



## Employment Effects of CSO Laws in Ethiopia

Daniel Behailu  
Shiferaw Kebede  
Tadele Ferede

It is contended that civil society organizations (CSOs) are crucial for good governance. It can contribute towards enabling accountable government and thereby boosting employment opportunities in any given country. Nevertheless, in Ethiopia the relationship between CSOs and Government is rather dubious and that of mistrust. So it is found out via empirical investigation. The CSO law has been accused of over regulating and of hindrance. The law, some contend, is framed with ill motive of controlling and subjugating. Nevertheless, the law is also argued for and that it put some sense to wild wishes and whims of CSOs (ulterior motives and criminal intents). This research is set out to investigate the role of CSOs in employment creation and to what extent the law regulating them impacts such role.

This research received financial support from the Swiss Agency for Development and Cooperation and the Swiss National Science Foundation under the Swiss Programme for Research on Global Issues for Development. The project "Employment Effects of Different Development Policy Instruments" is based at the World Trade Institute of the University of Bern, Switzerland.

# Employment Effects of CSO Laws in Ethiopia

9/26/2017

*Authors: Dr. Daniel Behailu (Asst. Professor of Law at Hawassa University), Mr. Shiferaw Kebede (Lecturer of law at Hawassa University), and Dr. Tadele Ferede (Asst. professor of Economics at AAU)*

*This research is financed by: Swiss Programme for Research on Global Issues for Development*



Contents

<b>Abstract:</b> .....	2
<b>1. What are Civil Societies/NGOs?</b> .....	2
<b>1.1. Introductory Overview</b> .....	2
<b>1.2. Definitional Matters of Civil Societies</b> .....	4
<b>2. Conceptualizing the Role of Civil Societies</b> .....	7
<b>3. Civil Societies and Government</b> .....	9
<b>3.1. State control on Civil Societies</b> .....	10
<b>4. Civil Societies and Employment Opportunities</b> .....	11
<b>4.1. Formal (direct) Employment</b> .....	11
<b>4.2. Informal (indirect) Employment</b> .....	12
<b>5. Understanding the Space for CSOs in Ethiopia</b> .....	12
<b>5.1. Brief History, Types and Definition of CSOs in Ethiopia</b> .....	12
<b>5.2. The Civil Society Laws of Ethiopia</b> .....	15
<b>5.3. Empirical Facts, Findings and Analysis</b> .....	19
<b>5.3.1. Profile and Educational Status of Respondents</b> .....	20
<b>5.3.2. Data Presentation, Description and Analysis</b> .....	21
<b>6. Findings, Conclusions, and Recommendations</b> .....	32
<b>6.1. Major Findings</b> .....	32
<b>6.2. Conclusions</b> .....	35
<b>6.3. Recommendations</b> .....	36
<b>6.3.1: Concerning the Law</b> .....	36
<b>6.3.2. Concerning the Government/ Agency</b> .....	39
<b>6.3.3. Concerning CSOs</b> .....	40
<b>References:</b> .....	40
<b>Appendix</b> .....	42



**Abstract:**

It is contended that civil society organizations (CSOs) are crucial for good governance. It can contribute towards enabling accountable government and thereby boosting employment opportunities in any given country. Nevertheless, in Ethiopia the relationship between CSOs and Government is rather dubious and that of mistrust. So it is found out via empirical investigation. The CSO law has been accused of over regulating and of hindrance. The law, some contend, is framed with ill motive of controlling and subjugating. Nevertheless, the law is also argued for and that it put some sense to wild wishes and whims of CSOs (ulterior motives and criminal intents). This research is set out to investigate the role of CSOs in employment creation and to what extent the law regulating them impacts such role.

**1. What are Civil Societies/NGOs?**

**1.1.Introductory Overview**

Africa stands at a crossroads. Economic growth has taken root across much of the region. Exports are booming, foreign investment is on the rise and dependence on aid is declining. Governance reforms are transforming the political landscape. Democracy, transparency and accountability have given Africa's citizens a greater voice in decisions that affect their lives. These are encouraging developments. Yet the progress in reducing poverty, improving people's lives and putting in place the foundations for more inclusive and sustainable growth has been less impressive. Governments have failed to convert the wealth created by economic growth into the opportunities that all Africans can exploit to build a better future. The time has come to set a course towards more inclusive growth and fairer societies.<sup>1</sup>

Growth (economic growth) is visible in Africa, more so in Ethiopia. Nonetheless, sustainability of the growth is an issue and a matter for controversy. Growth sustainability is interwoven with nature of governance. With democracy and inclusive governance; growth is sustainable. Civil

---

<sup>1</sup> Africa Progress Report, 2014, p. 13



Societies (CSs) are anchor institutions that help inculcate inclusive governance thereby contribute for sustainability. The role of civil societies in reducing poverty, improving people's lives and putting in place the foundations for more inclusive and sustainable growth is much bigger. In a country where the role of civil societies are restricted, their potential is diminished to contribute towards inclusive governance and building of democratic culture.

Poverty is still landmark in many developing countries, which also emanate from not using resources (local capacities) in accountable manner and towards creating inclusive growth and fairer societies. At the core of the problem is usually a governance which is not from the people, for the people and by the people. Civic organizations/ civil societies can enable inclusive governance when used very effectively. Where vibrant civic organizations/ civil societies are a reality; poverty can be tackled, growth would be inclusive and accountable. In developing countries where a dictatorship is a reality, poverty and hunger are also found.

The United Nations Food and Agriculture Organization estimates that about 795 million people of the 7.3 billion people in the world, or one in nine, were suffering from chronic undernourishment in 2014-2016. Almost all the hungry people, 780 million, live in developing countries, representing 12.9 percent, or one in eight, of the population of developing countries. There are 11 million people undernourished in developed countries. The recent increase in food prices, if it persists, will create additional obstacles in the fight to further reduce hunger.<sup>2</sup> One can easily figure out the need for civic organizations/ civil societies which are dedicated towards reducing poverty along with government, and in turn creating a responsible governance where public resource could be checked and accounted to have been used for job creation and betterment of life of the people. Yet, high level of poverty is still a reality due to largely the absence of accountable governance which is also corroborated among others by weaker civic organizations/ civil societies.

This unacceptably high degree of [poverty] results from many factors, including armed conflict and natural disasters, often in combination with weak governance or public administration, scarce resources, unsustainable livelihoods systems and breakdown of local institutions. Faced

---

<sup>2</sup> See more in and recent reports, The State of Food Insecurity in the World :Addressing food insecurity in protracted crises (FAO, 2010) and (FAO, 2015), p.4



with so many obstacles, it is little wonder that protracted crises can become a self-perpetuating vicious cycle.<sup>3</sup>

Hence, to deal with protracted crises and more so breakdown of accountability; civic organizations/ civil societies are key. In Ethiopia as well, the strengthening of civic organizations/ civil societies helps the economic progress being registered to be sustainable, more equitable and fairer, and governance to be more accountable. Yet, what are these civil societies and charities, especially in the context of Ethiopia? What is their role? Moreover, what do they contribute and how? Let us begin with the definition of civil societies.

## 1.2. Definitional Matters of Civil Societies

The first question one can ask while dealing with civil societies is that the whole lots of terms and phrases used to describe such organizations. Many refer to organization of civil societies in different names thereby confusing anyone interested to pay attention to the nature and scope of civil society's organization. Many would like to refer to it as NGO (local and international) and hence the world of NGOs contains a bewildering variety of labels.

While the term "NGO" is widely used, there are also many other over-lapping terms used such as "nonprofit," "voluntary," and "civil society" organizations. In many cases, the use of different terms does not reflect descriptive or analytical rigor, but is instead a consequence of the different cultures and histories in which thinking about NGOs has emerged. For example, "nonprofit organization" is frequently used in the USA, where the market is dominant, and where citizen organizations are rewarded with fiscal benefits if they show that they are not commercial, profit-making entities and work for the public good. In the UK, "voluntary organization" or "charity" is commonly used, following a long tradition of volunteering and voluntary work that has been informed by Christian values and the development of charity law.<sup>4</sup>

In many other African and Asian countries these same organization are known by the name *community based organization* (CBO). In Ethiopia, however, both NGO and CBO are used interchangeably yet the law refers to them as charity and civil society's organization. Thus, in this

---

<sup>3</sup> The State of Food Insecurity in the World, Ibid, P.4

<sup>4</sup> David Lewis, Nongovernmental Organizations, Definition and History, Springer-Verlag Berlin Heidelberg 2009, p.1



work all relevant phrases are used interchangeably without specific preferences. However, some writes would like to make a fine distinction between NGOs and CBOs.

Borrowing liberally from the World Bank's necessarily-vague Operational Directive 14.70, we define NGOs as private organizations "characterized primarily by humanitarian or cooperative, rather than commercial, objectives... that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development" in developing countries. NGOs, then, are the subset of the broader nonprofit sector that engage specifically in international development; our definition ...excludes many of the nonprofit actors in developed countries such as hospitals and universities... "Community-based organization" with non-governmental organizations. However, we keep these categories separate, because unlike non-governmental organizations, community-based organizations exist to benefit their members directly (emphasis added).<sup>5</sup>

However, the distinction made between NGOs and CBOs does not make sense. On this line hence, it may not be easy to define civil societies and their organization; perhaps it would be wiser to appreciate the definitions in terms of their natural function. Hence what do they do? Or what are civil societies for? Non-governmental organizations (NGOs) are now recognized as key third sector actors on the landscapes of development, human rights, humanitarian action, environment, and many other areas of public action, from the post-2004 tsunami reconstruction efforts in Indonesia, India, Thailand, and Sri Lanka, to the 2005 Make Poverty History campaign for aid and trade reform and developing country debt cancellation<sup>6</sup>. As these two examples illustrate, NGOs are best-known for two different, but often interrelated, types of activity; the delivery of services to people in need, and the organization of policy advocacy, and public campaigns in pursuit of social transformation. NGOs are also active in a wide range of other specialized roles such as democracy building, conflict resolution, human rights work, cultural preservation, environmental activism, policy analysis, research, and information provision.<sup>7</sup> The World Bank has adopted a definition of civil society developed by a number of leading research centers:

---

<sup>5</sup> Eric D. Werker and Faisal Z. Ahmed, What Do Non-Governmental Organizations Do? *Journal of Economic Perspectives*, 2007, pp.2-3

<sup>6</sup> David Lewis, *Nongovernmental Organizations, Definition and History*, Springer-Verlag Berlin Heidelberg 2009, p.1

<sup>7</sup> David Lewis, *Ibid*



**“The term civil society to refer to the wide array of non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. Civil Society Organizations (CSOs) therefore refer to a wide of array of organizations: community groups, non-governmental organizations (NGOs), labor unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations”.**

**The definition adopted by WB is the most workable one as it touches upon the essentials of CSO. One basic characteristics of CSO are that they are governed by members and for their own defined goal. Hence, their natural function is only to promote members concern and interest; not for profit but for the sake of it and for some higher social goals. Thus, the organization can range from community based, for charity, or faith based, or professional organization towards fulfilling member’s value, concern, or interests. For instance, in the USA non-profit organization are coming to the rescue of society where the government hand is not reaching or not willing to reach dissipating the belief that CSO (especially charity organizations) are the realities of poor countries. Hence,**

Nonprofit and community organizations serve an important, dual role: they are both providers of essential services and advocates for their clients who are often the most vulnerable in society. Given the environment in which public funding for human services, healthcare, arts and culture, and education programs has been dramatically reduced or eliminated altogether, nonprofit organizations continue to exhibit an admirable resilience; however, this is no reason to continue this mode of operations.<sup>8</sup>

CSOs are relevant both in developed and developing countries yet their roles are more pronounced in poor countries where the government is weaker and politically ill-equipped to deal with the social ills of one or the other nature. CSOs are the last resort to cater for the essential needs of many poor people with dysfunctional political system or to negotiate and protect their interest against the interest of employers or government for that matter. CSOs could be both self-initiated by the community concerned or can come from external sources, especially at times of distress and acute need. It is quite essential to understand the roles of CSOs in context

---

<sup>8</sup> Helmut K. Anheier and et. seq., ‘Creating Opportunities: The State of the Nonprofit Sector in Los Angeles,’ UCLA Public affairs report, 2007. P.1





to members need and situations they are in. 'In an era where governments are doing less, advocacy for and by the sector becomes ever more important.'<sup>9</sup> CSOs are advocates of peoples cause and their advocacy and practical intervention is critical in some situation and often in tandem to the needs and aspirations of people concerned. However, care must be taken while treating international NGOs as champions of peoples cause lest one might err. INGOs are often operating under the constraints of both donors' interest and local government's pressure in their endeavor to champion the causes of grassroots level organization: be it via local CSOs or directly. This work is set out to investigate the impacts of these organization on employment creation and provisions of opportunity, especially in helping informal economy actors by creating capacity via training and financial (tools as well) provisions.

NGOs are one group of players who are active in the efforts of international development and increasing the welfare of poor people in poor countries. NGOs work both independently and alongside bilateral aid agencies from developed countries, private-sector infrastructure operators, self-help associations, and local governments. They range in size from an individual to a complex organization with annual revenue of \$1 billion or more with headquarters anywhere from Okolo, Uganda, to Oklahoma City, Oklahoma, in the United States.<sup>10</sup>

## 2. Conceptualizing the Role of Civil Societies

The new roles of CSOs can only be understood in terms of the new move towards governance than governing by rule, Weberian rule based government. The changing functions of the government is understood as facilitating governance. The model of a good governance is where the government, civil societies and the market constantly interact and network than receive orders and execute the same. Hence, governance is a network between government, civil societies and the private sector. All concerns, fears, problems, and aspiration of a society cannot be addressed by one powerful organization called government; rather by interaction of all concerned and most importantly when the society via civil societies engage in governance; the

---

<sup>9</sup> Ibid, P 2

<sup>10</sup> Eric D. Werker and Faisal Z. Ahmed, What Do Non-Governmental Organizations Do? *Journal of Economic Perspectives*, 2007, p.4



outcome would be not only inclusive but sustainable. Civil societies are a huge force in creating suitable development, specially by enabling the society to cater for its needs, create job opportunity, and deal with plethora of social ills and above all helping the informal economic sector to sustain grassroots society.

Many social scientists argue that the neoliberal reforms of the public sector both increased the membership of existing networks and created new networks. As a result, present-day governance increasingly involves private- and voluntary-sector organizations working alongside public ones. Complex packages of organizations deliver most public services today.<sup>11</sup>

Democratic governance is a pressing concern. Successive waves of public- sector reform have raised concerns about the state of democracy. The reforms mark a shift in public organization and action from bureaucracy toward a greater use of markets and networks involving both state and non-state actors. This shift has coincided with an increase in transnational exchanges and with the rise of regional institutions such as the European Union (EU). The result is complexity and fragmentation. Programs and policies more often involve both nongovernmental actors and transnational actors. Many states increasingly depend on other organizations to secure their intentions and to deliver services. All kinds of tiers of government have become increasingly interdependent.<sup>12</sup> Government are entrusted with steering governance than involve in rowing all need. They got to involve all stakeholder, especially the civil society to deliver public services. Hence, any democratic governances must move towards enabling civil society to engage in governance and thereby help in delivering public services be it employment or other matters.

They accept that states are becoming increasingly fragmented into networks based on several different stakeholders. Also, they accept that the dividing line between the state and civil society is becoming more blurred because the relevant stakeholders are private or voluntary sector organizations. So, for example, Bob Jessop concedes that “the state is no

---

<sup>11</sup> Mark Bevir, *A Theory of Governance*, (Global, Area, and International Archive University of California Press, 2013), p.9

<sup>12</sup> Mark Bevir, *Ibid*, 163



longer the sovereign authority”; it is “less hierarchical, less centralized, less *dirigiste*.<sup>13</sup> Hence, it is with this view that the government of any country, more so Ethiopia must revisit its laws and regulation concerning civil societies.

The role of civil societies must be conceived and understood in the new definition of governances and governing. Governing is no more the sole business of government, government is one among the network. Government of course as a steering organ in the network must facilitate the role of other stakeholders in governance, especially the civil society and the private sector.

### 3. Civil Societies and Government

The state is never monolithic and it always negotiates with others. Policy always arises from interactions within networks of organizations and individuals. Patterns of rule always traverse the public, private, and voluntary sectors. The boundaries between state and civil society are always blurred. Transnational and international links and flows always disrupt national borders. In short, state authority is constantly remade, negotiated, and contested in widely different ways within widely varying everyday practices.<sup>14</sup>

In the Germanic tradition, the state and civil society are part of one organic whole. The state is a transcendent entity; its defining characteristic is that it is a *rechtsstaat*, that is, a legal state vested with exceptional authority but constrained by its laws. Civil servants are not just public employees but also personifications of state authority. The Anglo-Saxon tradition draws a clearer boundary between the state and civil society; there is no legal basis to the state, and civil servants have no constitutional position. The Jacobin tradition sees the French state as the one and indivisible republic, exercising strong central authority to contain the antagonistic relations between the state and civil society. The Scandinavian tradition is organic and characterized by *rechtsstaat*, but it differs from the Germanic tradition in being a decentralized unitary state with a strong participation ethic.<sup>15</sup> A large part of the literature on governance focuses on the changing boundaries

---

<sup>13</sup> Mark Bevir, *Ibid*, 62

<sup>14</sup> Mark Bevir, *Ibid*, 68

<sup>15</sup> Mark Bevir, *Ibid*, 98



between the state and civil society following the neoliberal reforms of the public sector<sup>16</sup> This system governance approach mingles empirical and normative ideas about the following: a shift from hierarchies and markets to networks and partnerships, at least within the public sector; the interpenetration of state and civil society and of national and international domains; a change in the administrative role of the state from intervention and control to steering and coordination; a related change in state activity from laws and commands to negotiation and diplomacy; the incorporation of non-state actors into the policy process; an emphasis on local self-governance; greater levels of public involvement in decision making; and a reliance on more reflexive and responsive modes of public policy. System governance seems to be committed to ideals of dialogue, participation, consensus, empowerment, and social inclusion.<sup>17</sup>

### **3.1. State control on Civil Societies**

Many countries in the world do regulate CSOs.

- In Asia, USAID report for seven countries reveal that that the CSOs (the entire sector) or a significant portion of it is significantly dependent on foreign donors; furthermore, Cambodia, Indonesia, the Philippines, Sri Lanka, and Thailand note that foreign donor funding is decreasing. A number of governments in the region seek to control or regulate the flow of foreign funding to the sector.<sup>18</sup> At the same time, most country reports note that local sources of funding are limited or virtually non-existent.<sup>19</sup> As far as local funding is concerned, in many developing countries, including Ethiopia, either it is very scanty or non-existent which implies that CSOs are dependent on foreign funding. In Ethiopia, the private sector is also fragile and very weak largely owing to unfriendly legal and political environment. Besides, the law regulates Charities and societies from soliciting money and property that exceeds 50,000 Ethiopian birr (4000 USD) before registration. Public collection is not allowed unless permitted by the CSO Agency. Charities or societies can only engage in income generating activities that are incidental to the achievement of their purposes.

Thus, states (mostly in developing countries) seek to control CSOs, yet the question is; does it stop development or job creation in these countries. Often it is noted that China and other Asian tiger economy countries do control (in one way or the other) CSOs but their development

---

<sup>16</sup> Mark Bevir, Ibid, 151

<sup>17</sup> Mark Bevir, Ibid, 167-68

<sup>18</sup> USAID Report, the 2014 CSO Sustainability Index for Asia!

<sup>19</sup> USIAD Report, IBid



continued undeterred. It is noted that some of these restrictive policies have not prevented or even promoted job growth, at least at certain stages of development.

However, the assertion and conclusion may not work in the context of Africa and Ethiopia where public power is exercised in impunity (and sometimes in absolute impunity). Thus, SCOs, play greater role in bringing and ensuring public accountability thereby taming power which contributes a lot to reasonable and accountable use of public resources. These facts, contribute to job creation and overall development.

#### **4. Civil Societies and Employment Opportunities**

Do civic organization have roles in creating jobs or improving working conditions? The answer to the question is as subtle as the question itself. The role of civic origination in improving governance and government accountability must be taken as a serious factor towards answer the question raised. Employment creation is the preoccupation of any government, especially a government which credits itself as an accountable one. Employment is a means via which the state distributes wealth and as the same time collects revenue to create national wealth. As far CSOs and job creation (or general development) is concerned, it is erudite to see it in terms of direct and indirect role. The indirect job creation role of SCOs are more pronounced than the direct one.

##### **4.1. Formal (direct) Employment**

Civic organizations can create a lots of job opportunities via engaging experts and support staffs. The more the civic organizations are in a nation, the more they are reckoned as sources of employment. Often, the employment opportunity provided by these organization are fulfilling as the central idea is more into giving than taking. Altruism, philanthropy and doing good is the guiding principle of civil societies, at least as a matter of conceptual note; yet there are allegation that usually in developing countries, more so in Ethiopia employments provided by NGOs are more rewarding and lavish. However, the issue is not how much they pay to their employees, the issue is how much more they contribute for employment creation be it directly or indirectly.



## **4.2. Informal (indirect) Employment**

Employments which are often created as result of civic organization role in adding to democracy, of capacity building and via making government more accountable takes the biggest share in his regard. It is acknowledged that where vibrant (and responsible) civic organization are there; it is hard for government to evade accountability which means that public funds are utilized to desired purpose and intent. Corruption is reduced, poverty is tackled and government uses much needed resource towards employment creation. Besides, CSOs immensely engage in capacity building (and training) which creates new jobs or increase the quality of jobs already created by grassroots people. Sometimes, NGOs initiate and promote government to change rules ( or amend) that has restrictive effect in the market, for example , Pact Ethiopia enable rule change on micro finance which help to progress the sector: One of the more striking examples of influenced policy is that of the change in rules and regulations for micro finance. The ET was told more than once that it was during a Pact Ethiopia organized overseas exposure visit that included personnel from the National Bank of Ethiopia, a key government decision maker, and those involved in micro finance, experienced how micro finance was regulated in other countries, that on return to Ethiopia, changes were made. <sup>20</sup>

*As important, they provide channels for involving self-motivated groups and skillful individuals in the nation-building and societal development processes. These are the actors who can serve as anchors for civil society in a pluralistic system of governance<sup>21</sup>*

## **5. Understanding the Space for CSOs in Ethiopia**

### **5.1. Brief History, Types and Definition of CSOs in Ethiopia**

In Ethiopia, the existence of CSOs, at least in the legal sense, dates back to the 1940s. But organization with religious objective and providing charitable services were noted in the

---

<sup>20</sup> Pact Ethiopia, Organizational Development Impact Evaluation: Ethiopia Country Program Version 2, 2008, p.9

<sup>21</sup>See in general, Jeffrey Clark, Civil Society, NGOs, and Development in Ethiopia A Snapshot View, 2000



Ethiopian history in the earlier times.<sup>22</sup> The existence of CSOs in their cultural and religious form is not strange to Ethiopia yet legal regulation is of recent occurrence. The first decree enacted on this line is in 1942 towards regulating churches which cater for the spiritual needs of their followers. A few legal notices were also enacted towards governing missionaries establishing hospitals and schools on the basis of charity (via order 59/ 1944); establishing Ethiopian Red Cross (Via order 99/1947); establishing young men Christian association (order in 5/1950); establishing Ethiopian women's welfare association (via general order, 169/1953); charter for Hailesillase Foundation (Via General notice, 253/1959) and the Civil code in which association are recognized as a legal person.<sup>23</sup> The most recent law being CSO Proclamation No.621/2009. Thus, the most important law was enacted in 1960 included in the civil code which recognized association and CSOs as a legal person which are capable of holding rights and duties under the law. Thus, setting aside the civil code; we will focus on the recent proclamation governing CSOs.

On the other hand, the emergence of CSOs in Ethiopia was largely related to food aid and rehabilitation programs. NGOs started operating in Ethiopia mainly after the 1974 famine, but they had a much larger presence in Ethiopia after the 1984 drought. The intervention of NGOs at that time was limited to the provision of relief and welfare services, especially food aid. The number of NGOs has immensely increased since then, and their intervention have been expanded in the provision of basic services, including education, health and development of infrastructure. A few CSOs were also established to work on human rights, civic education, democracy and conflict issues.<sup>24</sup> Hence, different types of NGOs are registered and are operating currently.

As per the CSO Proclamation CSO are classified into different categories and defined:

---

<sup>22</sup> Bekalu Tilahun, 'Implication of the Ethiopian Charities and Societies Proclamation for the Current Operation of CSOs/NGOs, JCSE, vOl.1, No.1, 2011, P. 27

<sup>23</sup> See In general , Ibid, Bekalu Tilahun, P. 27-28

<sup>24</sup> Users' Manual for the Charities and Societies Law, CSO Taskforce , 2011, Addis Ababa, P.Vii



"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.<sup>25</sup>

The definition through narrow and scooped; it is telling that the charities or societies needed to be formed under the law of Ethiopia, that their members are Ethiopians and have altruistic purpose, i.e. they must not be set up for profit purpose. Nonetheless, there are Ethiopian resident charities which source their income from abroad. Besides, there are foreign charities (registered under foreign law yet operating in Ethiopia) and mass based organization (professional association) included under the law as civil societies in general.<sup>26</sup> Hence, Under Ethiopian law there are many types of civil societies and the definition is also as vague and as confusing for anyone concerned. Nevertheless, what is the general object and purpose of the law? It is disclosed in the preamble of CSO Proclamation that:

**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. The above caption is taken from the preamble of Charities and Societies Proclamation No.621/2009. The preamble of the law states the *raison d'être* of the law, which is the objective it sets out to achieve and the mischief it purports to avoid. Hence, the objective of the proclamation is to promulgate a law *to aid and facilitate the role* of Charities and Societies in the 'overall development' of Ethiopian peoples. The question is, what is meant by 'overall development'; one may take it as economic, social and political development of Ethiopian people in general. The government, believing that Charities and Societies have role in overall development of the people of Ethiopia; purports to aid and facilitate the same. Yet, what is this aiding and facilitation all about? How can one address the suspicion on the part of civil organization and accusation that the law is more inhibitive than aiding?

The first object and intent of the law is to define what falls in the Charities and Societies, and mass based organization. The classification is controversial for obvious reason. As per the

---

<sup>25</sup> Article 2 (2) of Charities and Societies Proclamation No.621/2009, Ethiopia!

<sup>26</sup> Article 2 (3-5) of Charities and Societies Proclamation No.621/2009, Ethiopia!





proclamation, article 2 (definitional provision). Civil societies are defined (thereby categorized) as:

“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. Whereas, ‘Ethiopian Residents Charities’ or “Ethiopian Residents Societies” shall mean those Charities or Societies that are formed under the laws of Ethiopia and which consist of members who reside in Ethiopia and who receive more than 10% of their funds from foreign sources. However, ‘Foreign Charities’ shall mean those Charities that are formed under the laws of foreign countries or which consist of members who are foreign nationals or are controlled by foreign nationals or receive funds from foreign sources.”

Thus, there are three types of Charities and Societies (or NGOs), which are Ethiopian Charities and Societies, Ethiopian resident, and foreigner. The often contentious categorization is the definition which defines citizenship based on sources of income, *‘those Charities or Societies that are formed under the laws of Ethiopia and which consist of members who reside in Ethiopia and who receive more than 10% of their funds from foreign sources’*. Again, professional association and other organization are also included in the rubric of mass based organization. The law states that *“Mass-Based Societies shall include professional associations, women’s associations, youth associations and other similar Ethiopian societies;”* These kind of civic organization are at large and though their autonomy often doubted; their presence is visible.

## **5.2.The Civil Society Laws of Ethiopia**

Since 2009, all relations between the Ethiopian government and NGOs are regulated by the Charity and Society Agency, an organization responsible for monitoring the activities of local and international NGOs operating in the country. The control mechanisms of Charity Agency – regarding registration procedures, work permits for expatriate staff, and audit procedures – are strict and highly complex.<sup>27</sup> “Charities and Societies Proclamation No.621/2009 of Ethiopia, herein after the CSO Proclamation defines charity under article 14 as, “an institution, which is established, exclusively for *charitable* purposes and gives benefit to the public.” The definition

---

<sup>27</sup> Christian Schingo and Mariasara Castaldo - ARS Progetti SPA, Evaluation, NGO Projects in Ethiopia, 2013 .P.5



raises two important questions: what falls under ‘*charitable purpose*’ and what is meant by ‘*benefit for the public*’? The same article sheds light on both queries.

The law proclaims that “Charitable Purposes” shall include: the prevention or alleviation or relief of poverty or disaster; the advancement of the economy and social development and environmental protection or improvement; the advancement of animal welfare; the advancement of education; the advancement of health or the saving of lives; the advancement of the arts, culture, heritage or science; the advancement of amateur sport and the welfare of the youth; the relief of those in need by reason of age, disability, financial hardship or other disadvantage; the advancement of capacity building on the basis of the country’s long term development directions; the advancement of human and democratic rights; the promotion of equality of nations, nationalities and peoples and that of gender and religion; the promotion of the rights of the disabled and children’s rights; the promotion of conflict resolution or reconciliation; the promotion of the efficiency of the justice and law enforcement services; and any other purposes as may be prescribed by directives of the Agency.

On the other hand, a ‘public benefit’ shall be deemed to exist where: the purposes of the Charity can generate an identifiable benefit to the public; the purposes of the Charity do not create a situation wherein its benefits exclude those in need; and any private benefit of individuals and organizations could be acquired only incidentally and as a secondary consequence of the organization's activities. Thus, in short public benefit must be construed to mean that the charity must bring identifiable benefit to the public and that it must not exclude those in need of such benefit. The criteria is open to interpretation and dubious. However, whatever the benefit is the neediest must make use of it. For instance,

Thus, services of a health charity are not considered to result in public benefit if a health charity doesn’t provide a free/subsidized medical service to the poor or the vulnerable, or if those who get the service are selected arbitrarily or on the basis of unjustifiable/discriminatory grounds such as kinship.<sup>28</sup>

---

<sup>28</sup> Users’ Manual for the Charities and Societies Law, supra note 20, p. 18



Nevertheless, all types of civil societies are not allowed to engage in all charitable purposes mentioned by the law. It is only ‘Ethiopian charity’ defined by the law as, *‘those Charities or Societies that are formed under the laws of Ethiopia and which consist of members who reside in Ethiopia and who receive more than 10% of their funds from foreign sources’*; which can engage in:

the advancement of human and democratic rights; the promotion of equality of nations, nationalities and peoples and that of gender and religion; the promotion of the rights of the disabled and children’s rights; the promotion of conflict resolution or reconciliation; and the promotion of the efficiency of the justice and law enforcement services.

Creating a dichotomy between human rights and development is very difficult because: a) the right to development itself is a human right, and b) development activities will directly or indirectly contribute to the implementation of human rights, especially socio-economic rights. Likewise, development and conflict resolution are closely interlinked, as conflict is one of the causes for underdevelopment, and development activities often contribute to conflict resolution and lasting peace. Hence, it is difficult if not impossible to draw a line between those activities that NGOs are permitted to undertake, and those which are off limits to them under the law.<sup>29</sup>

The CSO proclamation mentions three stages of while forming and operating CSOs excepting the Charitable Committee. These are: formation, registration and licensing. During the formation stage the CSO under formation has no legal capacity which means, it cannot assume rights and duties under the law. The formation stage which might take three months or more comes to an end where registration processes commences.

The registration stage is the crucial stage where the fate of the CSO is decided. At the stage a given CSO acquires legal personality if it fulfills the requirement of the CSO proclamation and relevant regulation and directives. Once the registration process is completed; license is acquired towards materializing the object and purpose of the establishment. The registration process and subsequent regulatory body is the Charity and Civil Societies Agency. It is at the registration stage where discretions (some claim excessive discretion) are exercised and maximum control is also exercised.

---

<sup>29</sup> Users’ Manual for the Charities and Societies Law, supra note 20, P. 12



As per article 68 of the CSO proclamation, the agency can deny registration if, inter alia, 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; or the name of the charity or society is in the ‘opinion’ of the agency contract to public morality or illegal. Thus, the lack of clear direction on how this guidance is to be interpreted and implemented is problematic.

As per article 15 of the CSO proclamation there are four ways of forming a charity. These are: a Charitable Endowment; a Charitable Institution; Charitable Trust; or Charitable Society.<sup>30</sup> Each of these charity has their own specific characteristic and ways of administration. All charities, except Charity Committees, are required to register and get a license to operate. It is so because a charitable committee is set up for the purpose of collection of funds from donation. Yet, the committee must get the authorization of the agency<sup>31</sup> to solicit funds and must produce accounts to the agency from time to time. Hence, members of the committee are jointly and severally liable for any liabilities.

The other types of civil societies are those mentioned under article 55 of the CSO proclamation. Society in here mean 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. Thus, membership is open to all and that leadership is taken in inhere through full participation of members. Besides, their ultimate purpose is to advance the causes of their member.

All this types of societies as per article of 68 of the CSO law must register with the Agency.<sup>32</sup>

The Agency must register the applicants as a Charity or a Society and issue a certificate of legal

---

<sup>30</sup> As per the law: 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. But, a Charitable Institution is a Charity formed by at least three persons exclusively for charitable purposes. Yet, 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. Finally, a “Charitable Society” shall mean a Society which is established for charitable purposes.

<sup>31</sup>

<sup>32</sup> The CSO Proclamation provides for the establishment of an independent body called Charities and Societies Agency to oversee the activities of CSOs which fall under its scope. The Director General of the agency is appointed by the Government. The Proclamation makes the agency accountable to the Ministry of Justice (now replaced by attorney general). The Agency has the following objectives: i) to enhance the development of Charities and Societies



personality within 30 days from the date of application. If such registration is refused appeal is possible to the board. Besides, as per article 84 of the proclamation 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. The inquiries are largely with regard to fulfillment of the duties and responsibilities of these charities, especially with regard to establishment, licensing, keeping accounts of their funds and so on.

In nutshell, the CSO proclamation is intended to boost transparency and accountability of CSOs yet it is jam-packed with restrictions and prohibitions. Besides, the agency is graced with huge discretionary power and could potentially be distractive. In June 2016, over 200 NGOs have been closed in one shot. The Agency cited failure to comply with the requirement of the law and lack funding as reason for closure. The law has strong funding requirement and classifies CSOs based on the funding source as Ethiopian and foreign. Besides, it criminalizes human rights related activities if ventured on by foreign NGOs.

### **5.3. Empirical Facts, Findings and Analysis**

The situations of civil societies in Ethiopia have been assessed via empirical data collected from **253** respondents via questionnaire. A questionnaire (*Questionnaire-attached herewith*) was developed and data are collected. Again, semi-structured interviews are conducted with key informants selected from different civil societies managers and experts. All in all qualitative data and analytical approach is the method engaged in here. The data has been encoded and descriptively presented and analyzed using SPSS.

The respondents are selected purposefully from different civil societies across geographical representation of the nation (from *Hawassa, Adama, Addis Ababa, Mekele, and Asosa*). The details of the questionnaire data collected from different types of civil societies is meant to achieve balance of concerns, perception and assessment. The data is coded, and analyzed via help of spss Thus, the following is the representation (across positions and expertise): 150

---

and to enable them to achieve their purposes in accordance with the law; and ii) to ensure that Charities and Societies are transparent, accountable, and operate lawfully.



respondents from NGO, 10 from Government (CSO agency), 93 respondents from professional Association and respondents from Workers association and Federation. The assessment is meant to get the reality on the ground with regard to the relation of government and civil society's vis-à-vis its implication for employment opportunities.

### 5.3.1. Profile and Educational Status of Respondents

The educational status of the respondents/employees of the civil societies and those who have been approached from government side have been depicted in the Table-1 below. Thus, we can infer from the data that their education status is rather high which implies that their evaluation has the potential of being very critical and important. Over 90 % of the individual involved in civil societies evaluation (as employees, managers, and experts) hold first degree and above, among this over 40% hold a master's degree and above.

**Table-1**

Respondents Level of Education				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PhD	12	4.7	4.7
	MSC/LLM	91	36.0	40.7
	BA/BSc	131	51.8	92.5
	12+3	18	7.1	99.6
	other	1	.4	100.0
	Total	253	100.0	100.0

Moreover, the professions of those involved in the evaluation (respondents) of the relationship between the government and civil societies thereby its implication for employment opportunity is depicted in (table-2 attached herewith). The respondents' profession is rather diverse and inclusive. In a related matter, the respondent's employer has been depicted in the (table-3 attached herewith). The employer is from all types and across interest areas of all civil societies ranging from overall coordinating institution like Christian development agency to institutions



concerned with women issues, pastoral matters and youth etc. Hence, one can expect balanced view and representatives voices from all sectors and professions.

### 5.3.2. Data Presentation, Description and Analysis

Many questions were posed to respondent regarding the status of CSO in Ethiopia and its relationship with employment matters. The first question posed to respondents was cornering whether civic organizations have major role in fostering good governance in any given country including Ethiopia. Hence, the greater majority (close to 74%) agreed to the assertion that there is huge contribution of CSO towards fostering good governance in a given country. The assessment confirms that civil societies have a greater role in creating and sustaining inclusive governance in Ethiopia. Where CSO are allowed to play these role, by necessary implication, public accountability of officials in spending public money would be stronger and robust thereby contributing toward development and job creation. On the other hand, those who disagree with the assertion are insignificant.

*Table -4*

The role of CSOs in fostering Good Governance

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	14	5.5	5.5	5.5
Disagree	34	13.4	13.4	19.0
Agree	81	32.0	32.0	51.0
Strongly Agree	106	41.9	41.9	92.9
Unknown(Neutral)	18	7.1	7.1	100.0
Total	253	100.0	100.0	

It is also the purpose of the inquiry to further check the role of CSOs in governance. Accordingly, a question was posed to respondents on whether civic organizations have role in creating responsive government thereby ensures accountability in the working of the government towards creating jobs. Again here, greater majority (>75%) agreed to the assertion, see table-5 below. The assessment confirms that CSOs have greater role in making better governance,



especially via ensuring accountability thereby robustly contributing in indirect job creation. If government are made accountable via the strong advocacy and other means of CSOs; public resource would be used for public purpose which is job creation and overall development.

**Table-5**

**Role of CSO towards Job creation Via instilling Accountability (indirect job creation)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	9	3.6	3.6	3.6
Disagree	35	13.8	13.8	17.4
Agree	83	32.8	32.8	50.2
Strongly Agree	112	44.3	44.3	94.5
Unknown(Neutral)	14	5.5	5.5	100.0
Total	253	100.0	100.0	

In a related matter, respondents also reacted to the question whether civic organizations have a role in promoting job creation via inculcating accountability at their own organization level and even beyond and hence their reaction came out with strong agreement (close 74%), see Table-6 below. Thus, one cannot easily miss to see the point here that accountability fosters good usage of public fund towards job creation and overall development. CSOs are key in furthering state accountability and bringing forth concerns and aspirations of people. Overall, CSOs have direct role in state impunity.

**Table -6**

**The role of CSOs in creating job via inculcating accountability**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	13	5.1	5.1	5.1
Disagree	38	15.0	15.0	20.2
Agree	93	36.8	36.8	56.9
Strongly Agree	95	37.5	37.5	94.5
Unknown(Neutral)	14	5.5	5.5	100.0
Total	253	100.0	100.0	





It was also assessed and respondents were made to respond to the queries whether civic organization can play a role in employment creation or improving employment conditions. The result is also astounding that over 80% (see table-7 below) agree that CSO can both create jobs directly at their own organization level and indirectly via creating capacity and ensuring accountability of the government. It is clear from the sheer scale of the budget they allocate and their expertise that they have immense power for capacity building and be a factor for development.

**Table-7-** Roles and contribution of CSO in job creation

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	8	3.2	3.2	3.2
Disagree	25	9.9	9.9	13.0
Agree	105	41.5	41.5	54.5
Strongly Agree	104	41.1	41.1	95.7
Unknown(Neutral)	11	4.3	4.3	100.0
Total	253	100.0	100.0	

On the other hand, the relation of the government and CSO was also assessed via a question posed to respondents. One of the questions is whether the government do attempt (in terms of real commitment of the government) to boost the capacity of civic organization as an instrument of creating political and economic stability. The relation where healthy is mutually reinforcing and productivity in terms of fostering good governance and creating jobs. Nonetheless, the result from the respondents' assessment is rather dismaying. Close to 48% (see table-8 below) of the respondents disagree on the positive role of the government towards creating strong and vibrant CSOs while 43% agree to some effort of the government. The figure shows a strong division in assessing the relationship between government and CSOs as healthy. Where the relation is strained; the gains from a strong institution which could be created via state accountability is lost.

*Table-8*



Government and CSO

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	42	16.6	16.6	16.6
Disagree	80	31.6	31.6	48.2
Agree	79	31.2	31.2	79.4
Strongly Agree	30	11.9	11.9	91.3
Unknown(Neutral)	22	8.7	8.7	100.0
Total	253	100.0	100.0	

Among the question posed to the respondents was again on the relationship between the government and CSOs and it assesses whether there is good faith (right attitude of) of the government toward civic organization in general. The results displays that nearly 55% (see table-9 below) agrees to existence of healthy attitude while the rest do either disagree or remains undecided. Nonetheless, one can easily see here that there is lack of solid mutually trusting relationship between the two. Yet again from those who agreed; worker's association and government employees take major share suggesting that the question itself is divisive.

Table-9

Government and CSO

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	23	9.1	9.1	9.1
Disagree	62	24.5	24.5	33.6
Agree	79	31.2	31.2	64.8
Strongly Agree	61	24.1	24.1	88.9
Unknown(Neutral)	28	11.1	11.1	100.0
Total	253	100.0	100.0	



Besides, another decisive question was raised with regard to the relation of government and CSOs in Ethiopia. Respondents were asked to rate the attitude and action of the government towards the CSOs. A question was put as to whether the government mistrusts civic organization as a force of good governance and towards creating more jobs. In here, those who disagreed and undecided are almost equal to those who agreed. The result in table-10 below shows that almost 50% of the respondents agreed that the government has problem trusting CSO as a force for the good governances and towards job creation. Besides, from in-depth inquiry from government officials; it was asserted that CSOs are mistrusted for ideological reason.

Table-10

Government and CSO				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Strongly Disagree	34	13.4	13.4	13.4
Disagree	61	24.1	24.1	37.5
Agree	75	29.6	29.6	67.2
Strongly Agree	59	23.3	23.3	90.5
Unknown(Neutral)	24	9.5	9.5	100.0
Total	253	100.0	100.0	

On the other hand, respondents believe strongly (close 80% see table-11 below) in CSOs ability to build capacities of society in job creation or improving the quality of job created. Hence to the question whether civic organizations can have a capacity building role that might result in job creations or bettering the life of people, greater majority reacted with agreement. Thus, the finding confirms that the government is well advised to work with CSOs than mistrusting them or trying to overregulate them. Those asked confirm the positive and mutually reinforcing role of government and CSOs in creating jobs and further the wellbeing of society in general.



**Table- 11**

**Capacity Building Role of CSO.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	12	4.7	4.7	4.7
Disagree	30	11.9	11.9	16.6
Agree	92	36.4	36.4	53.0
Strongly Agree	107	42.3	42.3	95.3
Unknown(Neutral)	12	4.7	4.7	100.0
Total	253	100.0	100.0	

It was also the purpose of this inquiry to check whether civic organization have a very curtail role in employment creation in Ethiopia (direct or in direct). The result confirmed that over 80% (see table-12 below) of respondents agree to the assertion that CSO have direct and indirect role in employment creation in Ethiopia. The direct employment refers to the employment opportunity directly offered by the CSO while the indirect refers to the employment opportunity which can be made available through training, capacity building and inculcating accountability on the part of the government.

**Table-12**

**Employment creation role of CSO**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	8	3.2	3.2	3.2
Disagree	29	11.5	11.5	14.6
Agree	105	41.5	41.5	56.1
Strongly Agree	101	39.9	39.9	96.0
Unknown(Neutral)	10	4.0	4.0	100.0
Total	253	100.0	100.0	



In related matter, it was also investigated whether civic organization can create quality of employment (in terms of pay, working conditions and future prospective) of jobs as against quantity of jobs, or enable people to create or improve their vocation. In here also 75% of the respondents (see table-13 below) agreed that CSOs contribute a lot to quality of jobs as against quantity of jobs. Thus, potentially contributing to quality of life and betterment of society.

**Table-13**

<b>Employment and CSO</b>				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	4.3	4.3
	Disagree	41	16.2	20.6
	Agree	92	36.4	56.9
	Strongly Agree	99	39.1	96.0
	Unknown(Neutral)	10	4.0	100.0
	Total	253	100.0	100.0

The law governing CSOs in Ethiopia has also been assessed as to its acceptability via primarily stockholders. Hence, respondents were asked as to whether the CSO Law affected (or impacted negatively) civic organization role as a capacity builder and towards ultimate job creation. The question was asked in connection to the funding requirements and foreign partnering prohibition of law. Hence, close to 50% (see table-14 below) agree to assertion that it negatively affected CSOs while the rest either disagreed or are undecided. Thus, if the undecided are added to those who confirmed the negative role of the law, the figure shows close to 65%. Besides, respondents from government and workers association always sided with anything that strengthens the positive image of the government.



**Table-14**

Regulation and CSO visa-a-vis employment

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	40	15.8	15.8	15.8
Disagree	55	21.7	21.7	37.5
Agree	61	24.1	24.1	61.7
Strongly Agree	62	24.5	24.5	86.2
Unknown(Neutral)	35	13.8	13.8	100.0
Total	253	100.0	100.0	

Furthermore a specific question was raised with regard to the funding requirement of the law. Hence, an assessment is made as to whether the funding sources requirement of the law negative impacts the civic organization. Close to 60% (see table-15 below) of the respondents agree that the funding requirement of the law is rather a problem and a hindrance for the furtherance of their establishment goal. Hence, with some care; almost all respondents from NGOs confirmed with the assertion that the funding requirement of the law is rather a problem.

**Table-15**

Regulation and CSO

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	32	12.6	12.6	12.6
Disagree	50	19.8	19.8	32.4
Agree	69	27.3	27.3	59.7
Strongly Agree	72	28.5	28.5	88.1
Unknown(Neutral)	30	11.9	11.9	100.0
Total	253	100.0	100.0	

Besides, a more specific question about the requirement of the law has been raised. Hence, a query is put forward whether the respondent could agree with the 70/30% budget use



requirements of the law? Nearly 50% agreed while the rest disagreed or are undecided. The result in table-16 below clearly shows that the issue is rather divisive and far from consensual; requiring another fresh look at the matter. In a related interview, the regulations and directives, and the manner they are implemented are rather more problematic than the CSO proclamation itself.

**Table-16**

Regulation and CSO				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	60	23.7	23.7
	Disagree	36	14.2	37.9
	Agree	73	28.9	66.8
	Strongly Agree	58	22.9	89.7
	Unknown(Neutral)	26	10.3	100.0
	Total	253	100.0	100.0

Thus, a perception question was also raised with regard to the regulation of the funding classification. Hence, respondents were asked whether they do agree with the current (the justness or otherwise) fund classification regulation (project aim and administration cost)? As per table-17 below, 45% of the respondent agreed to justness of the classification while the rest disagree or that they are undecided. Thus, the classification is rather perceived to be largely unjust or that some needed further study on the matter.



Table-17

		Regulation and CSO			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	52	20.6	20.6	20.6
	Disagree	55	21.7	21.8	42.5
	Agree	75	29.6	29.8	72.2
	Strongly Agree	42	16.6	16.7	88.9
	Unknown(Neutral)	28	11.1	11.1	100.0
	Total	252	99.6	100.0	
Missing	Missing	1	.4		
Total		253	100.0		

General question was also asked as to whether the respondents do agree with the allegation that the political space for the civic organizations is narrowing after the CSO proclamation of 2009. A little more than 50% ( see table-18 below) of the responders agree that the political space for CSOs are narrowing after the new law than before the enactment of the law. In a related interview, the CSO proclamation is viewed positively as the first comprehensive law governing civil societies yet it requires thorough revisions and contextualization.





**Table-18**

		Regulation and CSO			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	52	20.6	20.6	20.6
	Disagree	43	17.0	17.1	37.7
	Agree	52	20.6	20.6	58.3
	Strongly Agree	77	30.4	30.6	88.9
	Unknown(Neutral)	28	11.1	11.1	100.0
	Total	252	99.6	100.0	
Missing	Missing	1	.4		
Total		253	100.0		

A related matter was also raised for the respondents to react to. Thus, a question was raised as to whether the CSO law and the Agency give due attention to basic labor standards upon ordering the closure and winding up of Civic organization because of different reason. Thus, greater majority either disagreed or that they are undecided compared to only 34% (see table-19 below) agreeing to the assertion.

**Table-19**

		Government and CSO			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	53	20.9	21.0	21.0
	Disagree	67	26.5	26.6	47.6
	Agree	58	22.9	23.0	70.6
	Strongly Agree	29	11.5	11.5	82.1
	Unknown(Neutral)	45	17.8	17.9	100.0
	Total	252	99.6	100.0	
Missing	Missing	1	.4		
Total		253	100.0		



A final and evaluative question was posed to respondent as to whether they do think the Law governing Civic organizations needs reform or change? Close to 75% agreed (see table-20 below) that the law needs a reform towards making the relationship between the government and CSO healthier and that their cooperation yield to better job opportunity and more quality jobs. Overall, the law is essential yet it needs to be enacted in good faith and with strict stockholders participation.

**Table-20**

Government and CSO ( reform)				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Strongly Disagree	8	3.2	3.2	3.2
Disagree	22	8.7	8.7	11.9
Agree	88	34.8	34.8	46.6
Strongly Agree	101	39.9	39.9	86.6
Unknown(Neutral)	34	13.4	13.4	100.0
Total	253	100.0	100.0	

## **6. Findings, Conclusions, and Recommendations**

### **6.1. Major Findings**

The data presentation and ensuing brief descriptions above confirm that there is a shaky relationship in Ethiopia between the government and CSOs. It was confirmed that on almost in all aspects of relations; there is mistrust and lack of good faith thereby forfeiting the ability of civil societies towards creating an inclusive and vibrant governance. Where such system is lacking job creation or creating job opportunities would be very difficult, especially in a ‘young dominating’ nation like Ethiopia.

The relation between government and civil societies has been checked vis-à-vis employment opportunities that could be available via active participation of civil societies. It was the



hypothesis of this study that a vibrant civil society contributes sternly both to direct and indirect job creation in Ethiopia. The finding confirms strong stand on the part of those who are directly engaged by civil society organization (and related stakeholders) and even government that vibrant civil societies helps. The sprite of the CSO proclamation is also towards creating strong civil societies yet the law is inconsistent in its detailed regulation with the object and purpose enshrined in its preamble. Likewise, the government strongly mistrusts civil societies and so do the CSOs as well.

Nevertheless, the relationship on ground between government and CSO via the new CSO proclamation is not to the level expected. It is rife with mistrust and bad-faith. The law governing CSOs are less systematized and over regulative. The classification of CSOs based on the income source and the funding requirement thereof is least agreeable to the actors and stakeholders of the CSOs. As such, many CSOs have been closed since the implementation of the new law. Again, many CSOs with strong intervention capacity are shunned off by the law from engaging on activities that foster democracy and human rights thereby contributing to good governance and accountability which in turn creates employment opportunity arising out of public accountability.

Believing that the domestic funding source is weaker and that foreign funding is ill motivated; the government made classification of CSOs prohibiting the foreign CSOs from engaging in democratization process. As per the official of CSO Agency, Ethiopia, in an interview, it was confirmed that there is even ideological difference between foreign CSOs and Ethiopian government thereby accusing the foreign NGOs of trying to impose neoliberal trust via funding and other means. Hence, it was imperative that they be prohibited by law not to engage in democratic and human rights agenda. The implication is that the civil societies cannot have direct role towards fostering good governance and towards ensuring accountability.

Besides, civil societies are not permitted by the law to spend more than 30 percent of their budget on 'administrative costs.' At least 70 percent must be spent on 'the implementation' of the organization's purposes. According to some in-depth inquires collected from managers, this



law is reasonable (or not that problematic per se)<sup>33</sup> but the directives that define administrative costs and program costs are not clear, meaning that the administrative costs could be read to include, costs for monitoring and evaluation, training costs, etc. This makes all project implementing costs to fall in to administrative cost. As such, the problem is with the directives that are enacted to implement the CSO proclamation not with the proclamation broad rule. The directives and manner of their implication is frowned upon by almost all stakeholders. In a related finding, the CSO proclamation is also least systematized and poorly drafted with some ill motives. Thus, the law lacks clarity, consistency, brevity and overall good faith.

Moreover, CSO proclamation, especially its 70/30 rule is forcing different organizations to move to other countries with more hospitable rules, like Kenya. The law is inhibitive and threatening. This has resulted in various negative impacts, to mention a few: loss of job opportunities which were created due to the existence of these organizations (when the organizations move they take the opportunities they provide with them) and the indirect effect on employment creation via capacity building and training. It discourages different organizations from coming to the country, this negatively impact the potential opportunities (foreign currency source, and employment opportunities, etc.).

Furthermore, 70/30's impact is vividly seen in Ethiopian Charities, Societies and Ethiopian Residents Charities or Societies. CSO proclamation is putting these organizations out of business (and strong impact) and forcing them to let go of their employees and establishment purpose. 70/30 restricts organizations from accomplishing their project goal; as a result the proclamation needs to be revised. The law is negatively viewed as far as this requirement is concerned in the empirical data collected demanding revisit.

On the other hand, International organization (because they have a large fund) and bilateral organizations (because they work in relation with the government, they are exempted from the application of 70/30) due to these reasons, these organizations are not grossly affected by 70/30.

---

<sup>33</sup> It allows the organizations' fund to be used for the implementation of projects rather than being wasted only on office expenditure, salary and other benefits for the organization's employees.



The strong impact is on those who are Ethiopian civil societies which are also allowed to engage in democratization and institution of accountability. Thus, the gains from government accountability via civil society participation is largely compromised owing to the funding requirement. Such is also the net finding that where civil societies are mistrusted, or that they are heavily controlled; good governance has no chance. With less-engagement of civil societies governance weakens and it is impractical or almost impossible to bring about inclusive economic growth and facilitate job creation in these scenarios.

## 6.2. Conclusions

In Ethiopia CSO laws have been found to be more restrictive and prohibitive of CSOs engagement in forging open society, including good governances, ensuring accountability and towards contribution to job creation and contributing for quality of jobs. The government mistrust CSOs and that their relation is that of mutual mistrust than reinforcing good governance. It was also perceived that the government would like to control CSOs than network with them towards trying to solve societal problems. It was also confirmed in related research that, ‘there should be a change of attitude recognizing that the role of the civil societies is important for the development the country as whole.’<sup>34</sup> The relation between government and CSs are not to the required level, especially towards cooperation in bringing public accountability and create more job opportunities.

The law governing the CSOs is rather divisive than creating consensus thereby making its enforcement a problem. A law that is not well taken by stakeholders are hard to implement. Many CSOs are closed owing to some violation of requirement of the law or made to close owing to fear of the closure at some time in the future. Others, needed to change roles and reduce employees to service. The manner of classification of CSs and funding source requirement is where strong complaints are heard.

---

<sup>34</sup> Tesfaye Digie, ‘Partnership between Government and CSs in the promotion of Quality Public Service Delivery in Ethiopia,’ *Journal of Civil Societies in Ethiopia*, 2013, p. 50.



As per the discussion with employees and managers of the CSs, it is found out that the relationship between the government and NGOs is not positive because the government does not have a positive attitude towards NGOs. This unhealthy attitude often comes from their difference in political views. It is not about the job they do or any related subject, the government is punishing these organizations for purely political purposes and reasons. As per the government official in CSO agency, he confirmed that foreign NGOS are coming with their neoliberal ideology which is not agreeable to us.

Charities and societies contribute much to the countries development but they are often seen as enemy of the state, this is implicitly shown in different forums and the government has limited their scope. This has negatively affected the organizations' impact on the betterment of the people and the country. The government needs to start trusting these organizations and stop harassing them

### **6.3.Recommendations**

The following recommendation could be made to better or improve the relationship between government and CSO in the framework of building accountable governance thereby creating jobs for the people of Ethiopia in general and the youth in particular:

#### **6.3.1: Concerning the Law**

The law must be framed and enacted with full participation (free and just participation) of all stakeholders including but not limited to CSOs. There is a huge concern with the regulation dealing with classification of funds in 70/30; it was considered from in depth interview with civil society managers that engage in capacity building which classify trainers (educators) cost as administrative. CSO law impacts employees by discouraging their creativity (due to limited fund), employees will not get frequent trainings because the cost for training falls under administrative cost and often the organization can't afford it (do not want to add to their administration cost), and in the long run organizations are closed and employees are laid off. Thus, they are at least prohibited to do capacity building with relevant expert or at most closed



owing to this law and hence the law must be flexible in here. In comparison, civil societies allocate huge funding for various objectives including capacity building, for instance, only NGOs under CCRDA allocate close 12 Billion birr in 2012.<sup>35</sup>

The law has many negative as well as positive impacts. In regard to positive aspects of the law. At least it put in place a legal framework that can govern operation of the civil society sector. It provided for the involvement of CSOs in income generation activities. It somehow acknowledges the importance of the charitable organizations to the development of the country. As regards its inhibitive impacts the following can be cited as the major concerns for.

**Highly centralized structure of the regulatory body:** CSA which is instituted to regulate the operation of the CSOs is highly centralized with office based in Addis without devolving power to regional organs. It denied regional governments the mandate to regulate CSOs specifically operating in the respective regions which essentially is contrary to the federal system. The fact that it is centralized with office only in Addis, it is difficult for CSOs to easily access it for various purposes such as submission of report, renewal process, and the like. CSOs have to travel to Addis even for minor administrative issues which require CSA's decision. This has a huge implication both in terms of time and cost.

**Heavy /strict control on the CSOs:** The new law gives the CSA to exercise strict control on the charitable organizations to the extent of interfering in their internal affairs and by so doing denies them the right to self-autonomy. As may be deemed necessary by it, CSA can not only fire the director of the CSO but also can appoint a new director. It can also close / abolish foreign and resident charities simply by administrative decisions without going through due process of law. Furthermore, CSO registered with the CSA are under continuous scrutiny which caused fear to them. Hence, this interferes needs a revisiting towards making CSOs stronger not weaker.

**Imposition of many restrictions to CSOs engagement:** The law barred may CSOs (Foreign & resident charities) from engaging in issues of political nature such as promotion of the democratization process, promotion of human rights and the justice system, promotion of

---

<sup>35</sup> CCRDA member CSOs Contribution to Development in 2012, CCRDA Publication (2012), p. xvi



equality of nations and nationalities and resolution of conflicts. It reduced particularly resident and foreign charities to mere providers of services. Although, it theoretically grants Ethiopian charities the mandate to engage on these issues, in effect, the CSOs could not effectively engage due to lack of resources as the law prohibits them from receiving more than 10% of their income from foreign sources. Therefore, it could be said that the law has been an impediment to the contribution of the CSOs sector towards the strengthening of the democratization process and promotion of good governance. The situation needs improvement and amendment in the law towards opening up the pace for robust contribution of all CSO to good governance and accountability.

**Restriction on fund acquisition and utilization:** CSOs cannot receive funds for the restricted areas. As the result the country loses the opportunity to get significant hard currency. The restriction has also impact on the overall organizational capacities of the CSOs. The most serious challenge related to this is the restriction of the utilization of the funds due to imposition of the 30/70 regulation. It means from the total budget of the CSOs 30% is the maximum amount allowed for administrative overhead and 70% for program purpose. Actually 30% for admin is not small but the problem is that most of the expenditures that have a program nature are intentionally brought under admin cost category? According to this regulation, expenses like program staff salary, travel expenses for project purpose (per diem, fuel, and transport), refreshment for workshops, hall rental expenses, trainers' fee, vehicle purchase costs for project, rental cost of project office, consultancy fees, etc. are part of admin costs. This classification is contrary to the standard classification and thus has a huge impact on CSOs work. Recently there are some considerations for activities related to children projects and projects focusing on disabilities where staff salaries and few other expenses are treated as program costs. Generally, this categorization has negatively impacted on the capacities of the CSOs and on their effectiveness of meeting project and organizational objectives.

**Fragmentation effect:** In effect, the law has resulted in the fragmentation the sector into three discrete categories which cannot formally collaborate (Ethiopian Charities, Resident charities, foreign charities) on the basis of the source of their funding. It is along these lines that CSOs can





establish formal networks and joint platforms around issues of common concern. The implication of this fragmentation is that CSOs cannot influence policies through collective voicing.

**Discourages CSOs to form consortiums:** It puts strict procedures on consortia to function and pursue their objectives by banning them from direct implementation of programs and projects. It reduces their role to channeling of funds to and coordination of the activities of their members. Furthermore, all their expenditures are considered as administrative overhead whatever their nature may be. Another impact is that consortium can only have members from the same category of CSOs and thus cannot be all inclusive.

**Difficulty to engage in Income Generating Activities (IG)-by imposing stringent requirements for getting license:** The law allows CSOs to engage in IGAs. However, to run any IGA they must be registered under the commercial code and should secure official business license like any business firm and should pay tax. They must also go through a very long process of investigation to get the license. The IGAs are also required to be managed separately as autonomous schemes run by its own staff and with a separate bank account. The income generated from the IGA is expected to be solely used for program expenditure. Another aspect of income generation allowed by the law is organizing fund raising events like bazars, and exhibitions. However, the process involved in the acquisition of permit for conducting such activities is extremely complex and that except few CSOs who are trusted by the CSA most find it difficult to implement. Work permit for such activities is obtained from the CSA at Federal level. After securing permission from CSA CSOs must apply for and get license from the respective regional trade and business bureaus/offices.

### **6.3.2. Concerning the Government/ Agency**

The government is well advised to relax the regulators bottlenecks and prohibition of such 70/30 and 90/10. On the other hand, CSOs are also advised to strongly lobby and increase domestic funding rather than hinging and totally depending on foreign sources. It is critical that both



government and CSO engage in continuous debate and discussion towards ironing out differences and building common grounds for development.

### **6.3.3. Concerning CSOs**

The government and CSs should work hand in hand and assist each other. The government should support CSs and their search for fund; it should not put restraints to limit their work and reach. Employees of some NGOs encounter problems as a result of the absence of a structure like the civil service which is provided for civil servants. The other problem employees of nongovernmental organizations face is unclear procedures concerning provident fund. The government's structure towards civic societies and charities has so far put a limitation on their activity. The nonprofit sector plays a significant role in generating hard currency, harassing this sector and blocking opportunities is therefore throwing away badly needed resources and impoverishing the nation and its people.

There are different problems concerning the licensing of NGOs, there is bias, corruption and some organizations/individuals use this opening to delve in some illegal activities. There are individuals in organizations, who use the organizations' funds for personal gain; who use their authority to hire and benefit their friends and family. To alleviate these problems there needs to be a strong monitoring and evolution mechanism.

The limit on the purchase of vehicles should also be lifted; organizations are allowed to purchase only two vehicles (duty free) per program. The numbers of cars exempted from duty should be based on the programs reach and the project's financial capacity. CSO structural arrangement is not democratic often board members are selected based kinship. Besides, many NGOs do not have a code of conduct as a result many of the workers they hire are unqualified and unprofessional. And, mostly employment is based on network. Because of lack of accountability there is embezzlement of funds, abuse of workers' rights and harassment.

### **References:**



- ✓ Africa Progress Report, 2014
- ✓ Beaver, Mark, *A Theory of Governance, (Global, Area, and International Archive University of California Press, 2013)*,
- ✓ Bekalu Tilahun, 'Implication of the Ethiopian Charities and Societies Proclamation for the Current Operation of CSOs/NGOs, JCSE, vOl.1, No.1, 2011
- ✓ CCRDA member CSOs Contribution to Development in 2012, CCRDA Publication (2012),
- ✓ Eric D. Werker and Faisal Z. Ahmed, *What Do Non-Governmental Organizations Do? Journal of Economic Perspectives, 2007*
- ✓ Helmut K. Anheier and et. seq., 'Creating Opportunities: The State of the Nonprofit Sector in Los Angeles,' UCLA Public affairs report, 2007
- ✓ Lewis, David, *Nongovernmental Organizations, Definition and History, Springer-Verlag Berlin Heidelberg, 2009*
- ✓ Users' Manual for the Charities and Societies Law, CSO Taskforce , 2011, Addis Ababa
- ✓ Tesfaye Digie, 'Partnership between Government and CSs in the promotion of Quality Public Service Delivery in Ethiopia,' *Journal of Civil Societies in Ethiopia, 2013*
- ✓ *The State of Food Insecurity in the World :Addressing food insecurity in protracted crises ,* FAO, 2010



# Appendix

Table-2

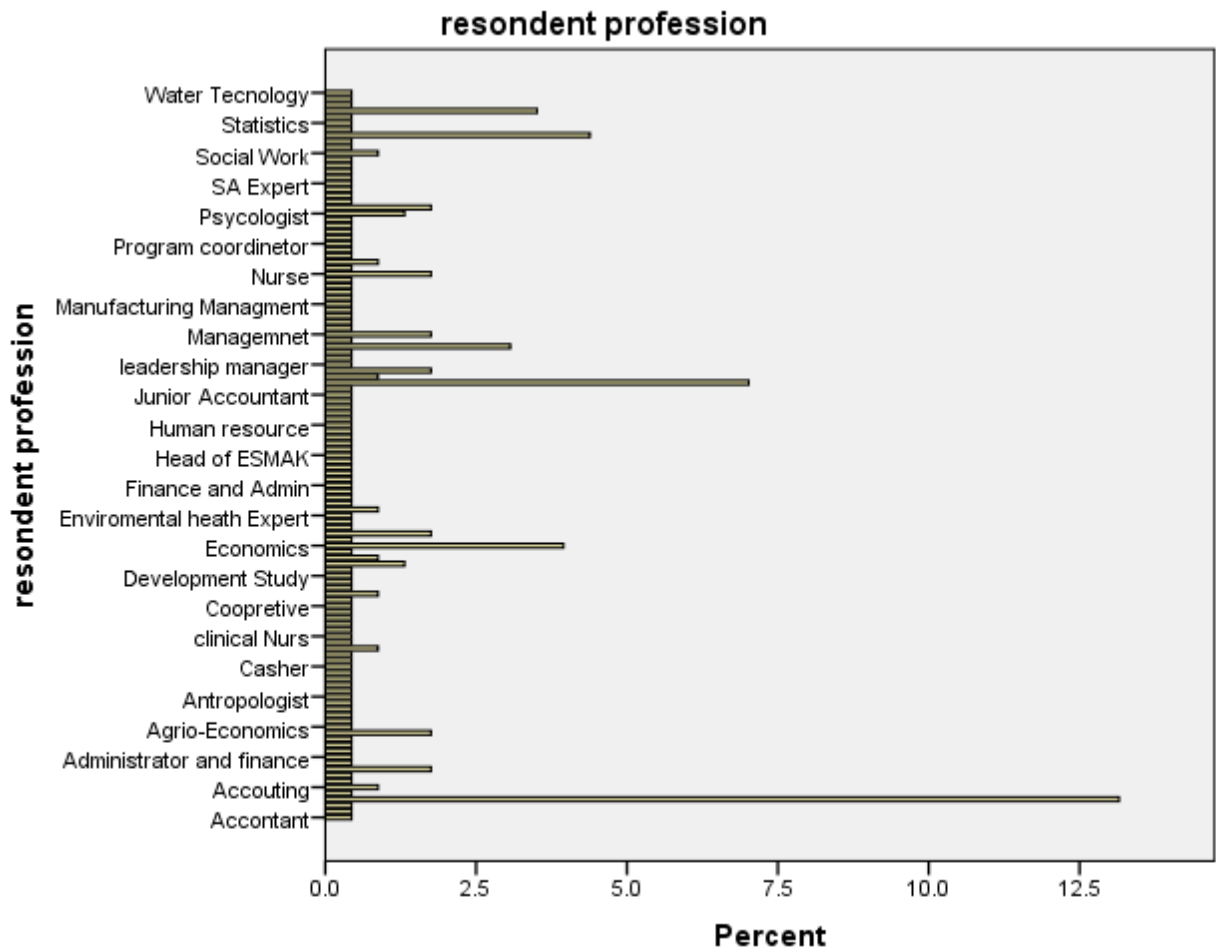
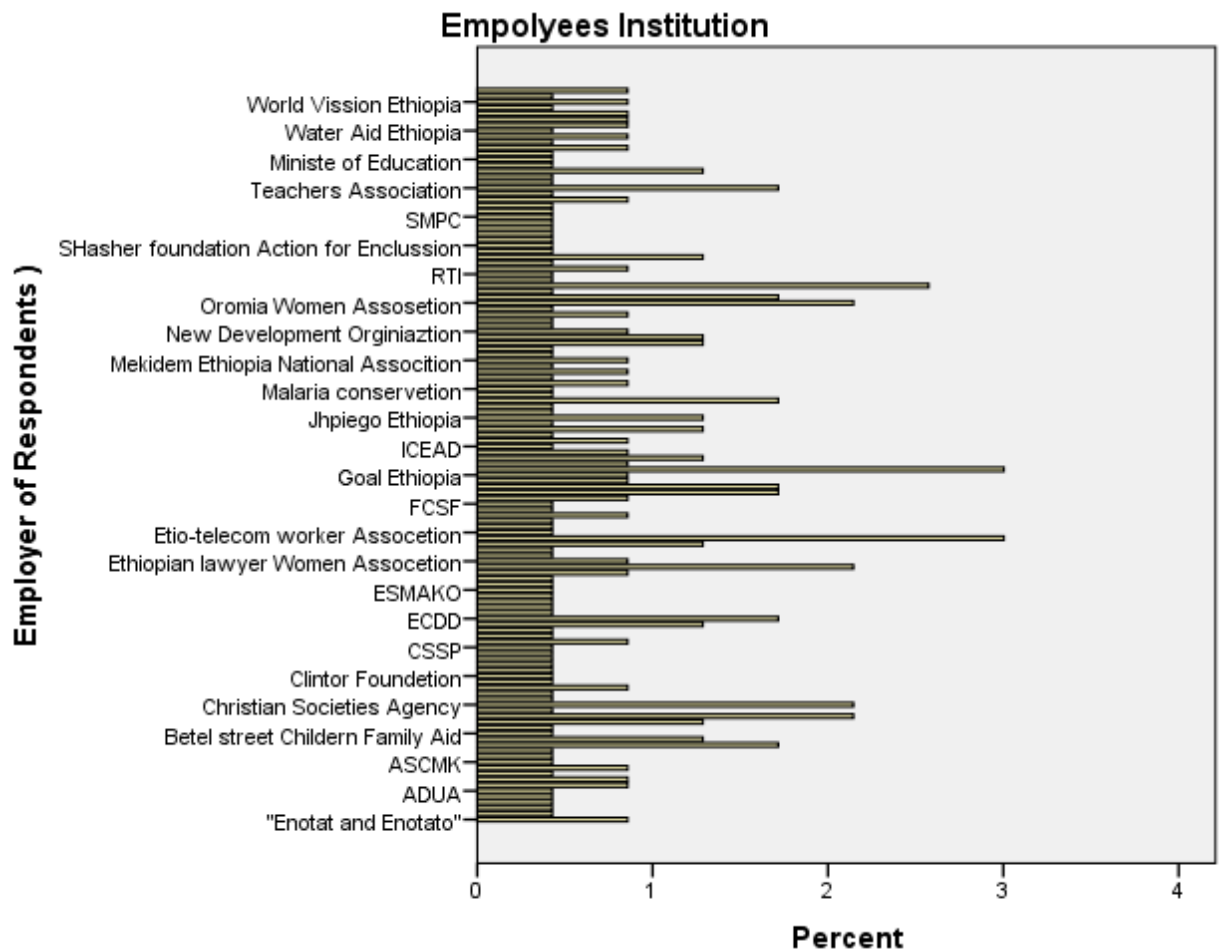


Table-3



### **Questionnaire-**

*This questionnaire is meant for a Project on **Global Issues for Development** towards assessing the impacts of the new Ethiopia's CSO law (2009), especially in terms of its impact on **quantity and quality of employment (jobs)** in Ethiopia. The research is being undertaken by AAU and Hawassa University Staffs. Please, do cooperate with us since the research output is to be used towards **lobbying the government for further discussions on the matter and produce policy briefs**. As the questionnaire is not exhaustive, you can add what you feel is more relevant to the object and purpose of the research in the space provided at the end of this question, comment part. Thank you very much indeed!*

### **Personal Data**



- i. Your name ( optional) \_\_\_\_\_
- ii. Your level of education: PHD,  MSC/LLM  BA/BSc   
 12+3, Any Other, Please State \_\_\_\_\_
- iii. Your Profession \_\_\_\_\_ your current Position \_\_\_\_\_
- iv. Name of your employer (institution) \_\_\_\_\_
- v. Employment Time. Year \_\_\_\_\_ month \_\_\_\_\_
- vi. Years of work experience \_\_\_\_\_
- vii. Address + (email and **phone, optional**) \_\_\_\_\_

You are supposed to rate your impact assessment as per the following rating: There Ratings are **1= Strongly Disagree, 2 =Disagree, 3 =Agree, 4=Strongly Agree 5=Unknown (Neutral)**

No.	Questions ( <i>Please, tick your choice number</i> )	1	2	3	4	5
<b>1</b>	<b>Civic organizations<sup>36</sup> have a major</b> role in fostering good governance in any given country (including Ethiopia).					
<b>2</b>	Civic organizations (including your organization) have role in creating responsive government thereby ensure accountability in the working of the government towards creating jobs.					
<b>3</b>	Civic organizations have a role in promoting job creation via inculcating accountability at all level of government & beyond.					
<b>4</b>	Civic organizations can play role in employment creations or improving employment conditions.					
<b>5</b>	Civic organizations can play a role in bettering employment conditions and in creating <b>quality<sup>37</sup></b> jobs.					
<b>6</b>	There is unhealthy current relation with the government, especially the Agency (Ethiopia Charity and Society Agency) responsible for regulating civil societies or any other civil organizations.					
<b>7</b>	The government do attempt (in terms of real commitment of the government) to boost the capacity of civic organization as instrument of creating political and economic stability.					
<b>8</b>	There is good faith (right attitude) of the government toward civic organizations in general.					

<sup>36</sup> Civic organizations include mainly NGOs and professional associations (and workers federations) in Ethiopia.

<sup>37</sup> Quality jobs refers to better working condition, better pay and better job security as compared to quantity ( number of jobs created in a given country) of jobs.



9	The government mistrusts civic organization as a force of good governance and towards creating more jobs and open society.					
10	Civic organization can have a <b>Capacity Building</b> <sup>38</sup> role that might result in job creations or bettering the life of people.					
11	Civic organizations have a very crucial role in employment creation in Ethiopia ( <b>direct</b> <sup>39</sup> <b>or indirect</b> <sup>40</sup> ).					
12	Civic organizations can create quality of employment (in terms of pay, working conditions and future prospects) of jobs as against quantity of jobs, or enable people to create or improve their own vocation.					
13	The CSO Law affected (or impacted negatively) civil organization role as a capacity builder and towards ultimate job creation. ( <i>relate this matter to the funding requirements and foreign partnering prohibition of the law</i> )					
14	The funding source requirement of the law negatively impacts Civic Organizations.					
15	Do you agree with the 70/30% budge use requirement of the law?					
16	Do you agree with the current (the justness or otherwise) fund classification regulation (project aim and administration cos)?					
17	Do you agree with the allegation that the political space for the Civic organizations is narrowing after the CSO proclamation of 2009?					
18	CSO Law and the Agency give due attention to basic labor standards upon ordering the closure and winding up of civic organizations because of different reasons.					
19	Do you think the law governing civic organizations needs reform or change?					

<sup>38</sup> Giving training or designing mechanisms which enable people (societies) to create jobs or better their productivity.

<sup>39</sup> Employment created by civic organizations directly, employing as experts (or managers) or support staff.

<sup>40</sup> Employment created by civic organizations indirectly via capacity building, especially through training.



- 1. Please provide your comment or points that (you thought) need to be included or discussed in connection to the matter at hand (with regard to the relationship between government and civic organization and its impact on employment)?**

---

---

---

---

---

---