

**WHEREAS**, it is found necessary to enact a law in order to ensure the realization of citizens' right to association enshrined in the Constitution of the Federal Democratic Republic of Ethiopia;

**WHEREAS**, it is found essential 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 "Charities and Societies Proclamation No. \_\_\_/2008."

**2. Definition**

In this Proclamation, unless the context requires otherwise:

1. "Budget Year" shall mean the period from Hamle 1 to Sene 30 (E.C) or from January to 31' of December (G.C);
2. "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;
3. "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 whom all dwell in Ethiopia and who receive more than 10% of their funds from foreign country sources;
4. "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 country sources;
5. "Mass-Based Societies" shall include professional associations, women's associations, youth associations and other similar Ethiopian societies.

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 day to day administration of a Charity or Society;
8. "Person" shall mean any physical or juridical person;
9. "Place of Work" shall mean the place where a person's records and books of account are kept or the place where a person conducts work;
10. "Public Collection" shall mean 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 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 a Federal Executive Office designated as such in accordance with Article 67 of this Proclamation;
13. "State" shall mean a State specified under Article 47 of the Constitution of the Federal Democratic Republic of Ethiopia as a member state of the Federal Democratic Republic of Ethiopia.
14. Administrative costs shall mean those costs incurred for emoluments, allowances, benefits, purchasing goods and services, travelling and entertainments necessary for the administrative activities of a Charity or society.
15. "Income from Foreign source" means 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.

### **3. Scope of Application**

1. This proclamation shall be applicable to:
  - a) Charities or Societies that operate in more than one regional state;
  - b) Foreign Charities and Ethiopian Resident Charities and Societies even if they operate only in one regional state;

- c) Charities or Societies operating in the City Administration of Addis Ababa or Dire-Dawa.
2. This proclamation shall not be applicable to:
  - a) religious organizations;
  - b) International or foreign organizations operating in Ethiopia by virtue of an agreement with the Government of The Federal Democratic Republic of Ethiopia.
  - c) "Edir", "Ekub" and other similar cultural or religious associations.
  - d) Societies governed by other laws.

## SECTION TWO CHARITIES AND SOCIETIES AGENCY

### 4. ***Establishment***

1. The Charities and Societies Agency (hereinafter referred to as the "Agency") is hereby established by this Proclamation with its own legal personality and as an institution of the Federal Government
2. The Agency shall be accountable to the Ministry.

### 5. ***Objectives of the Agency***

The Agency shall have the following objectives:

1. to enable and encourage Charities and Societies to develop and achieve their purposes in accordance with the law;
2. to treat a situation in which the operation of Charities and Societies is transparent and accountable;
3. to ensure that Charities and Societies operate legally.

### 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 proclamation;
  - b) To encourage Charities and Societies to have better administration;
  - c) Collect, analyze and disseminate information that has connection with its powers and functions;
  - d) Publish and distribute information about the registration of Charities and Societies in the Gazette;
  - e) Organize consultative fora for governmental organs and Charities and Societies;

- f) To make proposals to the Ministry on matters relating to meeting its objectives;
  - g) Take decisions, in cooperation with the concerned Sector Administrator, on the application of Charities and Societies for registration and license;
  - h) Without prejudice to the provisions of Proclamation No. 334/2005 (as amended), to exercise the powers of registration and authentication of documents with regard to Charitable Endowments and Charitable Trusts;
  - i) To collect fees for the services it renders in accordance with the rate to be approved by the Government;
  - j) To own property, enter into contract, sue and be sued in its own name;
  - k) To delegate, when it deems necessary, the powers and functions given to it by this Proclamation; and
  - l) To carry out such other activities necessary for the attainment of its objectives.
2. Notwithstanding Sub-article 1(h) of this Article, the Minister may order the Office of Documents Authentication and Registration to open a branch office in the premises of the Agency or assign its employees.

#### **7. *Organization of the Agency***

The Agency shall have:

1. A Charities and Societies Board (hereinafter referred to as the "Board");
2. A Chief Director to be appointed by the Government; and
3. The necessary staff;

#### **8. *Members of the Board***

1. The Board shall have seven members, including its Chairperson, to be nominated by the government.
2. Among the board members who are appointed in accordance with Sub-article (1) of this Article, two of them shall be nominated from the Charities and Societies.

#### **9. *Powers and Functions of the Board***

The Board shall have the following powers and functions:

1. deliberates on and makes recommendations to the Minister on policy matters concerning the implementation of this Proclamation;
2. gives solutions to problems that arise in connection with the administration of Charities and Societies;
3. hears appeals from decisions of the Director General in accordance with this Proclamation;

4. approves directives to be issued by the Agency;
5. Decides on other matters concerning Charities and Societies submitted to it by the Chief Director.

**10. Meetings of the Board**

1. The Board shall meet once every month. It may, however, conduct emergency sessions as may be deemed necessary;
2. There shall be a quorum where more than half of its members are present.
3. Decisions of the Board shall be made by a majority vote; in case of a tie, however, the Chairperson shall have a casting vote.
4. Without prejudice to the provisions of this Article, the Board may prescribe its own rules of procedure.

**11. Powers and Functions of the Director General**

1. The Director General shall be the chief executive of the Agency and shall, according to the general directions given to him by the ministry, direct and administer the activities of the Agency.
2. Without prejudice to the generalities of Sub- Article (1) of this Article, the Director General shall:
  - a) exercise the powers and functions of the Agency specified under Article 6 of this proclamation;
  - b) employ and administer the employees of the Agency in accordance with regulations issued by the Government following basic principles of Federal Civil Service Laws ;
  - c) prepare the work programme and budget of the Agency; and implement same upon approval by the Ministry;
  - 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;
  - g) The Chief Director may delegate part of the directorial powers and functions to officials and employees of the Agency to the extent necessary for the efficient performance of the activities of the Agency.

**12. Budget**

The budget of the Agency shall be allocated by the Government.

**13. Books of Account**

1. The Agency shall keep complete and accurate books of account;
2. The Agency's books of account and any other financial documents shall, every year, be inspected by the General Auditor or by the Auditor who is assigned by the General Auditor.

**SECTION THREE**

**CHARITIES**

**Sub-Section One**

**General**

**14. Definition**

1. "A Charity" means an institution, which is established exclusively for charitable purposes and gives benefit to the public.
2. "Charitable Purposes" shall include:
  - a) the prevention or alleviation or relief of poverty or disaster;
  - b) the advancement of the economy 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 the arts, culture, heritage or science;
  - g) the advancement of amateur sport and the welfare of the youth;
  - h) the relief of those in need by reason of age, disability, financial hardship or other disadvantage;
  - i) the advancement of capacity building on the basis of the country's long term development directions;
  - j) the advancement of human and democratic rights;
  - k) the promotion of equality of nations, nationalities and peoples and that of gender and religion;
  - l) the promotion of the rights of the disabled and children's rights;
  - m) the promotion of conflict resolution and reconciliation;
  - n) the promotion of the efficiency of the justice and law enforcement services; and
  - o) any other purposes as may be prescribed by directives of the Agency.
3. 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.
4. The Agency may determine the details of charitable purposes and the public benefit by directives.
  5. Those who can take part in activities that fall under Sub-article 2 (j), (k), (1), (m) and (n) of this Article shall be Ethiopian Charities.

#### **15. *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. Without prejudice to the provisions of Sub-section five of this Section concerning Charitable Committees it shall be necessary to form and acquire a Registration and License Certificate in order to carry out charitable acts.
3. Charities may form a consortium Charity to co-ordinate their activities. Particulars shall be determined by the directives of the Agency.

### **Sub-Section Two Charitable Endowments**

#### **16. *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.

#### **17. *Application for Registration***

4. The registration of a Charitable Endowment may not be sought during the lifetime of the founder, except by the founder herself/himself or a person designated for that purpose;
5. 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 executors of the founder's will;

6. 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;
7. 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 any interested party or by the Agency ;
8. The Agency shall draw up model rules for Charitable Endowments that may be of aid to those wishing to use such model.

**18. *Revocation of an Act of Charitable Endowment***

1. The founder of an 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.

**19. *Structure of Charitable Endowments***

Any Charitable Endowment shall be organized with the structure of Board of Management, Manager, Auditor and other departments as may be necessary.

**20. *Composition of the Board of Management***

1. Where the members of the Board of Management are not appointed by the founder or by a person designated by the founder the Agency shall facilitate the appointment of such members.
2. Where a member of the Board is, for any reason, unable to perform his/her duties, a new member shall be appointed according to the rules of the Endowment;
3. The number of members of the Board shall
4. in no case be less than three.

**21. *Powers and Functions of the Board of Management***

The Board of Management shall have the following powers and functions:

1. it shall be the supreme organ of the Charitable Endowment;
2. appoint a Manager who shall be responsible to manage the Endowment or dismiss the same;
3. administer the Endowment as per its rules.

**22. 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.

**23. Remuneration of Board Members**

1. A Member of the Board shall not be entitled to remuneration unless a provision about his/her 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.

**24. Powers and Functions of the Manager**

The manager of the Endowment shall:

1. direct the work of the Charitable Endowment and 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 that will promote income generating activities of the Endowment and implement such where approved by the Board;
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/her by the Board of Management.

**25. Powers and Functions of the Auditor**

The Auditor shall:

1. monitor the financial and proprietary administration of the Charitable Endowment;
2. prepare the internal audit report of the organization in accordance with standards acceptable in Ethiopia;
3. Notwithstanding the provisions of this Proclamation regarding external audits the Charitable Endowment may at any time use an external auditor.

**26. *Determining the Beneficiaries***

Where the beneficiaries is not sufficiently determined by the founder, the Board may determine such beneficiaries as it deems consistent with the intention of the founder;

**27. *Charitable Institution***

1. A Charitable Institution is a Charity formed by at least three persons exclusively for charitable purposes;
2. The Provisions of this Proclamation 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 Society as provided for in section four of this proclamation.

**28. *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/she is a member or within one year after he/she ceases to be a member, for payment of the debts and liabilities of the Institution contracted before he/she 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.

**29. *Application for Registration***

Persons with the intention of forming a Charitable Institution shall apply to the Agency in accordance with Article 69 of this Proclamation.

**Sub-Section Four  
Charitable Trusts**

**30. *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.

**31. Formation**

1. A Charitable Trust may be constituted by a donation or by a will or by order of the Agency;
2. A donation or will under Sub-article (1) of this Article shall be subject to civil law provisions.
3. An implied provision in the donation or will shall suffice for the constitution of the Charitable Trust.

**32. Perpetuity of a Charitable Trust**

1. A Charitable Trust may be constituted for a definite period. However, those assets obtained from income generating activities, public collections or any other sources shall not be used for purposes other than those for which the trust is instituted.
2. Where a Charitable Trust is constituted for an indefinite period, it shall be perpetual and irrevocable.
3. The charitable trust shall keep separate books of account for assets obtained from income generating activities, public collections or any other sources.

**33. 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 69, to the Agency for a certificate of license and 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.

**34. 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 facilitate the appointment of the number of people required to fulfil 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. Notwithstanding sub-article (1) of this article, 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.

**35. *Appointment of Trustees***

1. The trustees may be appointed by the person constituting the Trust, or by the person designated by him/her. In default of such person the Agency shall facilitate the appointment of such person;
2. Where the trustee so appointed refuses his/her agency or is for any other reason unable to perform the trusteeship, a new trustee shall be appointed according the rules of the trust.

**36. *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. 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.

**37. *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 where the trustees fail to make such designation or are unable to give decision;
3. Where there are more than three trustees those who have not been designated under Sub-article (1) or (2) shall have all the rights and obligations of the other trustees except those rights and obligations 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.

**38. *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.

**39. Powers of Trustees**

1. The powers of the trustees on the Charitable Trust are those of an owner.
2. Without prejudice to any provision to the contrary in the act of constitution of the Charitable Trust, the trustees may not alienate immovable property without prior notification to the Agency.
3. Subject to the provisions on small charities the trustees may not alienate the property of a Charitable Trust by a gratuitous title.

**40. 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/her stead and may also appoint an advocate to represent the Charitable Trust in any proceedings.
2. The Charitable Trust shall be liable for juridical acts done by the trustees within their powers.

**41. Directions of the Constitutive Instrument**

1. The trustee shall conform to the express instructions which he/she has received from the instrument constituting the charitable Trust;
2. Irrespective of the provision of Sub-article (1) of this article 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.

**42. Remuneration of Trustees**

1. A trustee shall not be entitled to remuneration unless a provision about her/his entitlement to remuneration has been made, by the trust instrument or by any law;
2. Notwithstanding 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/she provides to or on behalf of the trust if all the trustees have agreed in writing and approved by the Agency that he/she may be remunerated for the services;
3. Notwithstanding sub article (1) of this article a trustee is entitled to indemnity for all personal expenses and obligations arising out of the administration of the Charitable Trust.

**43. *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.

**44. *Resignation of a Trustee***

1. A trustee shall be liable for any consequent loss to the Charitable Trust where he/she does not notify the other trustees and the Agency of his/her intention to resign two months prior to his/her resignation;
2. A trustee shall remain liable for the administration of the charitable trust until he/she 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 Sub-article (1).

**45. *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 constituted for a definite period may at the dissolution of the Charitable Trust attach such property, or may replace the debtor at the time of termination.
3. Notwithstanding sub article (2) of this Article, the creditors shall not have rights on those assets obtained from income generating activities, public collections or any other sources under sub article (1) of Article 32(1) of this proclamation.

**46. *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 favour;
2. Where their rights are jeopardized, they may apply to the Agency to dismiss the trustee or to compel him/her 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. Notwithstanding the provision of Sub- article (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 Five**

#### **Charitable Societies and Charity Committees**

**47. Definition**

1. A "Charitable Society" shall mean a Society which is formed for charitable purposes;
2. 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.

**48. Charitable Society**

1. All appropriate Provisions of this Proclamation concerning the structure and working of Societies shall apply to Charitable Societies.
2. Without prejudice to the provisions of Sub- article (1) of this article all appropriate provisions of this proclamation concerning Charities shall apply to Charitable Societies.

**49. 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 69 and 70 of this proclamation when approving a Charity Committee;

**50. 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.

**51. 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. The decision shall specify the purposes of the Charity Committee and the time within which it has to achieve them;
3. The decision 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.

**52. *Liability of Members***

1. The members or officers of a Charity Committee shall be jointly and severally liable for 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).

**53. *Insufficient Fund and Property***

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 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.
3. Persons who have donated money or property to the Charity Committee may not claim it back.

**54. *Balance***

1. Where the money or property collected by the Charity Committee amounts to more than what 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.

**55. *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 permission and apply to the Agency for registration as a Charitable Endowment.

## **SECTION FOUR SOCIETIES**

### **56. *Definition***

1. "Society" means 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.
2. Societies may form a consortium Society to coordinate their activities. Particulars shall be determined by the directives of the Agency.

### **57. *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.

### **58. *Rights and Obligations of Societies***

1. Any Society shall be open to a new member that fulfils the requirements of the Society;
2. Any Society shall be managed by persons elected through the full participation of 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 amendment by the vote of a majority members.

### **59. *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 shall be organized without having a General Assembly, Executive Committee and an Internal Auditor;
3. An Internal Auditor shall not assume the position of an Officer.

**60. Powers and Functions of the General Assembly**

The General Assembly of the Society being the supreme and final decision making organ shall:

1. enact and amend the rules of the Society;
2. appoint, suspend or dismiss the executive committee of the Society;
3. appoint, suspend or dismiss the Auditor of the Society and decide on his/her remuneration based on its rules;
4. decide on policy and strategy matters of the Society;
5. decide on all matters concerning the society which do not fall within the powers and functions of other organs of the society;
6. decide on dissolution of the Society;
7. perform other functions entrusted to it by the rules of the Society.

**61. Dissents from the Resolutions of the General Assembly**

1. Any member of the Society who has
2. dissenting opinion may record his/her opinion separately in the minutes;
3. Any member of the Society may apply to the Agency where he/she believes that the decisions rendered by the General Assembly contravene the law of the Land, the rules of the Society or other relevant laws.

**62. 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 regular meeting of the General Assembly within 30 days 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 Assembly;
4. 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. Where the quorum is not fulfilled for two consecutive 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;

5. Decisions of the General Assembly shall be taken by the 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;
6. A decision not relating to the items on the agenda of the General Assembly shall be of no effect.

**63. Powers and Functions of the Auditor**

The Auditor shall have the following powers and functions:

1. monitor the financial and property administration of the Society;
2. prepare the internal audit report of the Society in accordance with standards acceptable in Ethiopia and submit to the General Assembly;
3. Notwithstanding the Provisions of this Proclamation regarding external audits the Society may at any time use an external auditor.

**64. 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 Agency shall by directives determine the particular information required from societies.

**SECTION FIVE**  
**FORMATION, LICENSING AND**  
**REGISTRATION OF CHARITIES AND**  
**SOCIETIES**

**Sub-Section One**  
**Formation Of Charities And Societies**

**65. Formation**

1. Charities and Societies shall be deemed to be formed when they fulfil the minimum requirements set forth in this proclamation;
2. Any Charity or Society shall apply for registration within three month of its formation;

3. Irrespective of the provision of Sub-article (2) of this Article, the Agency may allow a Charity or Society to apply for registration notwithstanding that the time limit has passed where good cause has been shown.

**66. *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. Failure to register within the prescribed period shall be a ground for cessation of the formed Charity or Society.

**67. *Sector Administrators***

1. Relevant Federal Executive Organs shall be assigned by the minister as Charities and Societies Sector Administrators.
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.

**68. *Powers and Functions of Sector Administrators***

Sector Administrators shall have the following powers and functions:

1. provides necessary support to the Agency in the process of license and registration of Charities and Societies;
2. assign professionals who evaluate and recommend on the Charities' and Societies' programs and projects;
3. supervise and control operational activities of Charities and Societies and take necessary 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 that have to be followed by the Agency which shall assure the maximum benefits of the public from the activities of Charities and Societies.

**Sub-Section Two**  
**Registration of Charities and Societies**

**69. Registration**

1. Subject to article 70, the Agency shall, upon application and after ensuring the fulfilment of the requirements stipulated under this Proclamation, register the applicants as a Charity or a Society and issue a certificate of legal personality within 30 days from the date of application;
2. Where the Agency does not issue a certificate of legal personality or does not make known that it will not do the same the applicant may apply to the Board not later than 15 days from the last date of the time limit prescribed in the Sub-article.
3. An application for registration under this Article shall include particulars concerning its goals, objectives and activities as per the form prepared by the Agency accompanied by:
  - a) a copy of the rules of the Charity or the Society and where applicable a document showing the act of constituting of a Charitable Trust or a Charitable Endowment;
  - b) such similar documents and duly completed forms as the Agency may require.
4. In addition to the requirements set forth under Sub-article (2), Charities that are established abroad shall present:
  - a) duly authenticated certificate of registration showing its establishment from its country of origin;
  - b) proof of the decision of its competent organ to operate in Ethiopia;
  - c) a letter of recommendation by the Embassy in which the Charity is incorporated or in the absence of such 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.
6. The necessary registration fee shall be paid where an application for registration under this article is made;

**70. Refusal of Application for Registration**

The Agency shall refuse to register a Charity or Society where one of the following reasons occur:

1. the rules of the proposed Charity or Society do not comply with the necessary conditions set by this proclamation;
2. 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;

3. the application for registration does not comply with the provisions of this law or any regulations made hereunder;
4. the name under which the proposed Charity or Society to be registered resembles the name of another Charity or Society or any other Institution or is contrary to public morality or is illegal;
5. where the nomenclature of the Charity or Society is country wide and the composition of its members or its work place do not show the representation of at least five regional states;

**71. *Persons who shall not Act as Officers***

No person shall act as an Officer of a Charity or Society or a branch thereof if that person:

1. has been convicted of a crime that involves fraud or other crimes that involve dishonest acts;
2. has been convicted of any crime as a result of which she/he has been deprived of her/his civil rights and her/his civil rights have not yet been restored;
3. is unable to act by reason of incapacity within the meaning of law;
4. has been interdicted by a court;
5. is outside Ethiopia and his absence impedes the proper administration of the Charity or Society.

**72. *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.
4. The Agency shall, by notification in the Gazette, publish the list of Charities and Societies registered, suspended or cancelled under this proclamation.

**73. *Branch of a Charity or a Society***

1. Any Charity or Society may establish a branch based on its rules by giving prior notice to the Agency;
2. The powers of the branch of the charity or society established under Sub-article (1) of this Article shall not make it an independent Charity or Society or not adequately under the control of the charity or society.

**74. Change of Name, Place of Work or Rules**

1. If a Charity or Society Changes its name, place of work or amends its rules, it shall submit the change or amendment and get it registered under article 69 of this proclamation
2. The Agency may, after setting a reasonable time limit, order the amendment of the rule or correction of a fault where it is found that the provisions of Sub-articles (1), (3), (4) and (5) of Article 70 are not complied with.
3. 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 proceeding that might have been commenced by or against it in the former name may continue in its new name.

**75. Use of Symbols**

1. No Charity or Society shall use any symbol without having registered such symbol by the Agency.
2. The Agency shall consider the requirements of registration under Article 70 while registering a symbol under Sub- article (1) of this article.

**76. Display of Certificate and Use of Advertisement Boards**

1. Every Charity or Society shall keep its certificate of registration in its Head Office and a 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;

**77. Renewal of License**

1. Without prejudice to the obligation of Charities to submit statements of accounts and annual reports as stipulated under Article 79 and 81 of this proclamation, the license of Charities and Societies shall be renewed every three years.
2. The license shall be renewed not later than two months after the expiry date mentioned on the license and registration certificate.
3. The Agency shall renew the license of Charities upon payment of renewal fees and when it ensures that;
  - a. the performance and audit reports are complete and accurate;
  - b. the Charity or Society has not violated the provisions of this Proclamation or Regulations or directives issued thereunder.

**SECTION SIX**  
**CHARITY AND SOCIETY ACCOUNTS AND REPORTS**

**78. *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.

**79. *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 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.

**80. *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 five 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.

**81. *Annual Activity Report***

1. The Officers of a Charity shall prepare and transmit to the Agency an annual activity report on the major activities and relevant information regarding the Charity.
2. The annual activity report required under Sub-article (1) of this Article shall be transmitted to the Agency within three months from the end of that financial year or within such period as the Agency may for any special reason require.
3. Every such annual activity report shall have attached to it the annual statement of accounts.

**82. *Disclosure of Annual Activity Report***

Any annual activity 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.

**83. *Reporting to other Persons***

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.

**84. *Notification of Bank Accounts***

The officers of a Charity or Society shall report to the Agency annually and upon request about all the bank accounts of the Charity or Society with necessary particulars.

**SECTION SEVEN**  
**SUPERVISION OF CHARITIES AND SOCIETIES**

**85. *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/her on any such matter;
  - b. to furnish copies of documents in his/her custody or under his/her 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 including the reports of Charities and Societies.

**86. *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 the Agency with any information in her/his 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) of this Article.

**87. *Notification of Meetings***

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 seven working days prior to such meeting.

**88. 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.

**89. 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/her for the purpose of enabling or assisting the Agency or the sector administrator to discharge its functions.

**90. Administrative and operational Costs**

1. 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.
2. Notwithstanding sub article (1) of this article, the government may confer various incentives to a charities or society that allocate more than 80% of its total income for its operational purposes or demonstrates outstanding performance.

**91. Employment of Expatriates**

1. No Charity or Society shall employ expatriates unless a work permit is granted in accordance with the relevant law.
2. Notwithstanding the provision of Sub- article (1) of this Article there shall be no restriction on the entitlement of Foreign Charities to designate foreign representatives.

**92. 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. suspend the officer responsible for the misconduct or mismanagement and order the appropriate organ of the Charity or Society to assign another person;
  - b. order the Charity or Society to improve its system of operation;
2. Until the Charity or Society acts upon the Agency's orders given pursuant to Sub- articles (1) (a) and (b) of this Article, the Agency may:

- a. prevent the Charity or Society from entering into certain obligations or making certain types of payments;
- b. order any person who holds any property on behalf of the Charity or Society or any debtor, not to part with the property or not to pay his/her debt without the approval of the Agency.

**93. *Removal and Replacement of Officers***

1. The Agency may order the appropriate organ of the Charity or Society to remove an officer who falls short of any of the requirements set forth under article 71 and to assign another person as an officer.
2. The Agency may order the suspension of an officer pending his/her replacement by another officer.

**94. *Suspension and Cancellation of License t. Any Charity or Society:***

1. Any Charity or Society:
  - a. that fails to comply with the Agency's orders under article 74(2) of this proclamation within the time limit set by the Agency;
  - b. that has submitted falsified accounts and reports to the Agency;
  - c. without prejudice to Sub-article 2(c) of this Article that contravenes the provisions of this Proclamation or Regulations and Directives issued thereunder or orders of the Agency or its own rules;
  - d. that fails, within the appropriate time, to provide the Agency with information required by this Proclamation; may be suspended by the agency until it comes into compliance.
2. The license of any Charity or Society shall be cancelled where:
  - a. its registration has been procured by fraud or misrepresentation;
  - b. it has been used for unlawful purposes or for purposes prejudicial to public peace, welfare or security;
  - c. it fails to rectify the causes for suspension within the time limit set by the Agency in accordance with Sub- article (1) of this proclamation; or
  - d. it fails to renew its license in accordance with article 77 of this proclamation.
  - e. It commits a crime by violating the provisions of the criminal code or that of this proclamation.**

**95. *Dissolution of Charities and Societies***

1. A Charity or Society may be dissolved by the Agency where:
  - 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 94 of this proclamation; or
  - c. the Charity or Society has become insolvent.
2. The dissolution of Ethiopian Charities and Societies in accordance with sub article (1) of this article shall be effected by the decision of the Federal High Court.

**96. *Effects of Dissolution***

1. Where an order or decision of dissolution against any Charity or Society is given:
  - a. the property of 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 that 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 the Agency.
2. The Agency or the court may appoint the officers of a Charity or Society as liquidators for the Charity or Society dissolved.
3. A Charity or Society that is being dissolved shall not perform activities other than those necessary for its liquidation unless the Agency authorizes it to undertake activities that are related to its objectives and cannot be discontinued.
4. The Charity or Society shall retain its legal personality until its liquidation is complete 45 and its registration is cancelled.

## **SECTION EIGHT**

### **APPLICATION OF PROPERTY Cy-pres**

**97. *Conditions for Applying Property Cy-pres***

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-pres shall be as follows:
  - a. where the original purposes in whole or in part have been fulfilled or cannot be fulfilled or impossible to fulfil;
  - 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-pres, 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.

**98. *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 own any immovable property, the competent organs of the Charity may decide that:
  - a. all the property of the Charity should be transferred or divided to such other charities;
  - b. the rules of Charity should be modified by replacing all or any of the purposes of Charity with such other purposes, being in law charitable;
  - c. to amend the rules of charity regarding the procedures that has to be followed by officers to administer the charity.
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 NINE  
PUBLIC COLLECTIONS**

**99. *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, duration, place and any other criteria set forth by the Agency.
3. Any money or property collected in contravention of Sub-article (1) of this Article shall be confiscated by the Agency and applied to the purpose of a similar Charity or Society.

**100. 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.

**101. Grounds for Refusal of Public Collections Permit**

The Agency may refuse to permit a public collection on the following grounds:

1. where the public collection is not going to be utilized for the purposes of the Charity or Society
2. any information provided by the applicant is false or misleading.
3. where that any of the persons who are to conduct the public collection do not fulfil the requirements set forth in article 71.

**102. Grounds for Revocation of Public Collections Permit**

1. Agency may revoke a public collection permit where:
  - a. after a permission is granted, it is shown that the requirements under article 99 have not been fulfilled;
  - b. the public collection has been improperly administered;
  - c. the conditions set by the Agency for granting the permit have not been complied with.
2. Where the Agency revoke a license under Sub-article (1) of this Article any money or property collected may be taken by the Agency and given to charitable purposes.

**SECTION TEN****MISCELLANEOUS PROVISIONS****103. Penalty**

1. Any person who violates the provisions of this proclamation shall be punishable in accordance with the provisions of the criminal code.
2. Notwithstanding sub article (1) of this article;
  - a. any Charity or Society who in violation of article 78 fails to keep its books of accounts, to record money received, its source and the amount expended, to preserve any accounting records for at least five years from the end of its financial year shall be punishable with fine not less than birr 20,000.00 (Twenty thousand birr) and not exceeding Birr 50,000.00 (Fifty thousand Birr).

- b. any Charity or Society who in violation of article 79 fails to submit to the Agency an annual statements of account prepared in accordance with acceptable standards; to prepare the statements of receipts, payments and asserts and send the same to the agency; to preserve any statements of accounts and related documents for at least five years from the end of its financial year 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).
  - c. any Charity or Society who in violation of article 84 fails to report annually or upon request about all its bank accounts with the necessary particulars shall be punishable with fine not less than birr 50,000.00 (Fifty thousand birr) and not exceeding Birr 100,000.00 (hundred thousand Birr).
  - d. any Charity or Society who in violation of article 90 fails to allocate not less than 70 percent of its expenses in the budget year for the implementation of its purposes and not exceeding 30 percent for its administrative activities shall be punishable with fine not less than Birr 5,000.00 (Five thousand Birr-) and not exceeding birr 10,000.00 (Ten thousand Birr).
3. Any officer, employee or person who participates in the criminal acts stated under sub article (2) of this article 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.

**104. *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 or Society and are used to further the purposes for which the Charity or Society was established.
2. A Charity or a Society that undertakes income generating activities shall keep separate books of account with respect to such activities.
3. Where a Charity or Society is found to have distributed its profits or should it fail to keep separate books of account, the Agency shall take appropriate measures in accordance with Article 94 of this Proclamation.
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.

**105. Claims and Appeals**

1. The Agency shall decide over the claims made to it in relation to its activities within 15 days.
2. A Charity or Society or any person aggrieved by any decision of the Agency may appeal to the Board within fifteen days from the date of decision. The decision of the Board shall be final.
3. Notwithstanding Sub-article (2) of this Article, Ethiopian Charity or Society or Ethiopians aggrieved by the decision of the Board may appeal to the Federal High Court on questions of law within 15 days from the date of his/her decision.
4. Any Charity or Society in the process appeal, where it is in relation to registration or cancellation shall be deemed not registered or cancelled until final decision is rendered by the concerned authority.

**106. Investigation and Prosecution of Offences**

1. Investigations and prosecution in respect of any offence under this Proclamation or any regulations made hereunder shall be conducted by organs 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.

**107. 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 be registered anew in accordance with this proclamation.

**108. Division**

1. A Charity or Society may be divided into two or more organizations where its rules allow and its competent organ so determines.
2. Unless determined otherwise by the competent organ of the original Charity or Society the Charities or Societies that result from the division shall bear the obligations and utilize the rights jointly.

3. The existence of the former Charity or Society shall cease at the time when the certificates of license and 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.

**109. Conversion**

1. Any Charity may be converted into any of the types of charities listed under sub articles (2), (3) and (4) of article 2 of this proclamation and be registered with the Agency where its competent organ so decides in accordance with its rules.
2. Any Charity may be converted into one of the forms of charities under this proclamation and be registered with the Agency where its competent organ so decides in accordance with its rules.

**110. Power to Enact Regulations**

The Council of Ministers may enact regulations necessary to give effect to this Proclamation.

**111. Inapplicable Laws**

Any law, regulation, directive and practice contrary to this Proclamation shall have no effect.

**112. 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 within one year of the coming into effect of this Proclamation.

**113. Effective Date**

This Proclamation shall enter into force on the date of its publication in the Federal Negarit Gazzeta. Done at Addis Ababa, this \_\_\_ day of \_\_\_ 2008.

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