



St. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**The Effect of Charity and Society Proclamation On  
the Save the Children International Office: case  
Study**

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By  
Getnet Alebel

June, 2016  
Addis Ababa, Ethiopia

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Student ID: SGS/0293/2007A

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**A Thesis Submitted to St. Mary's University School of Graduate Studies in  
Partial Fulfillment of the Requirements for the Degree of Master of Business  
Administration (General)**

June, 2016  
Addis Ababa, Ethiopia

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By: Getnet Alebel

**APPROVED BY BOARD OF EXAMINERS**

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## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Elias Nour (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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**St. Mary's University, Addis Ababa**

**... June, 2016**

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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Advisor

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**...June, 2016**

# Table of contents

Table of contents.....	i
Acknowledgement .....	iv
List of abbreviations .....	v
List of Tables .....	vi
Abstract .....	vii
<b>CHAPTER ONE .....</b>	<b>1</b>
1.1. Introduction .....	1
1.2. Background of the Study.....	2
1.3. Statement of the Problem .....	4
1.4. Research Questions.....	5
1.5. Objectives of the Study .....	5
1.5.1 General Objective of the Study .....	5
1.5.2 Specific Objectives of the Study .....	5
1.6. Research Hypothesis .....	6
1.7. Operational Definition of Terms .....	6
1.8. Significance of the Study .....	7
1.9. Delimitation/ Scope of the Study .....	7
1.10. Organization of the research report .....	8
<b>CHAPTER TWO: REVIEW OF RELATED LITERATURE .....</b>	<b>9</b>
2.1. Historical Overview of CSOs in Ethiopia.....	9
2.2. Types of CSOs in Ethiopia .....	12
2.3. Overview of Charity and Society Agency .....	14

2.4. Access to foreign funding for those NGOs/CSOS that work on human rights issues .....	16
2.5. Scope of Application .....	17
2.6. Administrative Cost –versus- Operational Cost .....	19
2.7. Roles of Civil Society Organizations .....	21
2.7.1. Types of Civil Society Organizations.....	23
2.8. The Contribution of CSOs towards Ethiopia’s Development .....	25
2.8.1. Resource Mobilization .....	25
2.8.2. Resource Use and Distribution.....	26
2.9. Empirical Research .....	28
2.10. Knowledge and Literature Gap identified .....	31
2.11. Conceptual Framework.....	31
<b>CHAPTER THREE: RESEARCH METHODS .....</b>	<b>33</b>
3.1. Site Selection for Major Focus .....	33
3.2. Research Design and Methodology of the study .....	33
3.2.1. Data Type and Sources.....	33
3.2.2. Research Design .....	34
3.2.3 Sample Design and Procedures.....	34
3.2.4. Instruments of Data Collection .....	35
3.3. Methods of Data Processing and Analysis .....	35
<b>CHAPTER FOUR: RESULTS AND DISCUSSION .....</b>	<b>37</b>
4.1. Challenges of the CSP on the Save the children International office.....	37
4.1.1 The change in the Thematic Areas of Operation .....	37
4.1.2. The Change in the Number of Staffs .....	38
4.1.3. The change in the number of partner/ donors organization .....	38
4.1.4 The change in the amount of Fund .....	39

4.2. Coping Mechanisms Undertaken by the Charity and Society .....	40
4.2.1. Coping Mechanisms Undertaken by the Ethiopian Resident Charity and Society .....	40
4.3. Pros and Cons of the Proclamation.....	41
4.3.1. Pros of the Proclamation .....	41
4.3.2. Cons of the Proclamation.....	42
<b>CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>43</b>
5.1. Conclusions .....	43
5.2. Recommendations .....	45
References.....	48
<b>Annex 1: Interview questionnaire for Charities and Societies.....</b>	<b>i</b>

## **Acknowledgement**

First and foremost, I would like to thank the Almighty God who gave me power and patience in every endeavor of my life. I thank my advisor, Elias Nour (PhD) for his valuable comments, encouragements and guidance at various stage of the study. I am thankful to staffs of my organization for their cooperation in providing all the necessary data required and for sharing their valuable time to conduct an interview.

My parents deserve special mention for their support and prayers especially, my wife MISKA. She is always on my side for my success next to God. Finally, I would like to thank Hana, Salim, Wedaje and Daniel, and everybody who was important to the successful realization of my thesis.

Name: Getnet Alebel

Signature\_\_\_\_\_

## **List of abbreviations**

<b>CAO</b>	Civil Advocacy Organizations
<b>CBOs</b>	Community-Based Organizations
<b>ChSA</b>	Charities and Societies Agency
<b>CIDA</b>	Canadian International Development Agency
<b>CRDA</b>	Christian Relief and Development Association
<b>CSO</b>	Civil Society Organization
<b>CSP</b>	Charities and Societies Proclamation
<b>DAs</b>	Development Associations
<b>EU</b>	European Union
<b>FDRE</b>	Federal Democratic Republic of Ethiopia
<b>EPRDF</b>	Ethiopian People’s Revolutionary Democratic Front
<b>JICA</b>	Japan International Cooperation Agency
<b>NGO</b>	Non-Governmental Organization
<b>NTC</b>	Non Thematic Costs
<b>SCI</b>	Save the children International
<b>YMCA</b>	Young Men’s Christian Association

## **List of Tables**

Table 2.1: Growth of National and International NGO's .....	11
Table 2.2 Number of charities and societies .....	12
Table 2.3 Earnings from selected exports, ngo and private transfers (in million usd).....	25
Table 2.4 Actual and planned NGOs project expenditures 1(2004-2008).....	26
Table 4.1: Number of staffs .....	38
Table 4.2: The number of partners .....	39
Table 4.3: Fund received per year (usd).....	39

## **Abstract**

*Even though the preamble of the Charities and Societies Proclamation No. 621/2009 states citizen's constitutional right to freedom of association and the need to enhance and strength the role of charities in the overall development of Ethiopia, the Proclamation continues to have ambiguity and has created insecurity on the parts of the Civil Society. The main objective of this study is to assess the effect of Charity and Society proclamation on international Non-Governmental Organization called Save the Children International. To address the objectives in this study, the research method used is descriptive case study. Through the use of primary and secondary data sources, the researcher has gathered the necessary information regarding the effect of the proclamation. Purposive sampling technique was used. Semi-structured interviews were carried out. Information obtained from these sources was then analyzed qualitatively based on descriptive analysis. The findings show that the Proclamation has brought about new changes in terms of operational areas and structural change. On one hand, the Proclamation creates an independent agency for the Charity and Society Organization sector, allows income generation activities, and tries to control bad practices by Charity and Society; it has strict funding source requirements especially on the right component of the organization. However, the absence of a tradition of giving financial support to human rights organizations, and the lack of the necessary skill and experience in generating funds from local sources are currently challenging the Charities and Societies. Creating an enabling environment for the operation of charity and society organizations cannot be guaranteed by the enactment of the law by itself unless it is complemented by reducing the restriction on foreign funding and properly classifying the program costs. This finally would hit hard given the lack of obvious fundraising and development opportunities inside of Ethiopia, one of the poorest countries in the world.*

**Keyword:** Charity and Society proclamation, Charity and society organizations

# CHAPTER ONE

## 1.1. Introduction

Civil society has emerged as an important catalyst of change in the development and democratic processes at both the national and international levels. It has begun to play a critical role in the worldwide drive for equality, social justice, human rights, fair trade, debt cancellation, and the elimination of poverty. (Forum for Social Studies, 2008)

In most developing countries, particularly in Africa the failure of the state as agent of development and the subsequent disappointment of donors has led to a shift of emphasis in development policy. This policy change calls for a greater participation of the private sector and civil society (of which non-governmental organizations are part) in the processes. (Clark, 2000)

Civil Society Organizations are also visible on the overall institutional landscape of the Ethiopian society. The involvement of CSOs in the economic and social life of the country began in early 20th century. Their forceful involvement in the development efforts of the country, however, starts with the drought induced famine of 1973/74 and the recurrence of the 1984/85 drought. Initially their operations focused on relief that saved millions of lives. However through time their roles and areas of intervention changed. (CRDA and DPPC, 2004)

According to Dessalegn (2008), compared to many other African countries, the Ethiopian CSO community is not that developed in terms of diversity, size and capacity. During the last two decades, the community has had, in relative terms, some opportune moment for growth in size, diversification in make-up and self-organization for active participation in the national socio-economic process.

The CSOs in the country have been providing considerable support to capacity building of government agencies, particularly at local-levels and in the remote parts of the county. Such support has contributed to effective leadership, improved responsiveness and positive orientations to the poor, the rights of children, women, and other marginalized groups. The bulk of the development and service-oriented projects have gone to the rural areas. Poor peasants, Children, women, and vulnerable groups here have been the target of program activities. In the urban areas, the beneficiaries have been children, poor women, marginalized households and youngsters without opportunities for education and employment. (ibid)

Until recently, the basic laws that were governing the formation and operation of most type of CSOs were the 1960 and 1966 Civil Code and Association Registration Regulation, respectively. However, these laws were unresponsive to the current realities of the sector, as they failed to consider the diversity of profiles among CSOs and contemporary appreciation of their roles in good governance and development; implying the need to reform the legal framework governing the sector.

Recently, the House of the Peoples Representatives of the Federal Democratic Republic of Ethiopia (FDRE) adopted the Charities and Societies Proclamation (CSP) No 621/2009 to regulate the CSO sector in the country. This paper tries to explore the provisions of the Charities and Societies Proclamation and assess the effect of the proclamation on children CSOs in Addis Ababa particular focus on the Save the children International office.

## **1.2. Background of the Study**

Today, the importance of non-governmental organizations (hereinafter called CSOs/NGOs) in the development of nations has come to light with the ever increasing acceptance. CSOs/NGOs are becoming important agents of development both in developed and developing nations in the area of provision of social services, environmental protection,

health, education, child warfare, poverty alleviation and other community empowerment activities. Moreover, there is a general consensus on the fact that CSOs/NGOs stands as a key force of development and their activities cuts across gender, regional, ideology, political and professional lines. (Fisher, 1993)

In Ethiopia, as is the case of many states, CSOs/NGOs play a significant role in the social, political and economic development. In addition to this, CSOs/NGOs play an important role around crisis and poverty alleviation and engage in activities such as agriculture, conflict management and displacement, HIV/AIDS, integrated rural development, disable persons, health, education, income generation, information services, refugees, street children, women issues, peace, governance, food security, self-help and youth. (Clark, 2000)

From a historical point of view, CSOs/NGOs (including international CSOs/NGOs) started to have a significant presence in Ethiopia in the 1960s with the enactment of the law governing civil society associations (i.e.1960 civil code of Ethiopia) during the imperial regime. Moreover, the CSOs/NGOs during the Derg regime have also increased in number owing to the catastrophic famine crises of the 1984-1985. However, during these two past regimes the works of CSOs/NGOs including the international organizations were confined only relief activities.(ibid)

The current EPRDF government sees the establishment of CSOs/NGOs both an economic and political question. The current Constitution of Ethiopia provides a freedom of establishment of association. According to data compiled from Charities and Societies Agency data base (hereinafter called CSA) as of May 2011, there are 1761 CSOs/NGOs working on the issues of human rights, governance, and advocacy programs, environmental rehabilitation, civic education, policy investigation and monitoring activities. (Charity and society Agency, 2011)

The EPRDF Government has introduced a Charities and Societies Proclamation No.621/2009 on January 6, 2009 and it has been implemented since January 6, 2010. The purpose of the law is to regulate all domestic and international civil society organizations carrying out activities in the country and it is considered as a primary tool enhancing the transparency and accountability of civil society organizations. However, the Proclamation has been met with strong opposition from some Ethiopian civil society actors and some international CSOs/NGOs on the ground that it would create” a complex web of arbitrary restriction on the works of civil society groups can engage in, onerous bureaucratic hurdles, draconian criminal penalties, and intrusive power of surveillance”. (Human Rights Watch, 2008)

Therefore, there is a general and current debate on the effect of the Charities and Society Proclamation on CSOs/NGOs.

### **1.3. Statement of the Problem**

The question whether the Charities and Societies Proclamation (hereinafter called CSOs/NGOs law) has an effect on local and international CSOs/NGOs is research question due to the following reasons.

First, the actual challenge of the proclamation on the scope work, fund availability, social support of the Ethiopian and international CSOs/NGOs from the legal and economic point of view are missing in the literature. One provision of the Proclamation prohibits foreign CSOs/NGOs from engaging in activities pertaining to human rights, gender rights, children rights, disability rights, citizen’s rights, conflict resolution or democratic governance. Even the “local” CSOs/NGOs that receive more than ten percent of their funding from foreign sources are considered “foreign “for the purpose of the Proclamation. Since vast majority of domestic CSOs/NGOs in Ethiopia receive the bulk of their funds from foreign sources, the new Charities and Societies Proclamation is believed to force them to either close their doors or drastically alter the scope of their work. However the actual impact of the law on the viability of the organizations that have provided critical services to Ethiopian most vulnerable citizens as well as its impact on the citizens themselves is not investigated.

To the researcher's knowledge, studies linking the effect of the Charities and Society Proclamation on the Ethiopian and international CSOs/NGOs regarding the scope of work, fund availability, social support, human power can measuring the gap between perception and the law from the legal and economic point of view are important empirical study that requires investigation. Therefore it is timely to consider and examine the effect of the Proclamation as legal research variable and development objective.

## **1.4. Research Questions**

In order to meet the objectives set, some of the basic questions the researcher has tried to answer are:

- 1) What is the Challenge of the Charities and Society Proclamation on the Ethiopian and international CSOs/NGOs regarding their scope of works?
- 2) What types of mechanism do charity organizations use to cope up with the new proclamation?
- 3) What is the challenge of the Proclamation of the human power, fund availability and society support?

## **1.5. Objectives of the Study**

### **1.5.1 General Objective of the Study**

The main objective of the study is to assess the Effect of the Charities and Society Proclamation on the works of Ethiopian and international CSOs/NGOs with particular attention to Save the Children International Office.

### **1.5.2 Specific Objectives of the Study**

The specific objectives of the study will include the following points:

1. To identify the Challenge of Charity and Society proclamation on the operations, human power capacity, funding and beneficiaries/Society.

2. To identify the changes and the coping mechanisms undertaken by the Charities and Societies engaged in local and International Charities (NGOs).
3. To assess the Challenge of the CSP on the potential reduction of foreign funds available to local and international Charities (NGOs) with particular focus on Save the Children, International Office.

## **1.6. Research Hypothesis**

The researcher has formulated the following hypotheses:.

H1. There is a significant relationship between Charity & Society proclamation (CSP) and Charities operations.

H2. There is a significant relationship between CSP and Charities human power.

H3. There is significance relationship between the influence of the CSP and a potential reduction of funding

## **1.7. Operational Definition of Terms**

1. "A **Charity**" means an institution, which is established exclusively for charitable purposes and gives benefit to the public. **Source:** Federal Negarit Gazeta, February 13, 2009 and PAGE 4528

2. **Non-Governmental Organization:** refers to an association, society, foundation, charitable trust, non-profit corporation, or other juridical person that is not regarded under the particular legal system as part of the governmental sector and that is not operated for profit – viz., if any profits are earned, they are not and cannot be distributed as such. It normally does not include trade unions, political parties, profit-distributing cooperatives, or churches, which are usually regulated under separate legislation. **Source:** (Rebecca B. Vernon (2009) International Journal of Not-for-profit law)

**3. 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. (Federal Negarit Gazeta, February 13, 2009 and PAGE 4523)

**4. Operational costs:** shall mean the money spent to achieve the goals for which the CSO has been established and to benefit the community. ( Federal Negarit Gazeta, February 13, 2009 and Page 4523)

## **1.8. Significance of the Study**

In this thesis, the researcher adds to the recent and limited micro level evidence on the Challenges of the Charities and Society Proclamation on the Ethiopian and international CSOS/NGOs. The research has provided also insights for Ethiopian and International CSOs/NGOs, CSA, ministry of justice, civic society organization in general and other interested researchers. The study provides suggestion to various policy recommendations and alternative legislation on the CSOs/NGOs sector and to assess whether the current Charities and Society Proclamation holds lessons for others. The study also benefits for further study to be made in the area of legal framework governing international and domestic CSOs/NGOs.

## **1.9. Delimitation/ Scope of the Study**

Due to the amount of time given to undertake the research, this study has focused only on save the children International Addis Office. Moreover, as a qualitative study, it has employed a small sample of respondents and thus generalizations cannot be made.

Though the researcher had anticipated including more samples, there were some that did not want to be interviewed, due to the sensitive nature of the topic.

The other limitation is that the methodology used fails to control for other factors affecting the impact of the Charities and Society Proclamation on the CSOs/NGOs. In addition, the

researcher could not find enough secondary data from the CSOs/NGOs and other relevant institution as a result the analysis of the challenge is predominately dependent on primary data and some secondary sources.

### **1.10. Organization of the research report**

This Research comprises Five Chapters. The first chapter deals with introduction, background of the study, statement of the problem, objective of the study, significance of the study, Operational definition of terms, delimitation, organizing the research structure of the report. Chapter two discusses the review of the related literature, empirical research with conceptual framework pertaining to CSOs/NGOs and narrative legal analysis of the CSOs/NGOs laws governing CSOs/NGOs sector in brief. The third chapter presents description of the study area and profile of save the children International office in Addis Ababa and research methods. The fourth Chapter consists of results/findings of the study, and interprets and/or discusses the findings. The Final Chapter deals with Summary, Conclusions and Recommendations about the study.

## **CHAPTER TWO: REVIEW OF RELATED LITERATURE**

### **2.1. Historical Overview of CSOs in Ethiopia**

Civil Society Organizations are important social actors that can contribute to the overall development and democratization process of any society. These contributions become more significant in developing countries like Ethiopia, where poverty still dominates the livelihood of the people; democratic values and system of governance are yet in their infancy.(Organization for Social Justice in Ethiopia, 2007).

In Ethiopia, civil society as we know it today is a recent phenomenon. The earliest predecessors of civil society organizations in Ethiopia were traditional community-based organizations such as idir, the iqub and other self-help organizations.(Forum for Social Studies, 2008).

When the Civil Code containing the articles governing “associations” was issued in 1960, there were hardly any active organizations that could be described as CSOs in the proper sense of the word. By the latter part of the 1960s, a small number of professional associations had been registered with the Ministry of Interior, which was then the regulating body, but these were mainly concerned with serving the interests of their professions and did not play significant role in development or other public issues. There were also government-supported women’s associations, patriotic groups and others, but these played a marginal role and had only a muted voice. (Dessalegn, 2010).

According to CRDA (2006), the development of CSOs in Ethiopia exhibit three phases: full engagement in relief and humanitarian work; the de-linking of relief and humanitarian work and focusing on basic services provision; engagement in governance, advocacy and human rights in addition to the service delivery. Until 1991, the legal and political conditions were

not conducive for the third phase of the NGOs development in the country due to the Imperial (1930-1974) and the Derge (1974-1991) governments' very restrictive and oppressive regulations and laws. Nevertheless, with the fall of the Dergue Regime in May 1991 and the political liberalization during the transitional period, the voluntary sector saw a marked transformation in both quality and size. Not only was there a sharp rise in the number of CSOs, both national and international, but there was a shift from relief operation to development interventions (ibid).

By the end of that decade, advocacy organizations had emerged, namely organizations engaged in human rights concerns (including rights of women and children), in promoting good governance and access to justice, in voter education, environmental protections, and public policy reform. It was the first time such organizations had appeared in the country.

The major legal instruments issued to regulate these voluntary institutions in Ethiopia include, but not limited to, the following:

Decree for the regulation of churches providing spiritual services to their followers (issued on 10th March 1942); Legal Notice on the missions working to establish hospitals and non-denominational schools (Legal Notice No.59/1944); Legal Notice No.99/1947 on the establishment of the Ethiopian Red Cross (established in accordance with the Geneva Convention of 1906); Order No.5/1950 establishing Young Men's Christian Association (YMCA) in Ethiopia for helping humanity without distinction, to be non-denominational and to be non-political; General Notice No.169/1953 establishing Ethiopian Women's Welfare Association with the objective of support for women; Menelik II Memorial Fund was founded in April 1933 for establishing of schools as well as for charitable and religious purposes; General Notice No. 235/1959 providing a Charter that establishes the Haile Sellasse I Foundation, with the objectives of engaging in medical, scientific, artistic and pedagogic activities to support the Ethiopian people; the Ethiopian Civil Code of 1960 in which Associations are recognized as legal persons that can be formed not for profit;

Church Development Commission of 1972 was established as a non-state actor with the objective of providing training and vocational education. (Bekalu, 2011)

The following table shows the growth of National and International NGO's in the country post Dergue period.

**Table 2.1: Growth of National and International NGO's 1**

NGOs	1994	1996	1998	2000	2007
National NGOs	24	96	160	246	1742
International NGOs	46	96	119	122	234
Total	70	192	270	368	1976

**Source: Dessalegn (2008)**

As the table shows, there has been significant increase in the number of both National and International NGOs post-Dergue period. One of the encouraging factors for the increase according to the Forum for Social Studies (2008) is the recognition of civil and political rights in the 1995 constitution of the Federal Democratic Republic of Ethiopia (FDRE) and the country's ratification of major international human rights. (Forum for social Studies, 2008)

Currently, according to the data that was provided by the ChSA, the number of Charities and Societies has been increasing in the country. As the following table shows, until March of 2012 there were 2,507 organizations re-registered as according to the proclamation. (ChSA, 2012)

**Table 2.2 Number of Charities and Societies 1**

Organizations	Total
Foreign Charities	354
Societies	
Ethiopian Societies	349
Ethiopian Resident Societies	405
Charities	
Ethiopian Charities	101
Ethiopian Resident Charities	1235
Adoption	63
Total	2507

**Source: ChSA, March 2012**

There are 1,640 organizations registered as Ethiopia Resident Charities and Societies and about 450 organization registered as Ethiopian Charities and Societies. Previously before the proclamation there used to be yearly increase of 70 new registrations, but following the proclamation between 300 and 400 new organizations are registered yearly. Altogether a total of about 1,006 new organizations have registered in the country. (ChSA, 2012)

## **2.2. Types of CSOs in Ethiopia**

As an associational life of any society, CSOs are diverse and heterogeneous in all aspects. According to Bizuwork and Zega (2006), the following are the different types of CSOs in Ethiopia.

Traditional CSOs (Community Based Organizations, CBOs) are a cluster of various self-help organizations that have existed in Ethiopia's traditional society for generations. These groups operate in multiple strata of society and perform different roles but primarily exist to provide self-reliance for individuals, households and the larger local community. These include such CBOs as Idir, Debo, Iqub, Mahber, Ezen group etc. (Bizuwork and Zega, 2006)

Non-governmental Organizations (NGOs) are more traditional national NGOs were first formed in Ethiopia in the 1960s, but emerged as potentially significant players in the nation's development only after the fall of the Dergue regime. (ibid)

Membership Organizations are organizations formed to cater for the interest of their members. These include professional associations, which are based primarily on profession. They are predominantly formed to address needs and interests of their members (teachers, lawyers, medical, and trade associations, etc.). (ibid)

Civil Advocacy Organizations (CAO) is sometimes called rights based organizations as their focus is on rights. They include organizations working on women empowerment, human rights, governance and democracy and conflict prevention and resolution. (ibid)

Development Associations (DAs) are formed with encouragement from the government and occupying a niche somewhere between governmental and non-governmental in their essential makeup are operating with a substantially different profile from traditional NGOs. These entities are supported by contributions from large membership bases and receive project funds from the government to carry out various development schemes. (ibid)

### **Other categories**

- Mass associations (youth, women, etc.);
- Faith based organizations;
- The free press associations, chambers of commerce and research institutions;

### **2.3. Overview of Charity and Society Agency**

According to a recent statement by the Charities and Societies Agency (2011), about 1600 CSOs have been reregistered under the new Charities and Societies Law. Of these, more than 1500 are Ethiopian resident and foreign charities working on development and welfare. In addition, the Agency has also registered close to 98 Ethiopian charities and societies which are allowed to work on human rights and conflict resolution. (User manual for charities and Societies, 2011)

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

The emergence of CSOs in Ethiopia was largely related to food aid and rehabilitation programs. NGOs started operating in Ethiopia mainly after the 1974 famine, but they had a much larger presence in Ethiopia after the 1984 drought. The intervention of NGOs at that time was limited to the provision of relief and welfare services, especially food aid. The number of NGOs has immensely increased since then, and their intervention areas have been expanded in the provision of basic services, including education, health and development of infrastructure. A few CSOs were also established to work on human rights, civic education, democracy and conflict issues. Moreover, NGOs working on development and service delivery have largely adopted the rights-based approach to development with a view to ensuring community ownership and sustainability of development programs. (ibid)

The legal regime which governed the registration and regulation of the sector, on the other hand, was the Civil Code which was enacted during the Imperial regime. Enacted 48 years ago, the law was not compatible with the developments in the sector in the last two to three decades, and could not cater for the new and sector-specific needs of NGOs/CSOs. Cognizant of these limitations, civil society organizations have persistently been calling for the enactment of a new law which takes into account the specific needs and role of the sector in the country's development and governance. Convinced of the need for a new legal regime, several versions of the draft CSO laws were circulated by the government since 2002 for discussions and comments by civil society. Organizations such as the then CRDA, Action Aid Ethiopia, Forum for Social Studies and Inter Africa Group have made significant contributions in this endeavor by facilitating the study and compilation of global best practices on the registration and regulation of CSOs, and even going to the extent of presenting alternative draft CSO laws.(ibid)

On the other hand, since 2005, the government has been expressing its views on the meaning of civil society, the role of NGOs in development and good governance, and issues of transparency and accountability in the sector. These views were echoed in internal party documents, election debates and discussions with actors in the sector. The prevailing position among government circles tried to make a dichotomy between NGOs and CSOs, and characterized NGOs as entities which are established by a few individuals and hence lacking constituency. NGOs were also portrayed as dependent on, controlled by and accountable to donors rather than their members. While NGOs could be allowed to engage in development activities, they should not be permitted to engage in areas related to rights and political advocacy, as these should be reserved to purely local civic organizations. The latter, which the government recognizes as genuine civil society organizations, are established and controlled by citizens, and depend on membership contributions rather than foreign aid. Such organizations (also called mass organizations) have broader/mass constituency, and hence have the right to engage in issues related to rights and democratic governance. A corollary of this

argument was that CSOs should be allowed to freely operate because they are a genuine manifestation of citizens' constitutional freedom of association, while NGOs would be allowed to work only when the government finds their Contributions useful. Hence, the government is entitled to close down NGOs at any time, and they are precluded from appealing to the court from decisions to suspend their operations or cancel their registration.(ibid)

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

#### **2.4. Access to foreign funding for those NGOs/CSOS that work on human rights issues**

Charities and Societies Proclamation No.621/2009 has stripped NGOs of access to foreign funding and in various cases this has led to the closing down of independent domestic NGOs who work on human rights- and governance-related issues by. The charity law defines as “foreign” any Ethiopian NGO that receives more than 10 percent of it’s funding from foreign sources or has any members who are foreign nationals, and then bars “foreign” NGOs from working on human rights and governance issues. This would hit hard many NGOs given the lack of obvious fundraising and development opportunities inside of Ethiopia, one of the poorest countries in the world.

Various provisions of the proclamation would have a devastating impact. But the likely impact is still more ominous when understood in its broader context. This law has been already- limited political space would be further narrowed.

Over the years, the government of Ethiopia has demonstrated a pattern of repression, harassment of political opponents and human rights defenders critical of the government, and pervasive human rights violations. These trends have accelerated since the country's controversial 2005 elections. Disputes about the results of those elections led to street protests that were brutally suppressed and then followed by the arrest of opposition politicians and leading activists on charges of treason.

Official tolerance of political dissent, already thin, has waned markedly in the years since then. Formal political opposition has largely evaporated in most of Ethiopia. April's kebele and wereda elections saw the ruling party running unopposed in most constituencies and winning more than 99 percent of all seats.

"This law is not just an assault on independent civil society organizations," said Michelle Kagari, Deputy Africa Director at Amnesty International. "It's part of a broader effort to silence the few independent voices that have managed to make their criticisms of the government heard in an increasingly repressive climate."

Ethiopia is one of the world's most aid-dependent countries. Ethiopia's key bilateral donors, however, have largely maintained a public silence in the face of the government's worsening human rights record. For example, the United States and Britain, which collectively provide Ethiopia with more than U.S. \$600 million in foreign assistance each year, are the Ethiopian government's most important donors. Both governments have consistently failed to speak out publicly against longstanding patterns of repression and human rights violations including war crimes committed by Ethiopian armed forces in Somalia. (<https://www.hrw.org/news/2008/07/01/ethiopia-government-prepares-assault-civil-society>)(Accessed on April 16, 2016)

## **2.5. Scope of Application**

The charities and societies low apply to the following organizations:

1. Charities operating in more than one region;
2. Societies that have members in more than one region;

3. Ethiopian resident charities and societies, as well as foreign charities working in one region only;
4. Charities and societies operating in Addis Ababa and Dire Dawa.

Hence, if the charity you work with has offices in Addis Ababa or Dire Dawa, or operates in more than one region, it needs to get registered by, and report to the Federal Charities and Societies Agency. Likewise, if you are working for a society whose members reside in two or more regions or just in Addis Ababa/Dire Dawa, it has to be registered by the Federal Charities and Societies Agency. (User Manual Charity & Society, 2011)

On the other hand, if your organization is an Ethiopian resident or a foreign charity, it will be governed by the Charities and Societies Law and needs to get registered by and report to the Federal Charities and Societies Agency regardless of the number of regions it is operating in. You should also not forget that your organization should also be registered at the region where it is operating. You might ask whether this won't result in accountability to two (federal and regional) authorities. The answer is yes. You may also wonder why it is necessary to register at the Federal level if you are also registered with the regional authorities. The simple answer we have is "because the law requires you to do so". (ibid)

It might be difficult and impractical for the Agency to register and supervise NGOs/resident charities working in different parts of the country. It might also result in overlap of responsibilities and jurisdictions between regulatory authorities at federal and regional levels. In light of these challenges, it is believed that the Agency might delegate its powers of registration and supervision to regional authorities. Until this is done, however, Foreign and Ethiopian resident charities working in the regions need to be registered by, and report to, the Federal Charities and Societies Agency.(ibid)

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

Such organizations will be registered by, and report to, the concerned authority of the region where they work in. (ibid)

The law will not apply to the following organizations:

1. Religious organizations, Foreign and international charities which operate under an Agreement with the FDRE Government,
2. CBOs such as the Idir (burial societies), Equb (traditional saving societies) and other traditional, or religious entities,
3. Chambers of commerce and sectorial associations, trade unions, political parties and associations covered by other laws. (ibid)

There are two caveats regarding the [non] applicability of the law to religious organizations. First, the law doesn't apply to evangelical activities of religious organizations. If a religious organization plans to engage in a charitable activity, it should establish an independent charity for that purpose. The charity 'wing' needs to be registered and be regulated by the Charities and Societies Law. Secondly, the Charities and Societies Agency is delegated to register religious organizations until a law is enacted regarding the registration and operation of religious organizations. (ibid)

## **2.6. Administrative Cost –versus- Operational Cost**

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

As a matter of principle, however, administrative cost pertains to basic expenses which are necessarily incurred by an organization regardless of the existence of project activities.

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

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

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

## **2.7. Roles of Civil Society Organizations**

It is widely recognized that CSOs have played and continue to play an important role in development, good governance and democratization in developing and transitional societies. (Heinrich, 2004) They have invested considerable effort and resources in poverty reduction, protection of vulnerable population groups, promotion of gender equality, and enabling citizen participation in the political process. (Heinrich, 2004)

CSO activities may be grouped into several categories depending on the countries or regions concerned. In many African countries, including Ethiopia, these include three major areas: providing essential services and pro-poor development work; promoting the cause of the common good, in particular environmental protection and sustainable resource use; and citizen's empowerment and human rights. (Dessalegn, 2010)

In general, CSOs are perceived to play valuable roles in both the developmental and democratization process of a country. According to CIVICUS (2011), the international network of civil society groups, lists five "essential roles" for civil societies:

1. Influencing public policy: this dimension consists of three sub-areas, namely roles in influencing the national budget process, human rights issues and social policy issues.(ibid)
2. Holding state and private corporations accountable for their decisions and actions.  
Here CSOs' role in "monitoring, making transparent and if appropriate, speaking out against actions undertaken by government and the private sector in violations of their stated goals, objectives and tasks" has been significant. (ibid)
3. Responding to social interests: this relates to the role of CSOs in taking up and voicing societal concerns, and their ability to function as "representatives" and "particulars" of their interests of communities.(ibid)
4. Empowering citizens: enabling citizens, particularly the poor and the disadvantaged, to have more choice and to take more control over decisions that affect their lives through information and education, developing capacity for collective action, and building social capital.(ibid)
5. Meeting societal needs: this concerns service delivery, promoting self-help initiatives, helping people to meet their pressing societal needs.(ibid)

According to Cangas (2004), CSOs are expected to fulfill several roles as welfare service deliverers, advocates and watchdogs. Welfare Service Delivery–CSOs can provide the necessary institutional basis for service delivery. At the local grassroots, organizations can promote collective action to improve access to basic education.

**Advocacy** – CSOs can play a role in political life by reiterating the legitimate right of citizens to make demands upon the state. Civic education programs can help mobilize people and encourage previously marginalized groups to enter the political arena. CSOs are effective vehicles for representing and negotiating citizens' interest vis-à-vis the state.(ibid)

**Watchdog** – CSOs can promote good governance and social equity by monitoring both state and market performance.(ibid)

### **2.7.1. Types of Civil Society Organizations**

A number of people have sought to categorize CSOs into different types. Some typologies distinguish them according to the focus of their work. For instance whether it is primarily service-or welfare-oriented or whether it is more concerned with providing education and development activities to enhance the ability of the poorest groups to secure resources. Such organizations are also classified according to the level at which they operate, whether they collaborate with self-help organizations (i.e. community-based organizations), whether they are federations of such organizations or whether they are themselves a self-help organization. They can also be classified according to the approach they undertake, whether they operate projects directly or focus on tasks such as advocacy and networking.

According to Togbolo (2005), CSOs are classified by their types of orientation and level of operation.

#### **A. Based on their Orientation**

Charitable Orientation - often involves a top-down paternalistic effort with little participation by the "beneficiaries". It includes CSOs with activities directed toward meeting the needs of the poor -distribution of food, clothing or medicine; provision of housing, transport, schools etc. Such CSOs may also undertake relief activities during a natural or man-made disaster.(ibid)

Service Orientation - includes CSOs with activities such as the provision of health, family planning or education services in which the program is designed by the CSOs and people are expected to participate in its implementation and in receiving the service.(ibid)

Participatory Orientation - is characterized by self-help projects where local people are involved particularly in the implementation of a project by contributing cash, tools, land, materials, labor etc. In the classical community development project, participation begins

with the need definition and continues into the planning and implementation stages. Cooperatives often have a participatory orientation.(ibid)

Empowering Orientation - is where the aim is to help poor people develop a clearer understanding of the social, political and economic factors affecting their lives, and to strengthen their awareness of their own potential power to control their lives. Sometimes, these groups develop spontaneously around a problem or an issue, at other times outside workers from CSOs plays a facilitating role in their development. In any case, there is maximum involvement of the people with CSOs acting as facilitators.(ibid)

### **B. Based on their Level of Operation**

Community-based Organizations (CBOs) - arise out of people own initiatives. These can include sports clubs, women organizations, and neighborhood organizations, religious or educational organizations. There are a large variety of these, some supported by CSOs, national or international CSOs, or bilateral or international agencies, and others independent of outside help. Some are devoted to raising the consciousness of the urban poor or helping them to understand their rights in gaining access to needed services while others are involved in providing such services. Citywide Organizations – include organizations such as chambers of commerce and industry, coalitions of business, ethnic or educational groups and associations of community organizations. Some exist for other purposes, and become involved in helping the poor as one of many activities, while others are created for the specific purpose of helping the poor.(ibid)

**National CSOs** - include organizations such as the Red Cross, professional organizations etc. Some of these have state and city branches and assist local CSOs.(ibid)

**International CSOs** - range from secular agencies such as Save the Children Organizations, OXFAM, CARE, and Foundations to Religiously Motivated Groups. Their

activities vary from mainly funding local CSOs, institutions and projects to implementing the projects themselves.(ibid)

## **2.8. The Contribution of CSOs towards Ethiopia’s Development**

The decisive role of civil society in enhancing the quality of peace and equity in the economic, social and political development of a country along with the public and private sectors has been gaining recognition. Likewise, in a developing country like Ethiopia, the contribution of the various CSOs/NGOs is immense.(Dessalegn *et al.*,2008)

Therefore, in this section of the paper, the researcher has tried to look into the contributions of CSOs towards development in Ethiopia by examining the resources mobilized, invested and distributed across projects and Regions by the sector.( ibid)

### **2.8.1. Resource Mobilization**

There is lack of data in the country, which shows accurate figures of the resources mobilized by the voluntary sector. The EC mapping study produced in mid-2008 estimates that between 2004 and 2007 NGOs’ budget for over 2000 projects throughout the country came to 10 billion Birr. (Dessalegn *et al.*, 2008)

The table below gives a comparative picture of resources acquired through exports earnings, transfers to NGOs and remittances sent by Ethiopians abroad.

**Table 2.3 Earnings from selected Exports, NGO & Private Transfers (in million USD)<sup>1</sup>**

	2004/05	2005/06	2006/07	2007/08*
Coffee Export	335.2	354.3	424.2	145.0
Oil Seeds Export	125.0	211.4	187.4	66.9
Chat	100.2	89.1	92.8	55.4
Leather and Products	67.6	75.0	89.6	49.4
NGO Transfers (Cash)	444.0	497.8	537.4	305.3
Private Individual Transfers(Cash)	350.8	354.9	632.6	415.4

Source: National Bank of Ethiopia (2008) cited in Desalegn *et al.* (2008)

\* For the first two quarters of the year only

The importance of NGO transfers to the country's economy and development effort can be clearly seen by comparing the export earnings and earnings through NGO transfers as the table above shows.

Though coffee export remains the largest hard currency earner for the country, the earnings flowing into the country through transfers to NGOs have been far higher than earnings from coffee exports.

By looking at the table above, one can see that for all the years for which data were provided, the transfers to NGOs in all the years was higher than the coffee earnings.

### 2.8.2. Resource Use and Distribution

The following table shows the number of projects and amount of expenditure in each region. For the years (2004-2008) a total of 2,065 projects amounting close to 10 Billion Birr were carried out in the country. The largest number of projects was carried in Oromia followed by Amhara and SNNPR. With more than 800 projects, Oromia has nearly 45 percent of CSO/NGO resources invested in the region.(ibid)

**Table 2.4 Actual and planned NGO project Expenditures 1(2004-2008)**

Region	No of Projects	Total Expenditures in Birr
Addis Ababa	281	1,114,223,785
Oromia	844	4,434,215,156
Dire Dawa	24	36,721,184
Harari	18	54,603,118
Afar	57	637,085,008
Tigray	66	492,069,831
Amhara	317	1,881,878,827
Benishangul Gumuz	51	153,889,665
Gambella	19	31,350,656
SNNPR	312	1,004,498,134
Somali	76	135,875,029
<b>TOTAL</b>	<b>2,065</b>	<b>9,976,410,395</b>

Source: Dessalegn *et al.* (2008)

As the table above indicates, majority of the resources has gone to human development (health, education, child welfare), followed by agriculture and food security. There were 490 projects amounting to ETB 2,357.23 Million working on child development and women and girls empowerment alone.(ibid)

It also shows that a total of ETB 44.03 Million has been invested on NGOs working on advocacy and peace building. Since most of the funding comes from foreign sources, especially used by advocacy and human rights, this amount of money might be lost because the proclamation does not allow foreign sourcing of these activities.(ibid)

The following are a category of donors that are providing direct and indirect support to civil society in Ethiopia as cited in NSAC (2011):

- i. **Multi-lateral Organizations** such as UNICEF, UNDP, EU etc.  
Because of the Cotonou Partnership Agreement, the EU recognizes CSOs as one important actor in development and poverty reduction. There is a civil society fund created from which CSOs are supported and the support continues.
- ii. **Bilateral Agencies and Embassies** such as Irish Aid, CIDA, SIDA, USAID, JICA etc. This category of donors is among the major contributors of the support to civil society in Ethiopia. Their support goes to all levels of the civil society sector from big to small NGOs.
- iii. **International Financial Institutions** such as the World Bank, African Development Bank etc. Support provided by these donors usually flows through other multilateral, international or national apex organizations.
- iv. **International NGO** such as OXFAMs, Save the Children international, Care Ethiopia, Concern, Norwegian Church Aid etc. This category of donors is also a major contributor of the CSO support. As most operate as long term partners of the CSO sector their contribution to the sector is substantial.

## **2.9. Empirical Research**

This study provides an overview of previous research on charities and societies impact on the NGO's (working on Women and Children). Thereby focus on the relevant literature that relates to this objective. The researcher has tried to understand the impact of the proclamation on these groups by assessing if at all the law has brought change in terms of the operations, staff members, amount if fund, number of beneficiaries, donor contribution etc.

It can be deduced from the findings of this research that the proclamation has indeed directly affected the two groups of Charities and Societies. The officials at the Agency believed that it was the right time if in fact not even late to have such a law governing Charities and Societies. This sector according to the officials has never been regulated by an independent agency since the time of the King, though it has been managed by various organizations secondary to their core legal mandates. However, with the participation of Charities and Societies rapidly increasing, the previous laws the country was been working with could not support the activities and efforts of the Charities and Societies and take the necessary measure against those who breach and violate the law, due to gaps in the previous laws.

Looking at the interviewed Resident Charities and Societies, since the law does not allow them to engage in areas related to human and democratic rights, conflict resolution, issues of peace, gender equality, rights of children and the disabled, and justice administration, those that had been working on such issues prior to the law have had to terminate these projects. This has caused them to cut back on the employees that had been working in such departments and cause a decline in the number of beneficiaries that the department was supporting.

Further, the donors that had been supporting these Resident Charities and Societies engaged in advocacy and rights issues have either completely stopped funding the organizations or made change in the program areas of engagement and continued funding. This has led some of the organizations to look for other donors that are

interested in funding their program areas. But according to the findings, overall the amount of fund received for such activities has declined. Thus the proclamation has affected those Resident Charities and Societies that were engaged in advocacy and rights issues and depended on foreign sources of funding for the projects and programs.

On the other hand, those Resident Charities and Societies that had continued to operate with their initial objectives or in other words, those that were not engaged in advocacy, rights issues etc. have not been that much affected as the study has showed. The reason was since they had donors working with them before the law on the issues they are currently working on; there have not been much change. The problems they have faced were the decline of funding due to the financial crisis in Europe. However, just because the number of beneficiaries, amount of fund has increased or stayed the same does not necessarily mean they have not been affected by the proclamation.

Those that have re-registered as Ethiopian Charities and Societies have to raise 90 percent of their funds locally in order to engage in advocacy, human rights etc. As the finding shows, this has been one of the greatest challenges these organizations are facing. Because of the lack of funding from donors, some Charities and Societies have had to terminate their activities, which in effect led to closure of organizations and termination of employment of staff. Before the proclamation, the funding depended only on the size of the project. Now, in any case it should meet the 90/10. As the interviews suggested, much investment is needed especially when it comes to women and children, however, the proclamation has limited this.

In order to curb this challenge, these organizations have come up with different coping mechanisms like downsizing, looking for local sources of funds and engaging in money generating activities. They have been engaged in various fund raising activities such as

fund- raising dinners, selling tickets, distributing commitment forms etc. Some have also increased their membership fee so as to cover their costs.

The third group, the donors though not directly affected by the proclamation is indirectly affected. The EU fund because of the Cotonou Partnership Agreement (CPA) is labeled as “domestic” and so there has been no negative effect of the proclamation and thus support has been continuing. Other foreign donors, since they are not allowed to engage in advocacy and rights related issues have had to revisit their program areas engagement, either by changing their programs or closing down the programs.

Another great challenge for all the three groups has been the 70/30 (Program and Administration Cost). According to the findings, the problem was not with the percentage assigned to program and administrative costs; rather it was the contents/items that were considered as program and administrative. Most of what had been part of the program cost prior to the proclamation is now part of the administrative cost and so with only 30 percent assigned for administrative cost, most are finding it very challenging.

Overall, the proclamation has brought about new demands on the way Charities and Societies operate be it financial, existential, sustainability or structural change. Positively it creates an autonomous Agency for the CSO sector, allows income generation activities, and tries to curb unwholesome practices by some CSOs etc. Negatively, the proclamation has strict funding source requirements, potential going out of operation of many CSOs and gives excessive power to the Agency.

To conclude, while several of the provisions in the proclamation are meant to constructively improve the efficiency, transparency and accountability of the civil society sector, overall the proclamation is considered as restrictive by many.

## **2.10. Knowledge and Literature Gap identified**

Even though, the aforementioned, empirical reviews try to point to out their finding as per their study area , it doesn't necessarily mean that the finding of one NGO applies to all NGO's, this is because each NGO have their own economic background, political consideration and internal strengths and other consideration taken in to account. When we see the studies conducted in International NGO's, the researchers can see from the perspective of the NGO's internal capacity and strength and the other may be seen from different perspectives. With that, the present study takes an attempt to examine the effect of the CSP on International NGO fund raising ability, manpower reduction, overhead cost demands, and cope up mechanisms with the new proclamation.

## **2.11. Conceptual Framework**

1. **Program / Thematic Costs:** These are costs which are directly related to the provision of programming. This fall into the following nine categories: Education, Health, Nutrition, Building Child Friendly Systems and Structures, Child Protection, Humanitarian, WASH, HIV/AIDs and Livelihoods.

Costs should be allocated to a thematic project and sub-theme when the costs are directly related to the provision of that theme's programming. Examples are:

- programme staff – eg health programme manager
- M & E (monitoring & evaluation) or advocacy staff (if for a single theme)
- programme supplies
- partner costs
- GiK ( Goods In Kind)

- programme specific training costs - eg HIV training, humanitarian capacity training
  - travel costs for programme visit
  - Printing costs for programme materials – eg nutrition education materials If a programme cost relates to more than one theme or sub-theme and the amount attributable to each can be easily identified, then the cost should be apportioned across the relevant thematic projects (providing it is not too laborious in practical terms to do so).
2. **Administrative or Non Thematic Costs:** These are costs which are required to run the country offices and support programming. These costs are non-thematic regardless of whether they are incurred in the country main office or sub-offices, and regardless of whether they could theoretically be allocated to a particular theme/ subtheme or apportioned across multiple themes/ sub-themes.

**Examples of such costs are:** Country Management, Administration, Information Systems, Legal & compliance, Logistics and Human Resource Management, Finance, Award Management, Proposal development, Safety and Security, and Member Servicing and Media.

## **CHAPTER THREE: RESEARCH METHODS**

This chapter briefly presents the methodology used in this research with particular attention to site selection, research design and methodology.

### **3.1. Site Selection for Major Focus**

This study focuses on Save the Children International Office so that it can give insights regarding the challenges encountered due to the Charities and Societies Proclamation No.621/2009. As the study is descriptive, it is not meant to be generalized but the findings give insights to other NGOs as well.

Save the Children International Office mainly because the researcher has access to the various sources of data and convenience. Moreover, it is one of the prominent NGOs that have the reputation of services in a wide range activities and engagement related to children.

### **3.2. Research Design and Methodology of the study**

The research methodology used was descriptive case study. Through the use of both primary and secondary sources of data and it will address the objectives of the study. The qualitative research techniques used to gather primary data structured and semi-structured interviews. Secondary data reviewed to get better understanding and pertinent information about CSOs. The collected data will then analyzed qualitatively using descriptive method of analysis. To achieve its objectives, the study uses both primary and secondary data. The details of the components are here below:

#### **3.2.1. Data Type and Sources**

The study has used both qualitative research methods. This type of data has been collected through primary and secondary sources of data. The primary data has been collected

through interviews with key informants (Departments will include Finance, Auditing, and Awards) to administrating a structured questioner to Ethiopian international CSOs/NGOs. The primary data was used to collect information about the scope, source of fund and budget of the Ethiopian and international CSOs/NGOs. While the secondary source includes office documents reports, internet, etc. The secondary data used to collect information pertaining to the CSOs/NGOs legal and related issues.

### **3.2.2. Research Design**

#### **3.2.2.1. Population**

The population of this research is international NGOs with particular focus on Save the Children International Office.

#### **3.2.2.2. Unit of Analysis**

All inference of the analysis was based on the samples and the response of Key informant Interviewees with in the NGO. Information has been gathered from the one categories sample work units which is foreign based and Ethiopian resident's International NGO.

### **3.2.3 Sample Design and Procedures**

Even though, the law application mainly covers the charities and societies which conduct their activities in Addis Ababa/ Dire Dawa. The sample is drawn purposely from selected international NGO located within the Addis Ababa city administration particularly on save the children international office. The Addis Ababa Administration is selected as a research site because compared to other regional states there is a large portion and concentration of CSOs/NGOs.

### **3.2.4. Instruments of Data Collection**

#### **3.2.4.1. Organizational Survey**

Surveys conducted to collect data about organizations knowledge of the charities and society law, and the effect of the law on the scope work of the CSOs/NGOs. For this purpose, Interview questions were distributed. The questionnaire was first tested and then the necessary amendments have been made.

#### **3.2.4.2. Key Informant Interview**

Key informants were selected and an interview was conducted to critically understand the challenges of the proclamation on the programs of the CSSs. The key informants, purposively selected were from different units who have knowledge on the areas of the proclamation effect within the organization.

#### **3.2.4.3. Secondary Data**

The related secondary information has been collected from the literature developed by various researchers and information documented at the ministry of justice and international CSOs/NGOs and other relevant institutions found in the study area. In addition to this, secondary information have been collected from authoritative legal sources such as international conventions, constitutional provisions and other legislations of Ethiopia, including the Charities and Societies Proclamation No.621/2009 and Regulation No.168/2009 as well as other relevant laws.

### **3.3. Methods of Data Processing and Analysis**

After clearing and tabulating the questionnaire data analysis technique used was qualitative. The qualitative analysis has been triangulated with data from key informant interviews. The study has used descriptive analysis to determine the problem of the charities and societies

law on Ethiopian and international CSOs/NGOs. The descriptive result is presented using tables. In addition to this, a narrative analysis is used to examine the legal framework governing the CSOs/NGOs.

## **CHAPTER FOUR: RESULTS AND DISCUSSION**

In this chapter, we have put the problems of the Charities and Societies Proclamation on the Save the Children International Office. The data collected through the various in-depth interviews from selected Charities and Societies were presented with summary of the relevant unit heads and analyzed qualitatively.

### **4.1. Challenges of the CSP on the Save the children International office**

This section is dedicated to the discussion and analyses of the Problems of the proclamation on foreign Charities and Societies. In order to assess this effect, the researcher has divided the responses of the organizations interview questions into categories, such as the effect of the proclamation on the areas of operations, number of beneficiaries, number of staff, number of donors/Partners, amount of fund etc. as shown in the following sub-sections based on the interview conducted with the relevant Departments of the Save the children.

#### **4.1.1 The change in the Thematic Areas of Operation**

From the organization taken under study, among the area of operation Save the children operates, one of the component was rights funded 100 percent from foreign sources before the consolidation of the Member countries in to one and since the proclamation has outlawed promotion of human rights to those receiving more than 10 percent of their fund from foreign sources, it has Ethiopian Resident Charities and Societies. This means the organizations which had adopted rights-based approach previously are now limited to service provision, aid and development activities only.

Initially before the enactment of the proclamation, the organization was working on Gender and Advocacy, Health, Nutrition, Food Security and Livelihoods (FSL), Water and Sanitation (WASH), HIV and AIDS, Child Protection, Education, Building Child Friendly Systems and Structures and Humanitarian Response, but now it has stopped working on Gender and Advocacy since the proclamation does not allow it.

#### **4.1.2. The Change in the Number of Staffs**

The other side of observation was to check the number of staff currently working in this organization in order to check if there has been change in the last 4 years and understand the reason for the change if any. Regarding this concern, the staff number of the organization increases from year to year due to various reasons like size of fund/Programs, emergency responses in 2011/2012, now in 2015/16 and the change in strategy of the office.

**Table 4.1: Number of Staffs 1**

Name of Organization	Years				2016 (4 Months)
	2012	2013	2014	2015	
SCI	1827	1843	2106	3025	3910

**Source: Human Resource department of the organization.**

#### **4.1.3. The change in the number of partner/ donors organization**

As per the respondents, the proclamation has brought no change in the number of partners that the organization networked/working. Before the year 2015 the number of partner change was due to the unclear sub grant policy in the proclamation. However, as per the respondents the sub grantee clear rules are underway to be developed in consultation with Selected CSOs in collaboration with ChSA. From 2015 onwards if any partner fulfilling the 30:70 as an organization all the cost of the sub grantee is

considered as program cost by the prime organization. However, this rule is used in consultation with the ChSA and not written in the proclamation or directives. The below table is simply showing the number of partner changes over the number of periods due to the size of program and or caused by the emergency issue in 2011/2012.

**Table 4.2: The number of Partners 1**

Name of Organization	Years			
	2012	2013	2014	2015
SCI	118	92	112	91

Source: Award Management system of the organization, 2016

#### 4.1.4 The change in the amount of Fund

According to the interview, the amount of fund is not affected by the proclamation hence the funds are coming from foreign sources. However, the 30:70 requirements have problem on the budgeting structure causing challenge to the country office to cover its overhead costs. If the amount of the fund is very small it is very difficult to meet the overhead cost of the organization

**Table 4.3: Fund received per year (USD) 1**

Name of Organization	Years			
	2012	2013	2014	2015
SCI	349,955,489.11	69,633,795.52	68,358,319.81	89,386,575.20

Source: Award Management system of the organization, 2016

## **4.2. Coping Mechanisms Undertaken by the Charity and Society**

### **4.2.1. Coping Mechanisms Undertaken by the Ethiopian Resident Charity and Society**

The organization has been engaged more in fund raising activities than ever before to meet the demand for 30/70 requirements. This section, has tried to put together the coping strategies/mechanisms undertaken by the organization to continue with their operations and meet the demand of the proclamation requirement set out in the proclamation.

The organization has been engaged more in fund raising activities than ever before to meet the demand for 30/70 requirements with various donors and partners.

In addition to finding more foreign donors, the organization is also applying in extreme cases, downsizing.

On the other hand, though the number of staff at the organization is increasing, even with the phasing out of some projects, the organization could have still needed more employees, due to the fund raising and the availability of the fund from various foreign sources. However, still the staffs are over loaded because of the 30:70 issues in some support departments. Therefore, a single individual supports many projects at once due to overhead cost restrictions.

The other option is taking the staff capacity as a means re- employee those employee with capacity after their resignation with better salary is also a means used to cope up the proclamation.

Again, the organization is engaging in money-generating activities which through getting rental income through a training and workshop facilities at Mekanisa area. These building

also have bed rooms to be rented with daily rate for those staffs coming from abroad to support the country office.

### **4.3. Pros and Cons of the Proclamation**

As observed from the interview, most of the respondent had replied similar answers to the pros and cons of the proclamation. As a major International NGOs, save the children has participated in the pre-enactment consultative meetings. However, as it was new to the country needs to be reviewed again and again. The researcher has summarized the findings from the interviews as follows

#### **4.3.1. Pros of the Proclamation**

The proclamation enactment can be considered as a truck shows the government has given due attention for the importance of CSOs. Thus, the creation of the CSO Agency will help for the facilitation of the registration and supervision in efficient and effective ways.

This kind of Proclamation was important as a controlling mechanism of misappropriation, fraud etc. Even if some using donor money for the intended purpose there are other which are using for their own personal interests, so with such measures the moves and the donor's fund can be easily checked, ensuring that the money has been allocated to which it was given and reached the beneficiaries intended. And so it is a good mechanism to understand what exactly is being done by the Charities and Societies.

The 70/30 directive, one of the eight directives also helps the government to know exactly what percent of the organizations fund is used for program and administration cost. Thus it helps to focus more on the direct cost incurred to beneficiaries. Further, it has created the possibility of income generation by the Charities and Societies.

### **4.3.2. Cons of the Proclamation**

The Intervention of the CSOs restricted on the development aid activities which will affect the operational areas of some NGOs plus affects holistic approach to development. The restriction of fund obtained 90 percent from the local source is very difficult. For those who are getting the funding more than 10 percent cannot engage in human rights, advocacy and governance.

The Local charity and Societies that had been working on advocacy and rights may through time be downsized and may finally terminate/close their organization or change their objectives due to the lack of fund. And this could be discouraging for the establishment of new Charities. This finally caused to increase unemployment rates.

Some of the 30/70 classification is needs further clarifications like the following:

1. Program staffs can be categorized to 70 percent or 30 percent depending on the title of the position. This makes it very vague part of the proclamation. Staff position like Social worker, Officer, Specialist are categorized under program. However, all managers in the operation and Administration sector generally categorized under the Admin cost.
2. Monitoring and evaluation cost which is usually asked by the donor for base line survey and end line surveys. To assesses their impact before and after the implementation of the project. This compensatory evaluation is used to assess the beneficiary improvements before and after the project performance but categorized in to 30 percent. Not only the evaluation but also the staffs recruited to ensure the money spent for the intended purpose are categorized under Admin.

## **CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS**

### **5.1. Conclusions**

The study has pointed out qualitatively understanding the Challenges of the Charities and Societies Proclamation on save the children International office of Ethiopia. Save the children is an international NGOs working for ensuring the realization of Save the Children's dual mandate of equally supporting both development and humanitarian works. Save the Children will pursue this through its nine thematic areas in Health, Nutrition, Food Security and Livelihoods (FSL), Water and Sanitation (WASH), HIV and AIDS, Child Protection, Education, Building Child Friendly Systems and Structures and Humanitarian Response.

The researcher has tried to understand the Problems of the proclamation on this organization by assessing if at all the law has brought change in terms of the areas of operations, staff numbers, amount of fund and number of partners.

The participation of Charities and Societies rapidly increasing due to the current law as compared to the previous laws of the country which could not support the activities and efforts of the Charities and Societies and take the necessary measure against those who violates the law, due to gaps in the previous laws.

The organization stopped to receive fund in the areas of Human right issues due to the new enactment and focus on the remaining areas of the operations. But according to the findings, overall the amount of fund received for various program components has

increased. However, this financial restriction imposed has created limited the opportunity to form new CSOs/NGOs.

Another challenge is on 70/30 (Program and Administration Cost) directive. As per the result, the problem was not with the percentage allocated to operation and administrative costs; rather it was the budget/expenditure line items that were considered as program and administrative. Most of what had been part of the program cost prior to the proclamation is now part of the administrative cost and so with only 30 percent assigned for administrative cost, SCI is finding it very challenging. Especially, proposal with small amount with long duration will be rejected by the organization due to unfulfilling the 70/30 requirements.

On the other hand, the definition Non Thematic/Support cost by the organization and the ChSA Admin cost definition does not mean same. So, there is a difficulty to meet the demand of the organization NTC cost requirement and the government 30/70 enactment within the organization for proposals budgeting and report preparation within and to external users.

In order to reduce this challenge, these organizations have come up with different coping mechanisms like fund raising from various means, engage on income generating activities and build good partnership with donors and similar NGOs and Alliance of all save the children members. In addition, the organization uses member unrestricted grant to fill the GAP in administrative budget while there not able to meet the 30/70 requirement not fulfilling to cover some administrative costs.

Overall, the proclamation has brought about new demands on the way Charities and Societies operate be it financial, sustainability or structural change. Positively it creates

an autonomous Agency for the CSO sector, allows income generation activities, and tries to control unpleasant practices by some CSOs and helps to maximize address the grant for the purpose intended etc. Negatively, the proclamation has strict funding source requirements on the side of human right and advocacy.

To sum up, while several of the provisions in the proclamation are meant to constructively improve the efficiency, transparency and accountability of the civil society sector, overall the proclamation is needs further clean ups.

## **5.2. Recommendations**

In a developing country like Ethiopia, the contribution of NGOs is highly important to fill the government GAPS in the humanitarian and development sectors. The involvement of civil society organization may be expressed in different forms and through diverse forms of organizations. One of the most important purposes of civil society is to provide those social and economic services that are not provided by the public or the private sectors.

Even though this study was qualitative and had employed few samples, based on what the findings suggest, the researcher has tried to give opinions on the way forward.

- i. **Equipping staffs:** Due to meeting the demand of 70/30 organizations equip and use trained staffs to cover various positions and so with the proper training these employees can contribute more to the objectives of the organization.
  
- ii. **Utilization of Income Generating Activities:** In this regard the Government and other stakeholders can play a vital role to provide training and share experience of public and private business. In addition, awareness raising within the society about the importance of Civil society activities and becoming partakers in fund-raising events

and control the negative attitudes about NGOs in general. The absence of a tradition of giving financial support to human rights organizations, and the lack of the necessary skill and experience in generating funds from local sources are currently challenging the Charities and Societies. This raises the question of the capacity of CSOs/NGOs in domestic resource mobilization. So, government and other stakeholders should engage in assisting the CSOs in fund raising, income generation, cost share, etc. This will help CSOs/NGOs to better cope up and adapt the challenges of the law.

iii. **Amendments of provisions:** some of the provisions in the proclamation need amendment, though it is unlikely that a proclamation once enacted can possibly be changed. For example, not allowing those that receive more than 10% of their funding from foreign sources in advocacy, human rights etc. Having seen the type of contributions that these CSOs are making, some type of flexibility should be allowed.

Regarding the 70/30, which has concerned many, the Government should consult all those it targets and review the contents/items under the categories and make some sort of revisions/improvements. For instance, categorizing monitoring and evaluation tasks as administrative can discourage the activities with adverse consequences for quality assurance and accountability. At the same time, donors will also find it difficult to support projects lacking comprehensive monitoring and evaluation systems.

In addition, Staffs who really involved in the program starting from finding funds, designing projects and control the activities should be considered as a program staffs cause without them the project will not be possible. Even though the program who are working at the community level, the proclamation has not been considered as program except few positions. So, the CSP should consider again the low in consultation with Charities and societies.

The Challenges of the 70/30 on Consortiums should also be reviewed again. Those Consortiums that want to be more than just implementers should be allowed to raise funds not only for the implementation of projects of their members but also to undertake projects.

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**ANNEX 1: INTERVIEW QUESTIONNAIRE FOR CHARITIES AND SOCIETIES**

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Department of General MBA

Questionnaire

Respected  
Respondents,

This is an interview questionnaire designed for a thesis research that is being conducted as a partial requirement for an MBA in General Management.



I hereby would like to assure you that any information that you supply will be with your full consent and would not be used for other purposes except for academic research. The completed questionnaires will not in any way be shared to third parties.

Thank you for devoting your precious time and in reading and answering this questionnaire.

## I. Interviewee Background

### 1.1 Sex

Male

Female

### 1.2 Education Level

Primary School

Secondary School   
Technical/Vocational

Diploma

Bachlers Degre  Post Graduate

1.3 Position Title: \_\_\_\_\_

### 1.3 Level of responsibility in the organization

Front-line

Supervisory

Middle level Management

Executive level

Other, please specify \_\_\_\_\_

## I. Charity/Society Background

2.1 Name of the organization: \_\_\_\_\_

2.2 Date of Establishment \_\_\_\_\_

2.3 Number of branches and regions of operations: \_\_\_\_\_

2.4 Area of operation (activity engaged in) - (Health & nutrition, FSL and WASH, Education, Child Protection, Child Right and Governance-----)

Before the Proclamation	After the Proclamation	Reason for the change

2.5 Current organization category

National CSOs

International CSOs

2.6 Date of Re-registration: \_\_\_\_\_

2.7 Reason for choosing the above category? (Three most important reasons)

1. \_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

\_\_\_\_\_

3. \_\_\_\_\_

\_\_\_\_\_

2.8 State the number of Partners (foreign and National)



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2.14 If your answer to question 2.12 is No, please mention the factors that have affected the amount of foreign fund received if any?

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2.15 Number of staff over the below mentioned period

	2012	2013	2014	2015
Number of Staff				

2.16 Does the enactment of the proclamation affect the number of staff in the organization?

Yes

No

2.17 If your answer to question 2.16 is yes, please explain how and in which way the proclamation has affected the number of staff?

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2.18 If your answer to question 2.16 is No, please mention the factors that have affected the number of staffs if any?

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2.19 Could please figure out the number of Beneficiaries over the list of years:

	2012	2013	2014	2015
Number of Beneficiaries				

2.20 Does the proclamation affect the number of beneficiaries of your organization?

Yes

No

a. If your answer to question 2.20 is yes, please list out how the proclamation has affected the number of beneficiaries of your organization

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2.22 If your answer to question 2.20 is No, please list out the other factors that has affected the number of beneficiaries of your organization, if any?

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## II. Issues concerning the Proclamation

3.1 Did our organization take part in pre-enactment consultative meetings about the Charity and Society Proclamation?

Yes

No

3.1.1.1 If your answer to question 3.1 is No, Please mention the reason why your organization did not take part?

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3.1.1.2 If your answer to question 3.1 is yes, what ideas were shared by the organization? Did the ideas incorporated in the proclamation?

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3.2 What are the ways to deal with the new proclamation to meet financial demands as set out in the proclamation? Please mention the means in detail.

- i. Downsizing
- ii. Changing orientation
- iii. Looking for local funding sources
- i. Engaging in money-generating activities

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3.3 How does the new enactment of the proclamation affect your organization? Please explain in detail.

a) Programmatically (90/10)

b) Administratively (70/30)

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3.4 Please explain the pros and cons of this proclamation?

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3.5 Do you think the proclamation will stay for long? Please explain your reason why you believe so.

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**IV.** What is your way forwards?

4.1 Could you please mention the possible recommendations regarding to the proclamation to Charities and Societies Agency on things that you would like to see changed/improved and how would you suggest they undertake

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