency shall, upon application and after ensuring the fulfillment of the requirements stipulated under this proclamation, register the applicants as a charity or a society and issue a certificate of legal personality.

2. An application for registration under this article shall be accompanied by:
   a. the prescribed fee for the purposes of registration;
   b. a copy of the rules of the charity or the society and where applicable a document showing the act of constituting of a trust or endowment;
c. a declaration in such form as the Agency may require as to the object, purpose and activity of the charity or society;
d. a declaration to the effect that the charity shall spend more than 70 percent of its assets on charitable purposes;
e. where necessary operational project; and
f. such similar documents and duly completed forms as the Agency may require.

3. In addition to the requirements set forth under sub article (2) charities that are established abroad shall present:

a. A duly authenticated certificate of registration from its country of origin or where the law of country of origin does not provide for such certificate any authenticated document showing that the charity has been constituted or formed under the foreign law;
b. proof of the decision of its competent organ to operate in Ethiopia;
c. A recommendation by the Embassy in which the charity is incorporated or by a competent Government organ in that country.
d. a letter of recommendation from the Ministry of Foreign Affairs of the Federal Democratic Republic of Ethiopia;
e. power of attorney of the country representative;

4. The amount of registration fees and other payments shall be determined by the Council of Ministers regulations.

5. The Agency shall, by notification in the Gazette, publish the list of charities and societies registered under this proclamation.

74. Refusal of Application for Registration

1. The Agency shall refuse to register a charity or society where one of the following reasons
a. the rules of the proposed charity or society are insufficient to provide for its proper management and control;

b. the proposed charity or society is likely to be used for unlawful purposes or for purposes prejudicial to public peace, welfare or good order in Ethiopia;

c. the Agency does not have jurisdiction to register the applicant;

d. the application for registration does not comply with the provisions of this law or any regulations made hereunder;

e. where it is a foreign society,

2. Notwithstanding sub article (c) of this article, the Minister and the Minister of the concerned sector administrator may in exceptional circumstances allow foreign nationals to form a society.

3. The agency may refuse to register a charity or society where one of the following reasons occur:

a. it is satisfied that the proposed charity or society is a branch of or is affiliated to or connected with any charity or society which has been dissolved under article 105 or under any previous law relating to charity or societies or which has been previously refused registration;

b. a dispute exists among the members of the proposed charity or society as to the persons who are to be officers or to hold or to administer any property of the charity or society; or

c. Where the founding members or officers are related by consanguinity or affinity and such relation may in the opinion of the Agency cause the use of the proposed charity or society for personal gain.
d. it appears to it that the name under which the proposed charity or society to be registered has a denotation that is different from its purposes and is misleading or resembles the name of another charity or society or is for any other reason likely to mislead members of the public or other charities and societies or is in the opinion of the Agency undesirable, immoral or illegal.

c. Where the nomenclature the society show country wide and its work place as well as composition of the members do not show the representation of at least five regional states.

f. it appears to it that it is unlikely that the proposed charity or society will achieve its purposes by virtue of its rules, insufficiency of its funds or any other reason.

4. Any person who is or may be affected by the registration of a charity or society may object to its being registered or to any entry in the register.

75. Persons who shall not Act as Officers

1. No person shall act as an officer of a charity or society or a branch thereof if that person:
   a. has been convicted of a crime that involves fraud or other crimes that involve dishonest acts;
   b. has been convicted of any crime as a result of which she has been deprived of her civil rights and her civil rights have not yet been restored;
   c. is prohibited from assuming such office by virtue of article 104 (1); or
   d. has been judicially interdicted.

2. Whosoever acts in contravention sub article (1) except those under 1 (d) shall be punishable with fine or simple imprisonment or both, unless the criminal code prescribe greater penalty.
76. Register of Charities and Societies

1. The Agency shall keep a register of charities and societies in which shall be entered such particulars as it may from time to time determine of any charities and societies registered therein.

2. A copy of or extract from any such document certified to be a true copy or extract under the signature of the Director of the Agency and seal of the Agency shall be admissible in evidence in any proceedings.

3. The register of charities and societies may be prepared and kept in such manner as the Agency may think fit, including in electronic form.

77. Branch of a Charity or a Society

1. No charity or society may establish a branch without the prior approval of the Agency.

2. The Agency may refuse to approve the establishment of a branch of the a charity or society if:
   a. the rules of the charity or society do not provide for the establishment of a branch of the charity or society; or
   b. the powers of the branch of the charity or society are such as to make it an independent charity or society not adequately under the control of the charity or society.

3. Where a charity or society establishes a branch without the prior approval of the Agency the branch so established shall be deemed to be an unlawful charity or society as defined in article 82 of this proclamation.

78. Change of Name, Place of Business or Rules

1. No charity or society shall change its name, place of business or amend its rules, without the prior written approval of the Agency.
2. If a charity or society fails to comply with the requirement of sub-article (1), the charity or society and every officer of the charity or society shall, without prejudice to the provisions of the Criminal Code, be liable to administrative penalty to be determined by regulations.

79. Power of Agency to Require Change of Name or Rules

1. The Agency may give a direction requiring the name of the charity or society to be changed, within such period as is specified in the direction, to such other name as the officers may determine with the approval of the Agency.

2. Sub article (1) shall apply to a charity or society if:
   a. its name is the same as, or is in the opinion of the Agency too similar, at the time when the registered name was entered, to any other charity or society;
   b. the name of the charity or society is in the opinion of the Agency likely to mislead the public as to the nature of the purposes specified in its rules;
   c. Where nature and nomenclature of the charity or society show federal character and its place of operation and the composition of its members does not reflect the same;
   d. the name of the charity or society is in the opinion of the Agency likely to give the impression that the charity or society is connected in some way with the Government or any government organ. or with any other body of persons or any individual, when it is not so connected;
   e. the name of the charity or society is in the opinion of the Agency contrary to law or morality.

3. Where the name of any charity or society is changed under this article, the charity or society shall notify the Agency, within 15 days after such change or such longer period as the Agency may, in its discretion, allow of the new name of the charity or society and of the date on which the change occurred.
4. A change of name by a charity or society under this article shall not affect any rights or obligations of the charity or society; and any legal proceedings that might have been continued or commenced by or against it in its former name may be continued or commenced by or against it in its new name.

5. The Agency may, at any time, order any charity or society to amend its rules, if the Agency is of the opinion that the rules of the society, if unchanged, would be contrary to national interest or prejudicial to the public peace, welfare or good order of Ethiopia.

6. If a charity or society fails to comply with any notice given under this section, the charity or society and every officer of that charity or society shall, with out prejudice to the provisions of the Criminal Code, be liable to administrative measures to be determined by regulations.

80. Use of Symbols

1. No charity or society shall use any flag, emblem, badge or any other symbol without the approval of the Agency.

2. The Agency shall consider the criteria for registration in considering the approval of such symbols mentioned under sub-article (1).

3. Where a charity or society uses such symbols in contravention of sub article (1), the charity or society and its officers shall, with out prejudice to the provisions of the Criminal Code, be liable to administrative measures to be determined by regulations and imposed by the Agency.

81. Display of Certificate, Name and Symbols

1. Every charity or society shall keep its certificate of registration in its head office and copy thereof in its branches in a place that is visible to any visitor.
2. Where a charity or society uses an advertisement board it shall affix on such board those particulars as are determined by the directives of the Agency.

3. Whosoever fails to fulfill the requirements under sub articles (1) and (2) of this article shall be liable to administrative measures to be determined by regulations and imposed by the Agency.

82. Unlawful Charities and Societies

1. Any person or group of persons acting as a charity or society while not being registered within the time limit prescribed by this Proclamation shall be deemed to have formed and participated in an unlawful charity or society.

2. Any person who participates in the management of any unlawful charity or society shall be punishable with a fine not exceeding Birr 10,000.00 or to simple imprisonment for a term not exceeding 5 years or both unless the criminal code prescribes greater penalty.

3. Any person who is or acts as a member of an unlawful charity or society, or attends a meeting of an unlawful charity or society, shall be punishable with a fine not exceeding Birr 5,000 or to simple imprisonment for a term not exceeding 2 years or to both unless the criminal code prescribes greater penalty.

4. Whosoever provides funds to an unlawful charity or society whether as a donation or a subscription or membership fee or in any other way shall be punishable as an accomplice.

83. Conducting Unlawful Assembly in Premises

Whosoever knowingly allows a meeting of an unlawful charity or society, or of members of an unlawful charity or society to be held in any house, building or place belonging to or occupied by her or over which she has control, shall be punishable to a fine not exceeding Birr 5,000.00 or to simple imprisonment for a term not exceeding 2 years or to both unless the criminal code prescribes greater penalty.
84. Procuring Subscription Or Aid For Unlawful Charity Or Society

Any person who procures or attempts to procure from any other person any subscription or aid for the purposes of an unlawful charity or society shall be punishable to a fine not exceeding Birr 5,000.00 or to simple imprisonment for a term not exceeding 2 years or to both unless the criminal code prescribes greater penalty.

85. Disseminating Information about Unlawful Charity or Society

Any person who prints, publishes, displays, sells or exposes for sale, or transmits information through the post or in any other electronic media, in the interests of an unlawful charity or society shall be punishable a fine not exceeding Birr 5,000 or to simple imprisonment for a term not exceeding 2 years or to both unless the criminal code prescribes greater penalty, and any book, periodical, pamphlet, poster, newspaper, letter or any other document or writing in respect of which the person is convicted shall be confiscated.

86. Renewal of License and Registration Certificate

1. The license certificate of charities and societies shall be renewed every year.
2. The application for the renewal of the license shall be made not later than two months after the expiry date mentioned on the certificate.
3. The sector administrator shall renew the registration having ensured that the performance and audit reports of the charities or societies are complete and accurate.
4. The amount of fees and related payments required for renewal shall be determined by the Council of Ministers regulation.
5. The license of a charity shall not be renewed where it is found that it has not expended for two consecutive financial years more than 70 percent costs for its constitutive purposes and does not furnish any evidence showing good cause.
6. The government may give incentives to those charities and societies that allocate 80 per cent of their expenditures to charitable purposes.
SECTION SEVEN
CHARITY AND SOCIETY ACCOUNTS AND REPORTS

87. Duty to Keep Accounting Records

1. The officers of a charity or society shall ensure that accounting records are kept in respect of the charity or society which are sufficient to show and explain all the transactions and disclose at any time.

2. The accounting records shall, in particular, contain entries showing from day to day all sums of money received and expended by the charity or society, and the matters in respect of which the receipt and expenditure takes place; and record of the assets and liabilities of the charity or society.

3. Charities and societies may not receive anonymous donations and shall at all times keep records that clearly indicate the identity of donors.

4. The officers of a charity or society shall preserve any accounting records made for the purposes of this article for at least 5 years from the end of the financial year of the charity or society in which they are made.

5. Unless the Agency consents in writing to the records being destroyed or otherwise disposed of, where a charity or society ceases to exist within the period of 5 years mentioned in sub article (4) as it applies to any accounting records, the obligation to preserve those records in accordance with that sub article shall continue to be discharged by the last officers of the charity or society.

88. Annual Statements of Accounts

1. Any charity or society shall submit to the Agency an annual statement of accounts prepared in accordance with acceptable standards.

2. Notwithstanding sub article (1) of this article, charities and societies whose annual flow of funds does not exceed Birr 50,000.00 the statement of accounts may choose to prepare a statement of receipts and payments account and a statement of assets and liabilities.
3. The officers of a charity or society shall preserve any statement of accounts and related documents prepared under sub article (1) and (2) of this article for at least 5 years from the end of the financial year.

89. Annual Examination of Accounts

1. Any charity's or society's account shall be examined annually by a certified auditor or internal auditor or an auditor designated by the agency.

2. Any charity or society shall be audited by an external auditor where its annual gross income immediately preceding the specified budget year is more than Birr 100,000.00.

3. Notwithstanding sub article (2) of this article, examination of account may be conducted by an external or internal auditor or an auditor designated by the Agency any time according to the directives issued by the minister.

4. Where it appears to the Agency that the account of a charity or society is not audited within three months from the end of that year or to be audited by a certified external auditor, the agency may appoint an auditor.

5. In accordance with sub article (4) of this article, the expenses of any audit carried out by an auditor appointed by the Agency shall be paid by the charity or society concerned, or where at faults the officers of the charity or society.

90. Annual Report

1. The officers of a charity or society shall prepare and transmit to the Agency in respect of each financial year of the charity or society an annual report on the major activities and relevant information regarding the charity or society.

2. The annual report required being prepared under sub article (1) of this article in respect of financial year of a charity or society shall be transmitted to the Agency within three months from the end of that financial year or within such period as the Agency may specify for any special reason require.
3. Every such annual report shall have attached to it the statement of accounts and statement and recommendation so prepared by any auditor.

4. Any Charity or society or any officer who fails to fulfill its duties under this article shall be liable to administrative penalties to be determined by regulations.

91. Disclosure of Annual Report
Any annual report or other document kept by the Agency, when requested by a concerned body, may be made open to the public at any reasonable time if the agency or the sector administrator or the charity and society so decide.

92. Reporting to Other Persons
1. Nothing in this part shall prohibit the rules of a charity or society from requiring that books of account, audit reports and annual reports be submitted to persons or organizations in addition to which reports are made under this part.

2. The rules of a charity or society may in particular make provisions for reporting to persons constituting an endowment or trust, to beneficiaries of the charity, to donors of the charity or to members of a society.

93. Notification of Bank Accounts
1. The officers of a charity or society shall report to the Agency periodically about all the bank accounts of the charity or society with necessary particulars.

2. Any Charity or society or any officer who fails to fulfill its duties under this article shall be liable to administrative penalties. Particulars shall be determined by the council of ministers regulation.
SECTION EIGHT

SUPERVISION OF CHARITIES AND SOCIETIES

94. Power to Institute Inquiries

1. The Agency may from time to time institute inquiries with regard to charities or societies or a particular charity or society or class of charities or societies, either generally or for particular purposes.

2. For the purposes of any such inquiry, the Agency may by order require any charity or society or an officer or employee thereof:
   a. to furnish accounts and statements in writing with respect to any matter in question at the inquiry, being a matter on which that person has or can reasonably obtain information, or to return answers in writing to any questions or inquiries addressed to him on any such matter;
   b. to furnish copies of documents in his custody or under his control which relate to any matter in question at the inquiry;
   c. to attend at a specified time and place and give evidence or produce documents.

3. The Agency may use, for the purpose of the inquiry, any source of information including reports from the public, reports from government agencies and the reports of charities and societies themselves.

4. Any person who fails to comply with any requirement specified in the order made under sub-article (2) shall be liable to administrative penalties to be determined by regulations and imposed by the Agency.

5. With our prejudice to the provisions of the Criminal Code, any person who willfully alters, suppresses, conceals or destroys any document which she may be required to produce under this article, shall be liable to administrative penalties to be determined by regulations.
95. Power to Cause the Production of Documents and Search Records

1. The Agency may, for the purpose of discharging its functions under this Proclamation, by order, require any charity or society or an officer or employee thereof:
   a. to furnish orally or in writing to the Agency with any information in her possession which relates to any charity or society; or
   b. to furnish the Agency with a copy of or extract from the document; or
   c. to transmit the document itself to the Agency for its inspection unless the document forms part of the records or other documents of a court or public authority.

2. The Agency shall be entitled without payment to keep any copy or extract furnished to it under sub article (1).

96. Notification of Meetings

1. Any society shall notify the Agency in writing of the time and place of any meeting of the General Assembly of the society not later than 7 working days prior to such meeting.

2. Any charity or society that contravenes this article shall be liable to administrative penalty to be determined by regulations.

97. Power to Enter Place Kept as Place of Meeting or Business

1. The Agency, a sector administrator or any police officer authorized in writing by the Agency or sector administrator may at any reasonable time enter any place which it or he has reason to believe is kept or used by any charity or society or any of its members as a place of meeting or business or may take part in any meeting of a charity or society.

2. Any person exercising the power vested under this article shall furnish the charity or society whose place of meeting or business is being entered a letter from the authority authorizing entry.
3. Such person shall carry an official identification document revealing the identity and authority of the person whenever she is exercising her powers and shall furnish the same whenever requested.

98. Supply of False or Misleading Information

1. Any person who intentionally or negligently provides the Agency or a sector administrator with information, which is false or misleading, shall be punishable with fine not less than birr 5000.00 or simple imprisonment or both, unless the criminal code prescribe greater penalty.

2. Any person who willfully alters, suppresses, conceals or destroys any document, which he is or is liable, to be required, by this Proclamation, to produce to the Agency or a sector administrator shall be punishable with fine not less than birr 5000.00 or simple imprisonment or both, unless the criminal code prescribe greater penalty.

99. Coordination of Charitable Activities

A sector administrator may make arrangements, with charities for coordinated efforts towards the achievement of the common goals of the charities and the said sector administrator.

100. Disclosure of Information

Subject to any express restriction imposed under any other law, any person may disclose to the Agency or to any sector administrator any information received by him for the purpose of enabling or assisting the Agency or the sector administrator to discharge its functions.

101. Power to Oversee the Administrative Costs

1. Any Charity shall employ competent persons who perform its objectives and spend not more than 30 percent of its total asset annually for administrative costs.

2. The Agency or any sector administrator may make recommendations or orders that it deems fit under sub article (1) and follow up the implementation of such recommendations or orders.
102. Employment of Expatriates

1. Charities and societies shall not employ expatriates unless such employment is justified by the nature of the work and the qualification of the expatriate.

2. The issuance of work permits to foreign employees shall be administered by the competent organ of the government.

3. Any charity or society that contravenes the provisions of sub article (1) and (2) of this article shall be liable to simple imprisonment or fine unless the criminal code prescribes a more severe penalty.

103. Protection of Property

1. Where, at any time the Agency has upon an inquiry or investigation with respect to any charity or society and is satisfied that there is or has been any misconduct or mismanagement in the administration of the charity or society and where it is necessary to act for the purpose of protecting the property of the charity or society the Agency may take the following measures.
   a. by order remove or suspend any officer or agent of the charity or society who has been responsible for or privy to the misconduct or mismanagement or has by his conduct contributed to it or facilitated it;
   b. by order establish a scheme for the administration of the charity or society;
   c. Notwithstanding anything in the rules of the charity or society, by order restrict the transactions which may be entered into, or the nature or amount of the payments which may be made, in the administration of the charity or society without its approval;
   d. by order appoint such number of additional officers as the Agency considers necessary for the proper administration of the charity or the
104. Removal and Replacement of Officers

1. The Agency may remove or suspend an officer or an agent by order where the officer or agent:
   a. has been convicted of an offence involving dishonesty, fraud or moral turpitude;
   b. is a charity or society in liquidation;
   c. is incapable of acting by reason of incapacity within the meaning of the Civil Code of Ethiopia or any other applicable law of Ethiopia;
   d. has not acted, and will not declare him willingness or unwillingness to act; or
   e. is outside Ethiopia or cannot be found and his absence impedes the proper administration of the charity or society.

2. The Agency may by order appoint a person to be an officer or an agent:
   a. in place of an officer removed by it under this article or otherwise,
   b. where there are no officers or agents or where by reason of vacancies in their number or the absence or incapacity of any of their number the charity or the society cannot apply for the appointment.

   e. order any person who holds any property on behalf of the charity or the society or any debtor, not to part with the property or not to pay his debt without the approval of the Agency;

f. Appoint, in accordance with article 104, a receiver and manager in respect of the property and affairs of the charity or the society.

2. Notwithstanding the provisions of this article the Agency shall protect charities and societies from the interference of any person in their work.

3. Any person who contravenes an order under sub article (1) (c), (e) or (f) shall be punishable with fine or simple imprisonment or both, unless the criminal code prescribe greater penalty.
3. The powers of the Agency under this article to remove or appoint officers, agents or employees shall include power to make any such order with respect to the vesting in or transfer to the charity trustees of any property.

105. Cancellation of a Charity or Society.

A charity or society shall be dissolved on the following grounds:

a. has run its course according to its rules or attained the purposes for which it has been formed;

b. the charity or society has been used for unlawful purposes or for purposes prejudicial to public peace, welfare or security of Ethiopia;

c. its registration has been procured by fraud or misrepresentation;

d. the Agency or any Sector Administrator has determined that the continued registration of the institution as a charity or society is contrary to the public or national interest.

e. the rules of any charity or society are or have been inadequate for its proper management and control and the charity or society has failed without reasonable cause to amend its rules within 3 months of, and in accordance with, a direction from Agency to amend its rules for those purposes;

f. there is a single officer and the Agency is of the opinion that it is necessary to increase the number for the proper administration of the charity or the society; or

g. Where the Agency is of the opinion that it is necessary for the proper administration of the charity or the society to have an additional officer, because one of the existing officers who ought nevertheless to remain an officer cannot be found or does not act or is outside Ethiopia.
106. Dissolution of Charities or Societies by the Court

The Federal High Court may dissolve a charity or society on the following grounds:

1. Where the decision of the agency under article 105 of this proclamation is no
   reversed by any reason;

2. The charity or society has contravened any criminal laws and such law requires its
dissolution;

3. The charity or society has become insolvent.

107. Consequences dissolution

1. Upon the making of an order or decision of dissolution against any charity or
society:

   a. The property of the charity or society shall forthwith vest in the liquidator
      appointed for the purpose of winding up in the dissolution order or decision;

   b. The liquidator or their other officer shall proceed to wind up the affairs of
      the charity or society and, after satisfying and providing for all debts and
      liabilities of the charity or society and the costs of winding up, shall
      transfer the surplus assets, if any, of the charity or society to a charity or
      society with a similar purpose or to any charity or society by the order of
      agency.
2. The agency or the court may appoint the officers of a charity or society as a liquidator for the charities and societies dissolved.

3. Under this article the "liquidator" shall mean any person authorized by the Agency or the court to administer a charity or society.

SECTION NINE
Application of Property Cy-près

108. Conditions for Applying Property Cy-près

1. The circumstances in which the original purposes of a charitable gift can be altered to allow the property given or part of it to be applied cy-près shall be as follows:

   a. where the original purposes, in whole or in part have been fulfilled or cannot be fulfilled;
   b. where the original purposes provide a use for part only of the property available by virtue of the gift;
   c. where the property available by virtue of the gift and other property applicable for similar purposes can be more effectively used in conjunction and to that end can suitably, regard being had to the spirit of the gift, be made applicable to common purposes;

2. An act of endowment or trust for charitable purposes places the concerned officers under a duty, where the circumstances require the property or some part of it to be applied cy-près, to secure its effective use for charity by taking steps to enable it to be so applied.

3. The competent officers of a charity may take the actions provided for in sub article (1) of this article only by a two thirds majority decision.

4. This article shall apply to property given for charitable purposes, notwithstanding that it was so given before the effective date of this Proclamation.
5. The provisions of this article shall apply only upon the prior approval of the Agency.

109. Special Provisions to Small Charities and Societies

1. Where the gross income of a charity in its last financial year does not exceed Birr 50,000.00 and it does not possess trusts or endowments which stipulate to be used for the purpose of the charity the competent organs of the charity may take one of the following actions:
   a. that all the property of the charity should be transferred to such other charity;
   b. that all the property of the charity should be divided between such two or more other charities;
   c. that the rules of the charity should be modified by replacing all or any of the purposes of the charity with such other purposes, being in law charitable;

2. Any action taken under sub-article (1) of this article must be passed by two-thirds of its trustees or board members.

3. The provisions of this article shall apply only upon the prior approval of the Agency.

4. Notwithstanding sub article 1 of this article the Agency may determine that the provisions of sub article 1 (a)-(c) be employed.

SECTION TEN

PUBLIC COLLECTIONS

110. Application for Public Collection

1. No charity or society may conduct any public collection unless permit is granted by the Agency.

2. The permit given under this article shall specify the public collection purpose, registration, place and any other criteria set forth by the agency.
3. Any charity or society which contravenes sub article (1) of this article shall be punishable with fine or simple imprisonment or both. Any money or property collected shall be taken by the Agency and applied to the purpose a similar charity or society.

111. Decision on Application

1. On receiving an application for public collections permit the Agency may make such inquiries as it deems fit and determine whether to issue or refuse a permit with or without conditions.

2. Where the Agency refuses to issue a permit or attaches any condition to the permit, it must serve on the applicant written notice of its decision and the reasons for its decision.

112. Grounds for Refusal of Public Collections Permit

1. The Agency may refuse to permit a public collection on the following grounds:
   a. where the applicant has previously been found to be guilty of contravening article 113 (2) of this proclamation.
   b. any information provided by the applicant is false, misleading or inaccurate.

2. The Agency may by directives prescribe such other grounds for the refusal of public collections as it deems fit.

113. Prohibition or Restriction of Public Collections

1. Notwithstanding any permit granted under article 111, the Agency may, at any time stop or restrict the conduct of any public collection, if it is satisfied:
   a. that any public collection conducted by the charity or society has not been conducted in good faith for charitable purposes or for the purposes of the society;

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[Signature]
b. that any of the persons who have conducted a public collection, or any persons associated with any such appeal, are not fit and proper persons to administer, or to be associated with, a public collection for charitable purposes or for the purposes of the society;
c. that any public collection has been improperly administered;
d. that, in connection with any public collection conducted, the provisions any law or the conditions imposed by the Agency were not complied with; or
e. that, in the public interest, the public collection should not be conducted.

2. Any charity, society or person who conducts any public collection in contravention of any order made by the Agency under sub article (1) of this article shall be punishable with fine or simple imprisonment or both, unless the criminal code prescribe greater penalty, and upon conviction, any money or property collected shall be taken by the Agency and given to charitable purposes.

SECTION ELEVEN

Income Tax

114. Exemption from Income tax

1. Subject to this article, charities shall be exempt from income tax.
2. Notwithstanding sub article (1) of this article, income derived from activities stated under article 115 of this proclamation shall not be exempt from income tax. Particulars shall be implemented in accordance with tax laws.
3. Societies shall be exempt from income taxes only to the extent of their members' contributions.
115. Income Generating Activities

1. Charities or societies may, upon a written approval of the Agency, engage in income generating activities that are incidental to the achievement of their purposes and the proceeds of which shall not be distributed among the members or beneficiaries of the charity and are used to further the charitable purpose for which the charity was licensed to operate.

2. A charity or a society that undertakes income generating activities shall keep separate books of account with respect of such activities.

3. Where a charity is found to have distributed its profits or should it fail to keep separate books of account:
   a. The Agency may decide to cancel it as per article 105 of this proclamation;
   b. Persons responsible for such acts shall be liable to punishment with fine or simple imprisonment or both, unless the criminal code prescribe greater penalty.

4. Nothing in this proclamation shall affect the requirements and procedures laid down in any other laws concerning the registration and licensing requirements for activities related to trade, investment or any profit making activities.

Section Twelve
Miscellaneous Provisions

116. Criminal Acts

1. Charities and Societies shall not act beyond the limits set by this law and their respective constitutive rules.

2. Any charity, society or person who contravenes any of the prohibitions of this article shall be punishable with fine or simple imprisonment or both.
117. Penalties and Administrative Measures

1. The offenses prescribed under this proclamation shall be applicable to charities and societies where the offence can be ascribed to such charity or society because the offense was committed by an officer or employee in connection with the activity of the charity or society and with the intent of promoting its interest or by violating its legal duty or by unduly using it as a means.

2. The punishment of the charity or society shall not exclude the penalty to be imposed on its officers or employees for their personal criminal guilt.

3. Administrative measures prescribed in this proclamation shall be applicable on officers of charities or societies in addition to the charity or society.

118. Claims and Appeals

1. The agency shall decide over the claims made to it in relation to its activities within a reasonably short time.

2. A charity or society or any person aggrieved by any decision of the agency may appeal to the minister within fifteen days from the date of decision. The decision of the minister is final.

3. Notwithstanding sub article (3) of this article, Ethiopian charity or society or Ethiopians aggrieved by the decision of the minister may appeal to the federal high court on questions of law within 15 days from the date of his decision.

4. Any charity or society in the process appeal, where it is relation to registration or cancellation shall be deemed not registered or cancelled until final decision is rendered by the concerned authority.

119. Investigation and Prosecution of Offences

5. Investigations and prosecution in respect of any offence under this Proclamation or any regulations made hereunder may be conducted means authorized in accordance with the criminal procedure code.
2. Notwithstanding sub article (1) of this article, the agency shall collect and organize any evidence necessary for criminal prosecution and submit the same to the appropriate authority.

120. Merger
1. Two or more charities or societies may merge into one under a new name or under the name of one of the former charity or society in accordance with relevant laws and in accordance with their rules. The rights and obligations of the former charities or societies shall be transferred to the newly formed organization.

2. The newly established charity or society shall get license from the competent sector administrator and be registered anew and obtain a certificate of legal personality upon registration.

121. Division
1. A charity or society may be divided into two or more organizations where its constitutive document allows and its competent organs so determine.

2. The extent of the rights to be transferred shall be determined pursuant to the agreement made by the competent organ of the charity or society while the divided charities or societies shall bear the obligations jointly.

3. The existence of the former charity or society shall cease at the time when the certificates of registration are issued to the new charities or societies and division of property is completed.

4. The Agency may allow one of the new charities or societies to retain the name of the previous charity or society where the retention of such name is agreed upon by all the new charities or societies.

122. Power to Make Regulations
The Council of Ministers may make regulations for giving effect to this Proclamation.
123. **Inapplicable Laws**

Any laws and practices contrary to this Proclamation are hereby repealed.

124. **Transitional Provisions**

1. Any right or duty arising under any provision of the repealed laws shall continue unless it contravenes this proclamation.

2. All charities and societies previously registered shall re-register with the Agency within one year of the coming into effect of this proclamation.

125. **Effective Date**

This proclamation shall enter into force on the date of its publication in the Federal Negarit Gazzeta.

Girma W/giorgis
President of the federal Democratic
Republic of Ethiopia