

ADDIS ABABA UNIVERSITY

COLLEGE OF DEVELOPMENT STUDIES



CENTER FOR REGIONAL AND LOCAL DEVELOPMENT STUDIES

**Assessment of the contribution of Civil Society Proclamation to Democratic
Development in Ethiopia: A comparative Analysis with Charities and
Societies Proclamation on selected Civil Society Organizations in Addis Ababa**

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1. ABBREVIATION USED IN THIS DOCUMENT

ACSO – Agency for Civil Society Organization

AFD - French Development Agency

CSP –Charities and Societies Proclamation no 621/2009

CSO –Civil Society Organization

OCS - Organization of Civil Society proclamation no 1113/2019

CRDA - Christian Relief and Development Association

EWLA - Ethiopian Women Lawyers Association

FDRE – The Federal Democratic Republic of Ethiopia

GIZ - Department of Foreign Affairs, German Corporation for International Cooperation

HRCO - Ethiopian Human Rights Council

HRBA - The Rights Human Based Approach

ICCPR – International Convention on Civil and Political Rights

ICNL - International center for not profit law

JICA - Japan International Cooperation Agency

MSI - Management Systems International, Inc.

NGOs –Non Governmental Organizations

RBA - Rights Based Approach

UDHR - Universal Declaration of Human Rights

USAID - United States Agency for International Development

Abstract

After the coming into force of the Ethiopian charity and society proclamation in 2009, the role of civil society organizations to the contribution of development has significantly diminished. Hence, it has become one of the core agendas of the government during the recent reform program undergone. To alleviate the problem government has repealed the law and replaces it with a civil society proclamation. The purpose of this study is to assess comparatively how the current civil society law addresses the drawback of the charity and society proclamation particularly to the root cause of financial sustainability and democratization taking a case of selected civil society organizations found in Addis Ababa. Even though there are a lot of researches conducted on the topic, none or few have been conducted a study identifying the detrimental provisions in the charity and society proclamations how the civil society proclamation deals with the problem. To this end, the researcher employed a mixed descriptive method of research design by collecting primary data from forty-two leaders and founders of selected civil society organizations in Addis Ababa using a close-ended questionnaire by applying the snowball non-probability sampling technique. Moreover, the researcher also interviewed officials in charge of enacting the new law and officials from implementing bureaus using semi-structured interview questions by applying a quota sampling method. The collected data has been analyzed qualitatively and quantitatively using statements, tables, figures, and percentages. The result shows that the charity and society proclamation threaten the financial sustainability of civil society organization by putting restrictions on raising not more than 90% of fund from a foreign source and accepting funds from an anonymous source, the administrative hurdle to engage in income-generating activities from a local source, and enlisting project based activities in administrative costs. However, the civil society proclamation resolved the problem by lifting the restriction, allowing without condition to engage in income generation activities, and emplace project related cost in program cost from administrative cost. Moreover, the charity and civil society proclamation limit the freedom of association of these organizations and restrict their contribution to good government, democracy, and human rights by draining their financial means and by limiting foreign organizations to engage in advocacy and policy issues. However, the current law resolved the problem by lifting the restriction of financial sources and allowing free entry. For the success of the civil society law the civil society organization are duty bound to implement the fund they get for the intended purpose while donors to ensure the sustainability of the project and government to emplace proper regulatory mechanism.

Keywords:- CSOs/NGOs, development, financial sustainability, democratization

Chapter one: Introduction

1.1. Background

In today's globalized world, the role of traditional state governance has weakened considerably. This historical incident gave rise to the proliferation of political and economic non-state actors, especially in the aftermath of 1990's (Gemmill & Bamidele-Izu, 2002). Among these key forces, civic society organizations (CSOs) and non-governmental organizations (NGOs) (hereinafter referred to as CSOs/NGOs¹) take a prominent place. Indeed, CSOs/NGOs mobilize people for constructive community work and often these actors are assumed to reach the most marginalized and vulnerable sections of society and contribute to the socio-economic development of the country, with a much wider outreach.

Though these organizations play an important role in development, the growth of CSOs is steady in Ethiopia due to the restrictive measures taken by different regimes. For instance, the International center for not profit law (ICNL, 2009) commented that CSO was slow to take root under the Ethiopian Empire regime (1137-1974). It was strictly regulated under the socialist Derg regime (1974-91).

Perhaps, in Ethiopia, there is a long tradition of associations such as "idir" and "iqub" that operates at the local level and offer mutual socio-economic support to their members. However, modern civil society can be said a recent phenomenon (*Ibid.*).

Modern civil society organizations have first emerged as faith-based organizations in the 1930s. In the 1950s welfare organizations like the Red Cross started to operate in Ethiopia. In 1960, some national and international CSOs began to appear (Clark, 2011).

Despite the meager number of CSO, the government passed a new law for the first time to regulate these groups in 1960. Rahmato et.al (2008) commented "when the Civil Code containing the law of associations meant to govern all voluntary organizations was issued in

¹ Although in most literature the term 'NGOs' is used interchangeably with the term 'civil society organizations', refers to all kinds of charities and societies. Since NGOs are the dominant force as far as CSOs concerned the researcher refers to both words in this research.

1960, there were hardly any active organizations that may be described as NGOs or CSOs in the proper sense of the word.”

The dual 1973-74 and 1984-1985 famines that gripped the country during the Imperial and Derge regime increased the number of CSOs/NGOs that focused on the provision of humanitarian aid, even in a restricted manner. The Christian Relief Fund, later called CRDA which was formed in 1973 as an umbrella organization, constituting mainly faith-based groups, became the first relief organization to draw about a dozen organizations to facilitate the relief work (Rahmato et al, 2008, Clark, 2011).

In a stricter sense, the downfall of the Derge regime in 1991 can be considered as the milestone for the growth of modern CSOs/NGOs. At first, these CSOs/NGOs are poorly organized lacking the necessary resource, trained staff, and exposure to the nonprofit world (Clark, 2011).

Since then CSOs/NGOs have been engaged not only in relief works but also in capacity building, service delivery, development and advocacy, human rights, governance and advocacy programs, voter education, environmental advocacy, and public policy investigation and monitoring activities (Rahmato et al, 2008).

Despite the growing number of CSOs/NGOs, the government passes proclamation number 621/2009 following the contested election of 2005. Many criticized that the government promulgates this proclamation to curb the operating space of such CSOs/NGOs since it is perceived that such organization played a prominent role in discrediting the ruling party.

The government has its justification though. Among these are, to fight corruption, to ensure accountability, and most importantly CSOs should not be an agent to implement the agenda of outside forces (Alebel, 2016).

Undoubtedly, the proclamation poses great repercussion on the operation of these organizations. For instance, according to the information obtained from Agency for Civil Society Organization (ACSO), the numbers of NGOs and CSOs before the enactment of the Charity and Society proclamation were 2275, but by 2011, the number goes down to 1701. The impact is even more prevalent on right based organizations. For instance, before the coming into force of the

proclamation in 2008, there were 120 rights-based organizations. But only four are in operation by 2018.

Thus, this attempts to assess the contribution of the Civil Society proclamation no. 1113/2019 (OCSP) to Social Development of Ethiopia. The study considered a comparative analysis of selected civil society organizations from Addis Ababa, in the context of the Charities and Societies Proclamation 621/2009 (CSP). Based on the information from the selected civil society organizations from Addis Ababa the study identified provisions in CSP that are considered to be detrimental while focusing on how the current OCSP resolved the detrimental provisions and enhanced the contribution of the CSOs in Addis Ababa.

1.2. Problem Statement

The role of CSOs/NGOs is under intense debate; whether they contribute to the development or not at one hand and the issues of enabling policy and legal environment is critical in the equation; in shaping the debates. This study positions itself on the important role of CSOs to the contribution of development for the country. Indeed, CSOs, under an adequate enabling environment, can be a useful partner for the government in fostering economic development and expediting democracy in the country by mobilizing the poor, bringing the necessary finance, and acting as a watch-dog. However, how much the important role these organizations played in fostering the country's developments is open for debate, it is evident that the CSOs/NGOs today increasingly face challenges in restricting their operations. Fisher (2013) argues that numerous countries are restricting the space for civil society organizations either by restricting media oversight or by emplacing burdensome regulatory hurdles. This was vividly evident particularly in the area of advancing human rights or democratic principles. Ethiopia is not an exception to this. Especially after the coming into force of proclamation 621/2009, the impact that this law exerted on the operation of these organizations is arguably significant.

The Charities and Societies Proclamation 621/2009 is the first fully fledged law that used to govern CSO/NGO in the modern history of Ethiopia. The Preamble of the proclamation reads as "WHEREAS, it is found necessary to enact a law in order to ensure the realization of citizens' right to association enshrined in the Constitution of the Federal Democratic Republic of Ethiopia" and "WHEREAS, it is found essential to promulgate a law to aid and facilitate the role of Charities and Societies in the overall development of Ethiopian peoples" it is deemed

necessary to promulgate the law. Hence it can be understood that the law is intended to provide the legal space for these organizations to contribute their part to the development of the country.

However, these organizations were short of their potential in fostering the development of the county. In studies conducted by Rahmat et al, (2008), Fisher, (2013), and M Marume et al., (2016) CSOs in Ethiopia were unable to raise the necessary financial and capital means to sustain their cause. For instance, a survey made by Management Systems International (MSI, 2016) argues that Ethiopia was one the most substantially impeding country from CSOs among African countries with a score of 5.7. As a consequence project-based aid, especially in the form of foreign currency, technical assistance, technological transfer, and creation of direct and indirect job opportunities has significantly diminished.

Perhaps more, the law has become an impediment to exercise their democratic right and restricted their contributions in expediting democratic practice in the country. The impediment is mainly directed at their right to association and obstructing them from engaging in democracy, good governance, and human right at one hand restricting foreign finance mobilization on the other hand. As a consequence organizations that used to work on advocacy have significantly diminished. To mention with, the 12-pages explanation document attached with the draft bill presented at the parliamentary deliberation by the task force to replace the CSP stated in its finding that, while the law crumples the effort of these organization's capacity from offering education services and discussion forums to citizens on the human right and public accountability, their operation has been limited only on service delivering. This restriction also widens corruption, the mounting of public grievance as well as the disappearing of alternative discussion forums that has also prompted wider mal-administration and public outrage. As a showcase, a research conducted by the Ethiopian Professional Lawyer Association has found out that the legal advice that it used to offer for free decreased to less than 5,000 from 18,000 people per year after the law came in to force (Abiye, 2019). Further, in a joint press release namely, the Observatory for the Protection of Human Rights Defenders, the Human Rights Council of Ethiopia, and the Consortium of Ethiopian Rights Organizations and the Association for Human Rights in Ethiopia reported that 17 organizations that used to work on human right were forced to either change their mandate or close down, while several others had to significantly reduce their activities, after the coming into force of CSP(WOAT, 2019).

As a result, there were wide public outcries against the government to repeal and replace the former CSP with a more liberal legal platform so as these organizations do their part for the development of their country. It was at this juncture that the government enacted the OCS proclamation.

However though, there are knowledge gap and disentanglement form the part of scholars as to how the OCSP resolved the predicament of the previous law. Thus, the current OCSP law is an area of attention for scholarly assessment. Indeed, the assessment will be important in generating information for policy makers and scholars to contribute their part on the ongoing reform progress in the country in creating enabling environment for these actors. Also it will give an insight about the impact of the extent of the previous law on the development programs of these CSOs/NGOs gives lesson how we should handle these organizations.

1.3. Objective of the study

The main objective of this research is to identify provisions on the CSP that obstruct the operation of CSOs/NGOs. It then assess the contribution of OCSP to the development of the country. Thus this research specifically attempts to;

- Assess the problems that CSOs/NGOs face in terms of generating sufficient income and analyze the effect of specific detrimental provisions on financial sustainability;
- Assess the problems of CSOs/NGOs in expediting democracy and analyze the effect of specific detrimental provisions of the CSO law;
- Assess the contribution of OSCP in boosting the financial status of CSOs/NGOs.
- Assess how the OSCP deal on allowing CSOs/NGOs' to freedom of association and enabling them to engage in democratization process in the country.

1.4. Research Questions

1. What are the problems CSOs/NGOs in terms of generating sufficient funds and which specific provisions constrain the financial sustainability of the CSOs/NGOs?
2. What are the problems of CSOs/NGOs in expediting democracy and which specific provisions obstruct the role of CSOs/NGOs?
3. How does the OCSP contribute in boosting the financial status of CSOs/NGOs?

4. How does the OCSP deal on allowing CSOs/NGOs' to freedom of association and enabling them to engage in democratization process in the country?

1.5. Significance of the study

The research depicts the challenge that CSOs/NGOs face during the OCS period in terms of their financial viability and expediting democratic system. In doing so the research gives an insight on the provisions that are considered to be defective that preclude CSOs/NGOs to support the economic development endeavor of the country. Moreover, the research assesses how the current CSOP deals with the problems that these CSOs/NGOs faced during the previous proclamation. Furthermore, the research is important to suggest various recommendations and alternatives and assess the lesson that we can learn from the past.

1.6. Scope of the study

The research covers only CSOs/NGOs that are engaged in charitable work, and democratization while excluding other forms of society. Thus, CSOs/NGOs such as trade unions, cooperative societies, micro, and small enterprises, professional associations, and community-based organizations are beyond the scope of this research. Moreover, since the research is a doctrinal type of research it only focuses on the legal issues that affect the operation of these institutions. Hence, the institutional factors, although helpful for the proper operation of CSOs/NGOs, is out of the topic of this research. Finally, for the reason of legality, the research focuses on selected CSOs/NGOs which are located only in Addis Ababa.

1.7. Limitation of the study

The first limitation of the study is due to the outbreak of the coronavirus pandemic respondent were unwilling to get contact with the researcher and hence couldn't obtain the necessary information as much as possible. Further, the researcher was unable to collect information and data to the maximum of the sample size. Besides, most respondents were unwillingness financial and other necessary information since it is considered confidential. Logistic and financial constraints were also other limitations of this study.

1.8. Organization of the Study

In order to attain the objective of the research, the research fashioned into five distinct chapters. The first chapter is the preliminary part of the study and it briefly presents the background of the study, problem statement and research questions, objectives, significance, scope and limitation of the study. The second chapter discusses related literature review, theories and empirical publications written by different scholars. The third chapter describes about different methods and tools that were applied in the study. The fourth chapter discussed on findings, analysis and interpretation of the data collected via questionnaire, interview and document review. The final chapter includes the summary of major findings, conclusion and recommendation of the study.

Chapter Two: Literature review

2.1. Conceptual Overview

2.1.1. Defining CSO

Society has its roots in the word "civics", which comes from the Latin word "Civis", its literal meaning refers to citizens (WHO, 2002). Generally speaking, CSOs/NGOs are actors that operate outside the family, market, and state. It comprises mass-based membership organizations, faith-based groups, NGOs, and community-based organizations, as well as communities and citizens acting individually and collectively. There is no single universally accepted definition of the term. Different scholars come up with different definitions. The followings are a summary of definitions given by different sources.

Civil society is an arena of voluntary collective actions around shared interests, purposes, and values distinct from families, state, and profit-seeking institutions. UNDP (2012)'Voice and Accountability for Human Development: A UNDP Global Strategy to Strengthen Civil Society and Civic Engagement (Ki-moon, 2013)

Hegel defined civil society as the intermediate realm between the family and the state where the individual becomes a public person and, through membership in various institutions, is able to reconcile the particular and the universal (Kaldor, 2015).

'Civil society is the arena – outside of the family, the state, and the market – which is created by individual and collective actions, organizations and institutions to advance shared interests'. CIVICUS (2015) - Assessing the State of Civil Society: A Toolkit for the CIVILUS Civil Society Index (CSI)(Finn Heinrich & Olume Ssue, 2004).

An ecosystem of “organized and organic social and cultural relations existing in the space between the state, business, and family, which builds on indigenous and external knowledge, values, traditions, and principles to foster collaboration and

the achievement of specific goals by and among citizens and other stakeholders
(Vandyck, 2017).

Further, the understanding of these organizations can be more obtained by its unique characteristics. Marume et al, (2016) provide the following distinguishing factors that express CSOs;

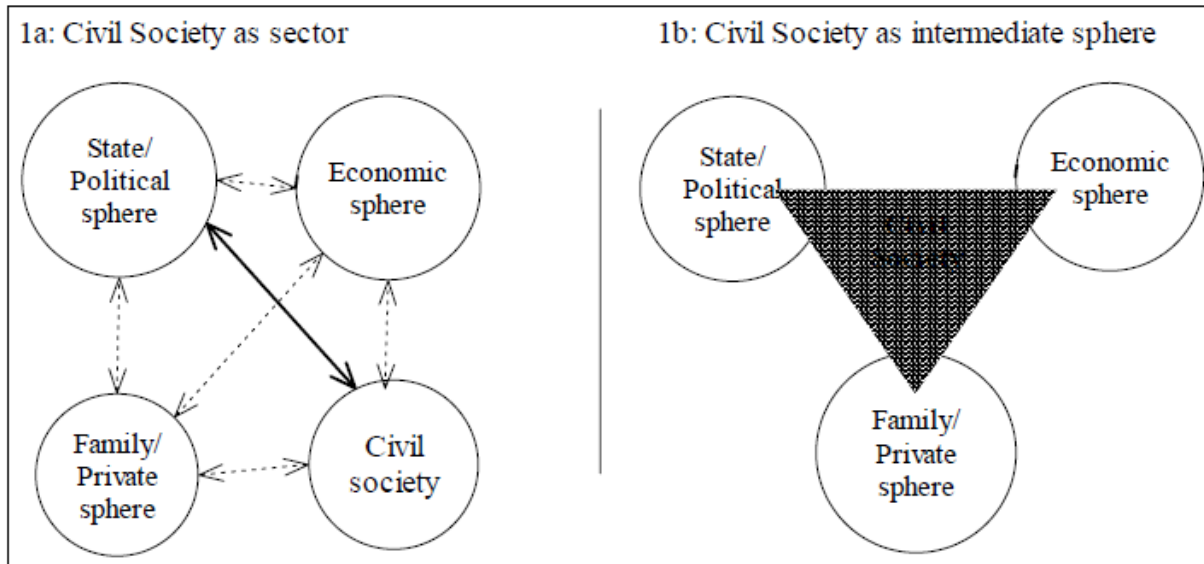
- *Organized social life, that is, although informal, civic society is organized.*
- *Voluntary, that is, it is not compulsory to belong to it.*
- *Self- gathering, that is, self- propelled.*
- *Largely self- supporting, that is, financially sourcing own funds for its operations.*
- *Bound by a legal order, that is, civic society operates within the legal framework, that is, it observes the*
- *laws regulating the community.*
- *Set of shared values, that is, civic society has values or objectives which its members cherish.*

CSOs/NGOs consist of a broad spectrum of organizations with a wide range of purposes, constituencies, structures, degrees of organization, functions, size, resource levels, cultural contexts, ideologies, membership, geographical coverage, strategies, and approaches. Operating outside the sphere of government and market, they often compete with each other but not for economic interest. They are prominently distinguished from other forms of organization that they are not for profit and established by members acting as voluntarily (Spurk, 2015).

Civil society is seen as both different from the state and the political sphere. They are supposed to make political demands towards the state and others by exerting their leverage capacity, but not suppose to run as political parties or their representatives' leaders do for political offices (*Ibid.*). Ideally, civil societies are also out of the realm of market and family. They interact with the market and family with the view of the right price and good practice. However, Spurk (2015) argue that the interactions between these sectors are blurr and sometimes overlapping. "For example, entrepreneurs belonging to the business sector are acting in civil society when

demanding tax exemptions from the state. This understanding also helps to uncover other actors who have a role as civil society, such as traditional groups in Africa.” Civil a society is thus, the public realm between state, business, and family (see the fiber below).

Figure1. Civil society as its own sector and/or as an intermediate sphere



2.1.2. Understanding Development

It is imperative to comprehend the basic concept of the word "development" together with its measurement because the word has a different meaning to different disciplines.

Perhaps in a traditional sense (during the 1950s), the word development is used to express attaining sustained rates of growth in terms of expanding the rate of output faster than the growth rate of its population to achieve growth in per capita income (Todaro & Smith, 2012).

Indeed, many developing nations did reach their economic growth targets during this period; however, the standard of living remained by and at large stagnant. The experience of the 1950s and 1960s led development scholars to redefine the term to incorporate the reduction or elimination of poverty, inequality, and unemployment within the context of a growing economy (*Ibid*).

To this end, development scholars agreed that development should comprise of the whole gamut of growth including advancement in economy, politics, socially, and environmental conservation. In precise terms, local and regional development should at least consist of reducing

social inequality, promoting environmental sustainability, encouraging inclusive government, safeguarding human rights and democratic practices, and recognizing cultural diversity (Pike et.al, 2007).

Ethiopia led by EPRDF party has curved its development plan since 2001 in line with the above definition under the concept of the Developmental state paradigm. Previously, the government undergoes Provisional Poverty Reduction Strategy (PPRS), Sustainable Development and Poverty Reduction Program (SDPRP) which included;

- Agricultural Development-Led Industrialization (ADLI) and Food Security,
- Justice System and Civil Service Reform,
- Governance, Decentralization and Empowerment, and
- Capacity Building

The SDPRP was being updated by a five year plan entitled as the Plan for Accelerated and Sustained Development to End Poverty or in short PASEDP. This was replaced by a more ambitious plan called Growth and Transformation Plan I (GTI). Nowadays, the country is undergoing the second Growth and Transformation Plan (GTP II). The plan is guiding the development endeavors of the country for the years 2015/16-2019/20.

In the document, it was stated that "non-government organizations (NGOs) charities will also be encouraged to operate according to the Charities and Societies Law to benefit the public from the development process." The document, in fact, doesn't lay out in detail how CSOs/NGOs could participate in the development programs. Perhaps, it stated in a broad sense that they are expected to deepen and strengthen national consensus aimed at ensuring one economic and political community, to strengthen the democratization and development processes, Strengthening measures taken to balance population growth rate with the growth of the economy; strengthening measures taken to maintain the current declining trends of fertility; creating balancing situation between demographic variables and social, economic and environmental goals; making population and development data more accessible for preparation of reliable development plans and subsequent monitoring and evaluation at all levels.

2.1.3. The role of civil society in democracy

In recent times, the notion of civil society has attracted attention in political and developmental discourse. This is because many academicians acknowledge civil society as a crucial agent for promoting democracy and development. However, this paradigm has also face opposition. Some political theories proclaim that unless an otherwise these organizations are strongly regulated they could be a potential risk for the proliferation of anti-democratic practices. For instance, after the 1995 election the ruling party of Ethiopia has blamed the civil societies for inciting violence after the election. The ruling party contends that these organizations are agent of outside for to pursue the interest of the western ideology to implement liberal democracy. The government condemns these organizations conspiring to overthrow the government and infringe the constitutional order of the country. Even more, if we look at the theories of Smith, Hegel or Marx, civil society was understood as a bourgeois society against the interest of the society and hence anti-democracy. However though, the role that this organization played in bringing about democracy and democratic consolidation is championed by many political theorists.

Perhaps, an understanding of the role of civil societies for democracy requires some definition of democracy and democratic consolidation at the outset. The term democracy stems from two Greek words Demos ('the people') and kratien ('to rule') to indicate a system of governance where political power is vested on the citizen. In city-state gatherings, democracy can be exercised directly by the people by the rule of the majority while in large societies, it is by casting their vote through their elected agents (Uhlin, 2009). The basic underlying element of democracy includes good governance, human right and the rule of law. A widely used definition to the word democratic consolidation refers to "a political regime in which democracy as a complex system of institutions, rules and patterned incentives and disincentives has become, in a phrase 'the only game in town,' behaviorally, attitudinally and constitutionally" (Katusiimeh, 2010). A political transition from an authoritarian political system to semi-democracy or from semi-democracy to a full democracy or a stretched stride from an authoritarian political system to a full-fledged democracy.to a more democratic political regime is called Democratization (Mebratu, 2015).

In this sense the role that civil society play in democratization is not negligible. Forbrig (2003) outline five function that these organization could play in bringing about democratization. First,

civil society has the capacity to act as an important additional watch-dog over the relationships between public and private, state and society to guarantee inalienable individual rights, the rule of law or democratic procedures of decision-making and separation of power. Second, civil society plays an important in ensuring social interests are represented fully, specifically and continuously, where political parties overlooked. It also provides interest mediation in settling competing social groups and interests. Third, Civil society provides a space for individuals to act collectively based on a shared interest, belief or passion. This leads for the co-existence of numerous social groups, which is inherent to the pluralism of modern societies. Forth, these organizations helps for the proliferation of political culture such as tolerance, pragmatism, trust, willingness to compromise, and civility. Fifth, these organizations could play an important role in providing goods and services necessary, if not essential, for individuals, sections of the population, or the social and political community where state and the market are limited in their capacity.

Perhaps, as much as civil society organizations are essential in bring about democracy where it is absent and strengthening it where it is already in place, they could be harmful for democratization. Forbrig (Ibid.) further explain the democratically dysfunctional aspects of civil society. The first one the danger associates with co-option. The co-optation of particular civil society organizations is an instrument for political actors, be they incumbent governments and the state apparatus at their disposal or be they the political opposition, to strengthen their own anchorage in society and thus to increase their legitimacy. The second danger is regarding the obscure decision making. Civil society of variegated social groups crystallizes and specifies their particular interests be included in processes of political decision-making. The inclusion of a wider range of interests, thus, has direct and problematic effects on both processes and results of political decision-making. Thirdly, there will be a problem when there is biased interest representation. The biasedness could be the result of dysfunction in the organization. There could be a situation where some social interests remain poorly organized or unorganized at all, be it that they are too diffuse to be formalized or that they are in their significance outdone by other and seemingly more salient issues, or be it that the social group affected is too heterogeneous to co-operate for a specific cause. The fourth problem is associated with the problem of where their organizational structures cross-cut and overlap with social and political, economic and cultural

divides. Finally, due to the problem where the internal procedures of organizations, the goals pursued and the strategies applied by them is lacking.

In fact, although CSOs/NGOs play an important role for the proliferation of democracy, the success of their contribution presuppose the existence of strong organizations. Diamond (1992) identified the following six criteria that characterized a strong civil society organization.

1. *Civil society is a reservoir of political, economic, cultural and moral resources to check the power of the state. Civil society can play a role in checking, monitoring and restraining the exercise of power by the state and holding it accountable. This function can reduce political corruption, which is pervasive in Uganda. It can force the government to be more accountable, transparent and responsive to the public, which strengthens its legitimacy.*
2. *The diversity of civil society will ensure that a few groups do not hold the state captive.*
3. *The growth of associational life will supplement the work of political parties in stimulating political participation. Civil society organizations can encourage people to get involved in politics especially as voters in elections. Political participation strengthens the legitimacy and the institutionalization of democratic government, which are essential for consolidation.*
4. *Civil society will eventually stabilize the state because citizens will have a deeper stake in social order. Furthermore, while civil society may multiply the demands of the state, it may also multiply the capacity of groups to improve their own welfare.*
5. *Civil society is a locus for recruiting new political leadership. Those who are involved in the activities of such groups learn how to organize and motivate people, publicize programmes, reconcile conflicts and build alliances. This teaches people to deal efficiently with political challenges and can mould competent political leaders.*
6. *Civil society resists authoritarianism.*

2.1.4. Theoretical review of Civil Society

There are several thinkers who come up with different theories with their own distinct features. However, they are grossly divided into two broad categories; these are the liberal and left-wing approach.

2.1.4.1. The Liberal Theory

The liberal theory promotes the market, limited government, individual right, private ownership of property civil liberties of the individual, including freedom of thought and expression, freedom of association and movement, and personal freedom, among others.

The basic premise of the liberal theory is that the civil society organization lies between the state and the market. They are there in order to sustain the pillars of democratic principles such as freedom, tolerance, equity, right of expression, opinion, and challenge totalitarianism and authoritarianism, through civil society activities (Fadakinte, 2013).

It presupposes the existence of independent associations and economic institutions, where membership should be exclusively voluntary. Their main interest is to fulfill the rights, freedoms, and interests of its members.

Its organizations range from small associations such as neighborhood watches, large ones such as environmental federations and veterans' rights groups, and market-based organizations such as corporations, labor unions, employer associations, and industry lobbies (Cassese & Bignami, 2016).

In the liberal view, the core aspect is individualism where the right and interest of the individual is guaranteed. The individual is free of informed choice. They hold that the state and civil society oppose each other, where the former has a limited role. The role of the state should therefore be reduced in framing such civil societies (*Civil Society from Liberal and Communitarian Perspectives Kanykey Jailobaeva, 2008*).

2.1.4.2. Left-Wing Theory

There are several left-wing thinkers, each with their distinctive conception. Among them, Georg Wilhelm Friedrich Hegel is the pioneer one. He declines to accept that an autonomous and unregulated economy have benign effects. He proclaims that that the civil society realm was separate from the realm of the state. For Hegel, individuals interact with each other because "an individual cannot achieve his ends without referring to others. When he refers to others, his ends become universal. Therefore, the achievement of his ends satisfies not only the welfare of his but [also] of others too(*Civil Society from Liberal and Communitarian Perspectives Kanykey Jailobaeva, 2008*)." Hence, individuals tend to organize as a society to achieve their collective

goals. However, he also contends that these organizations focused on individual interests, and competed for limited resources. Thus, the state is needed to balance the influence of interest groups and to gear civil society to achieve public good (Cöðøng, 2008). In other words, the state should regulate these organizations.

Another prominent thinker of the left-wing theory Karl Marx proclaims that under capitalism, the one who owns means of production would exploit the proletariat to maximize their production capacity, to generate a surplus, to increase their property, and to enhance their businesses. He believes that in the capitalist mode of economy, the state protected only the interest of the capitalist class and left the proletarian for exploitation. "This oppression was unavoidable and would have persisted if the proletarian revolution had not taken place. The revolution will bring about a classless society and state, which created favorable conditions for the development of truly civil society (*Ibid*)."

The other left-wing theorist Antonio Gramsci also believed that under the capitalist system, the capitalist class allows civil societies such as labor unions and political parties to be established and operate in the system. However, these civil societies are coopted by the capitalist class to express their ideological monopoly and appease their opponent's interests (*Ibid*). Thus, Gramsci believes that civil society is a part of the political society of hegemony that is constructed through the manufactured consent and the civil society should create counter-hegemony against the state (Medya, 2011).

Coming to Ethiopian, the government has recently promulgated the OCSP. The OCSP is part of the reform program that the government is undertaking recently. The reason that the government is undertaking such pervasive reform program is in order to widen the democratic space and expedite democratic principles. To this end, the government has given prominent place to amend the CSP. Thus, the government has established a taskforce to come up with an improved law. The taskforce is supposed to come up with an amended bill based on liber approach. Hence, this research makes the assessment based on the liberal theoretical thinking.

2.2. Recent Trends in CSOs/NGOs

CSO is Essentially a Eurocentric construct and idealization, in the 1980s and 1990s many Sub-Saharan African countries have been undergoing structural reforms with a view to bring together both the good governance agenda and participatory approaches to development that became widely accepted in development policy (if not in practice) during the 1980s. The main basis for these structural reforms was converged with New Public Management thinking about the public sector that promotes a reduced role for the state in the provision of public services and reducing the levels of both public expenditure in favor of non-state organizations, both private sector and CSOs. This trend emerged from a growing consensus on the need to develop new approaches to service provision based on the partnership between the public and NGOs (Clayton et al., 2000).

In the late 1990s, the Rights-Based Approach (RBA) or also known as the Rights Human-Based Approach (HRBA) becomes emerged as a recent development paradigm. There are two stakeholder groups in rights-based development, the rights holders, or the group who does not experience full rights, and the duty bearers, or the institutions who are obligated to fulfill the rights of the rights holders. The rights-based approach aims at strengthening the capacity of duty bearers and empowers the rights holders (Boesen & Martin, 2007).

Recently there is a trend in countries resorting to restrictive policy particularly in Africa and developing countries. Government has become challenging to the operation of such organizations, especially in right based organizations. To depict this with an illustrative example, CIVICUS Civil Society Index (CSI) surveyed CSOs in 33 developing countries across the world, from 2008-2011. According to the finding, only 8% believe that the legal and policy environment for civil society is fully enabling for their operations, and a higher amount (47%) find it either quite limiting or highly restrictive compared to those that find it moderately enabling (45%) (Fisher, 2013).

Nevertheless, CSOs/NGOs are growing to be the voice and eyes of citizens in promoting the principles of fair and equitable economic development, gender equality, and human rights. For instance, the World Economic Forum citing the Yearbook of International Organizations reported that the numbers of international non-governmental organizations (NGOs) have increased from 6,000 in 1990 to more than 65,000 in 2019. At the national and regional level, in

China alone, there are over 460,000 officially registered nonprofit organizations with nearly six million employees. In 2009, it was estimated that India has around 3.3 million NGOs.

2.3. Landscape of Ethiopian Civil Society Organizations

As has been discussed above civil society organization is not a recent phenomenon. They have emerged in the 1930s. Despite long tradition civil society organizations in Ethiopia, the growths of these organizations are steady. According to the information from the ACSO, there are about 2158 civil society organizations². Among this, 1613 are organizations that are re-register under the OCSP while 545 are newly established organizations. According to the Agency, there are 1751 local, 368 foreign, and 39 consortiums under the categories of CSOs/NGOs.

Regarding the geographical distribution of CSOs/NGOs, the data shows that there is uneven distribution, which Addis Ababa alone accounts for 69% of the CSOs/NGOs, followed by Oromia 8% and SNNP 6%. The least is Gmabel with 0.2%, just 4 are operational currently in the region (see figure 2 below).

Table 1 The Geographical distributions of CSOs/NGOs in Ethiopia

Addis Ababa	Amhara	Benishangul Gumuz	Gambela	Hara ri	Somali	SNNP	Afar	Dire Dawa	Oromia	Hara ri	Tigray	Anonymous address
1504	94	19	4	6	42	125	21	18	173	7	59	86

Source: ACSO (2020)

With regard to the type of organization, the largest is a charitable association which accounts for 52 % of the overall organizations followed by 19% and board-lead organization with 17 %.

² The information is updated up to the period of September 2020.

Table 2:- The type of organizations in Ethiopia

No	Type of organization	Number
1	Professional Association	107
2	Mass-based Association	50
3	Foreign organization	369
4	Foreign Charity	1
5	Ethiopian Resident Society Consortium	2
6	Ethiopian Society Consortium	3
7	Consortium of Consortium	1
8	Charitable Trust	2
9	Charitable Society	4
10	Charitable Endowment	30
11	charitable association	1125
12	Board-led Consortium	25
13	Board-led Organization	406
14	charitable association Consortium	25
15	other	3
16	Special	3

Source: ACSO 2020

From the information obtained from ACSO, the distribution of CSOs/NGOs shows asymmetric concentration. Bole is the most concentrated regarding the number of CSOs/NGOs which accounts for 23% followed by kirkos 15% and yeka 14.9% (See table 4).

Table 3:- The geographical distribution of CSOs/NGOs in Addis Ababa

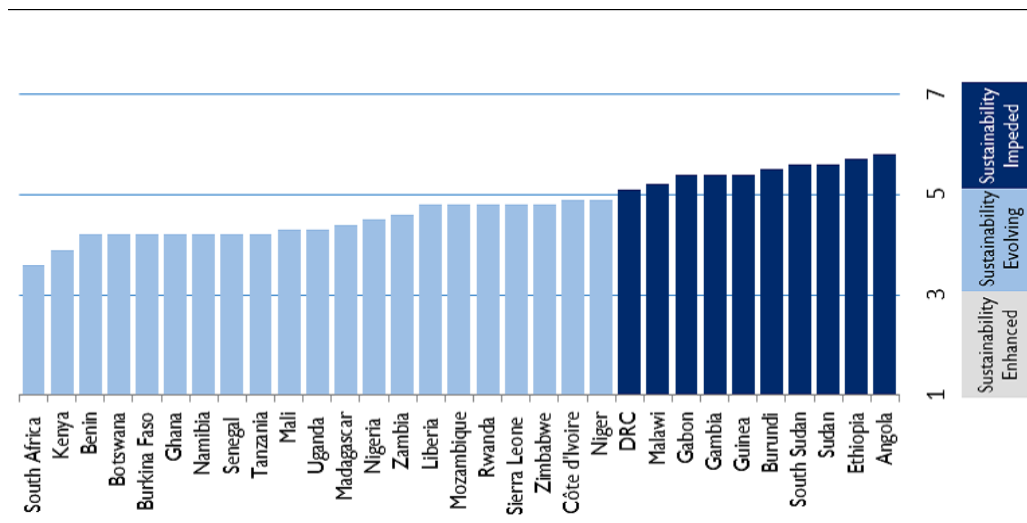
Yeka	Nefasilk lafto	Lideta	Kolfe Keranio	Kirkos	Gullele	Bole	Arada	Akaki Kaliti	Addis Ketema	Anonymous address
225	183	58	97	227	110	352	151	35	24	42

Source: ACSO (2020)

2.4. Empirical Review:- The Impact of CSP in Ethiopia

There are different study made on the impact of CSP regarding financial sustainability and democratization. Among the researches, the Management Systems International (MSI, 2016) is most interesting. The survey was made by experts of a panel by civil society organization practitioners that made excessive researchers in each country. The panels made the assessments from seven key performance indicators to rate the sustainability of CSOs/NGOs found in Africa. The scores are grouped into three overarching categories—Sustainability Enhanced (scores from 1 to 3), Sustainability Evolving (3.1–5), and Sustainability Impeded (5.1–7). They agree on a score for each performance indicator to grade them from 1 (most developed) to 7 (most challenged). According to the report, Ethiopia stands the least next to Angola with a score of 5.7 (see Table 1 below).

Figure 2. A figure that shows the Performance Level of CSOs/NGO sustainability index



Source (MSI, 2016)

Further, the institute also surveyed and leveled based upon the performance factor. According to the survey the most sustainable impediments are financial viability and with a score of 6.5 each (see table 2).

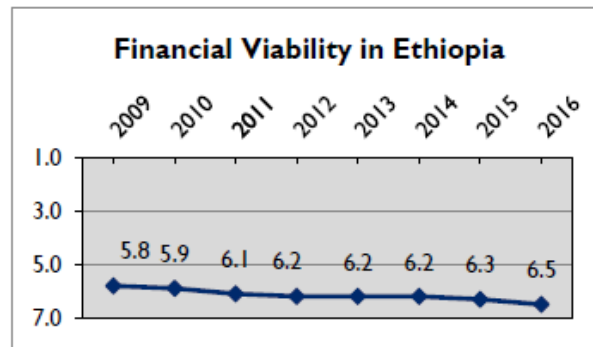
Figure 3. A figure which shows sustainability score based upon key performance indicator



Source (MSI, 2016)

Further the research find out the after the coming into force of CSP in 2009, the CSOs/NGOs' financial viability has declined sharply. The impact is severely prevalent on those CSOs/NGOs that rely heavily on foreign sources for funding (see figure 4).

Figure 4 financial viability in Ethiopia



Source (MSI, 2016)

The survey has also indicate that, in frustration with strict regulation of the sector and restriction, some donors even refrain from supporting such institutions. For instance, it is reported that in 2016 Save the Children Ethiopia received a warning letter from the CSA that prompted it to

cease its partnerships with eighty local CSOs. More than 120 CSOs were closed during the year because they lacked funding for projects. Major donors that supporting CSOs such as USAID, Canadian Department of Foreign Affairs, German Corporation for International Cooperation (GIZ), Japan International Cooperation Agency (JICA), and French Development Agency (AFD) decline to extend funding (MSI, 2016).

Even with regard to a local source, for one thing, the amount of money that these CSOs/NGOs earn from their constituencies is insignificant, for other things earning income from selling services or products is proving to be difficult because of cumbersome legal requirements. Only a few organizations, including Mekedonia, an Ethiopian residents' charity that supports the elderly and persons with disabilities, and Great Ethiopian Run, a commercial event management company that raised ETB 1.5 million (approximately \$65,700) in a fundraising campaign, have managed to raise funds through public collections (*Ibid*).

Regarding to political intervention, the CSO process and activity of the Ethiopian Civil Society Organizations have been a major obstacle since the introduction of the Charities and Societies Proclamation 621/2001. As a result, civil society organizations have avoided a meaningful use of the rights of freedom of expression and association guaranteed by the FDRE Constitution and Ethiopia's international commitments.

Seyoum (2015) conducted a research entitled as “Financial Sustainability of Ethiopian Resident Charity Organizations: Challenges and Opportunities.” The purpose of this study is to assess the operating environment of Ethiopian Resident Charity in order to identify factors that positively or negatively affect financial sustainability of these organizations. The focus of the study is to explore the effects of financial sustainability challenges and also examined internal and the external factors that influence financial sustainability by excluding the legal aspect. The study employed a mixed method using qualitative and quantitative method. The findings show that Ethiopian Resident Charities are facing a mounting financial sustainability challenges. Majority of their current funding comes from external donors, and yet it suffices to implement their objectives. The study identified that the lack of information on call for proposals, weak coordination or partnership and limited staff capacity are the major constraints in going for foreign sources. On the other hand, the challenges to raise fund from local source are identified as the undeveloped culture of volunteerism, bureaucracy, distorted image of the public about

NGO's contribution. Furthermore the research found out, that the limited understanding and practice on strategic fund raising and marketing, the lack of strong governance and accountability mechanism are the major internal challenges that limit the capacity of ERCs in local and foreign fund raising.

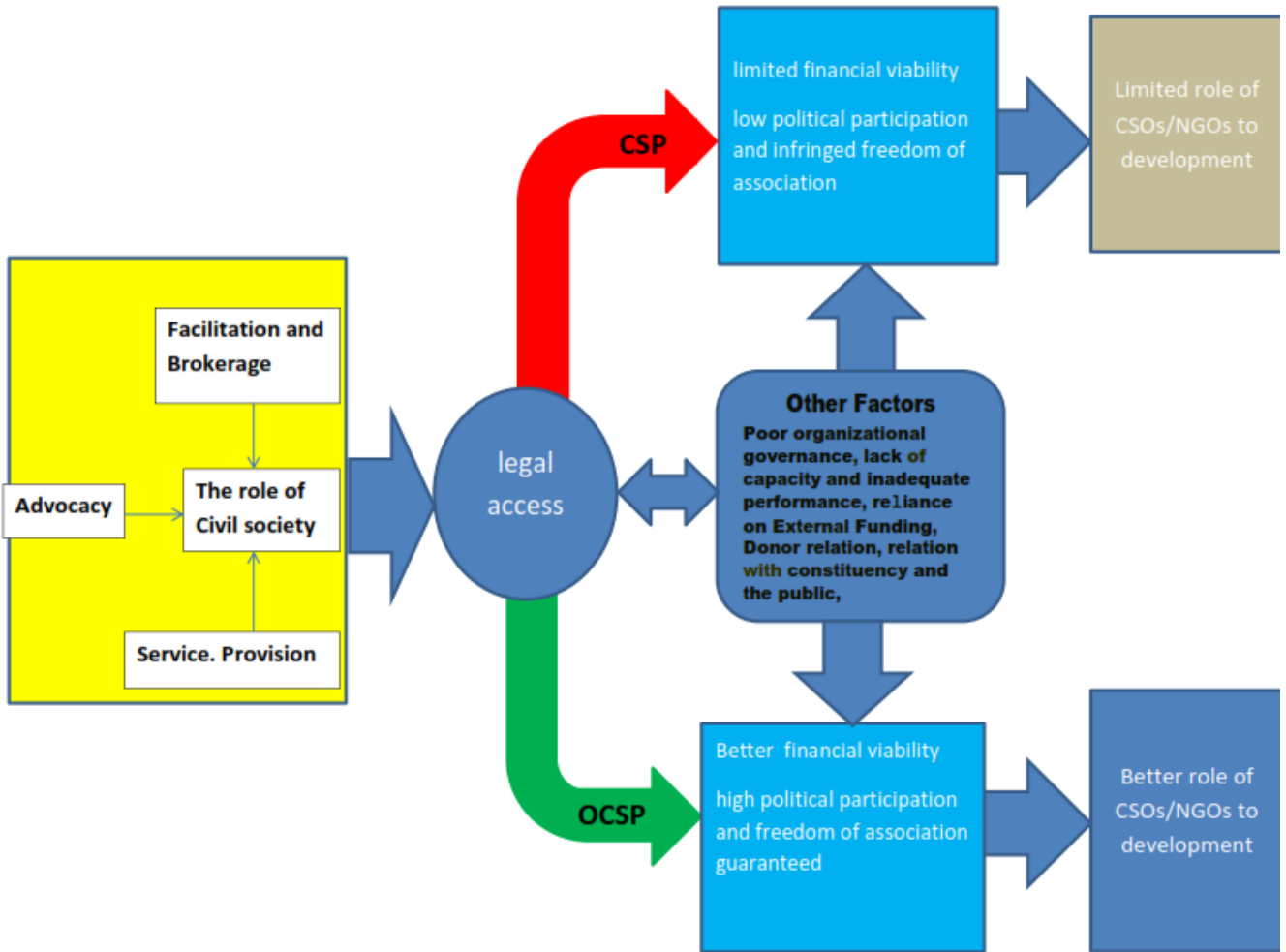
Another pertinent study is the research conducted by Broeckhoven et al (2020) under the title of "CSOs in Sustainable Development in Ethiopia: Past Practices and New Trajectories." The purpose of this study is to examine the impact of closed civil society space on sustainable development and to see some of the ways in which these closures can be addressed. The research employs qualitative research design to address the objective. The researchers found that that the restrictive laws had a severe impact on many CSOs/NGOs thus most were forced to close operation or limit their operational capacity to service delivery only. This factor indicates that donors should not adhere to a strict division between advocacy and service delivery in their funding policy. Further, they should focus on long-term CSOs/NGOs engagement and long-term consistent funding. The OCSP reopened political space to some extent. The new law envisions a greater role for self-regulation in the civil society sector while still maintaining some degree of regulatory supervision through registration, reporting and funding allocation requirements. Despite these improvements, the sector is still in need an international support for the financial sustainability of CSOs/NGOs.

Though there are many studies other than these, scholarly findings in the past emphasized the immediate effects of the CSP law upon the operation CSOs/NGOs. None of these studies have identified specific provisions on the CSP deemed to be detrimental for the effective operation of these CSOs/NGOs. Furthermore, to the best of my knowledge there have been no researches done that assess the impact of CSP and compare it with the current OCSP. Therefore, this research is meant to identify the detrimental provisions in the CSP and examines how the current OSCCP deals with it.

2.5. Conceptual Framework

Considering the important role that civil society plays, the researcher has developed the following conceptual model.

Figure 5. Conceptual framework of the study



Source: Partially adapted from (Lisa M. Sontag-Padilla, et al, 2012)

The framework assumes that CSOs/NGOs can be patronage in accelerating the development of a certain country. Grossly categorized these organizations play an important role in service provisions, act as facilitation and brokerage, and advocate human rights. Their efficiency and effectiveness depends on how much they are financially viable and how much their democratic right is safeguarded. One of the basic rights is the right for the association. Thus, the government must create a favorable legal platform. Of course, the efficiency and effectiveness of these organizations also depend on their institutional capacity. This research focuses on the legal factor only.

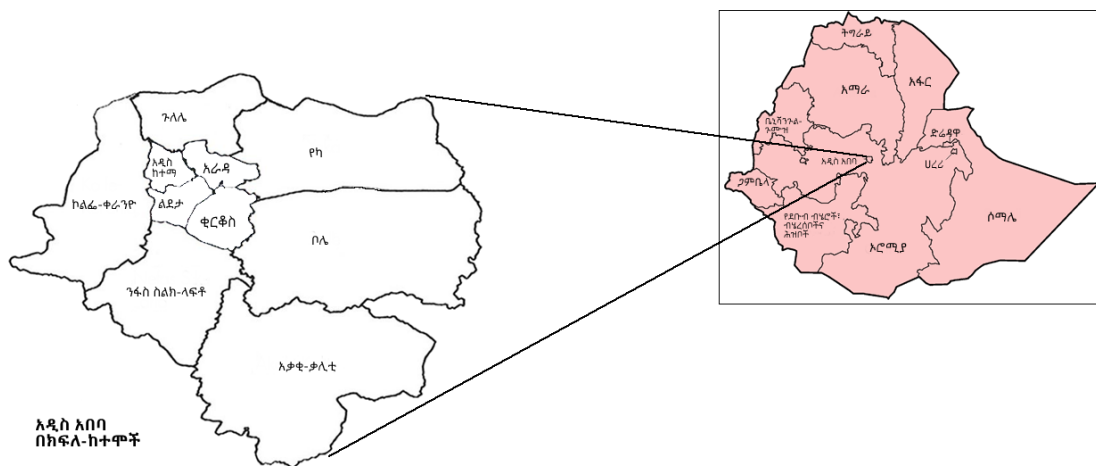
Chapter Three Research Methodology

3.1 Study Area

Addis Ababa is the capital city of the Federal Democratic Republic of Ethiopia, the seat of the African Union (AU) and the United Nations Economic Commissions for Africa (UNECA). It is a home for more than 3 million inhabitants. Geographically speaking it is located between 8055' and 9005' North Latitude and between 38040' and 38050' East Longitude. It covers a total area of 54,000 hectares. Regarding the climate condition, with an average elevation is 2,500 meters above sea level; Addis Ababa has a fairly favorable climate and moderate weather conditions (Addis Ababa City Administration, 2019).

Addis Ababa currently has three layers of Government: City Government at the top, 10 Sub City Administrations in the Middle, and 110 Woreda Administrations at the bottom. The map of city looks like this;

Figure 6 - Addis Ababa city map taken from Addis Ababa City Administration (AACA) website



Addis Ababa is significant for Ethiopia's aspiration of vision 2025, which is to become middle income country. Its economy grows by 14% annually. The city alone currently contributes

approximately 50% towards of the national GDP. Despite this, the city faces significant development challenges. For example, unemployment is estimated at 23.5%, while poverty is 22% (Tesfaye, 2015).

The local government is also struggling to deliver basic services to its residents. The provision of clean water is only 44% and sewerage services to less than 30%. Moreover, the growth in urban extent outpaced population growth. As a consequence, an estimated 46% of its land is underutilized. At the same time, the city center has extremely high density (up to 30,000 people per km), concentrating around 30% of the population on 8% of the land, generally with poor living conditions (*Ibid.*).

According to the information of ACSO (2020), many CSOs concentrated in the Addis Ababa to share the burden of the government. For instance, the number and diversity of CSOs/NGOs until June 2020 indicates that 69% (1504 out of the total 2158 number of CSOs/NGOs) are located within the city. Thus, this research focuses on selected CSOs found in Addis Ababa, since a research made on these CSOs/NGOs signify the challenge face the majority of CSOs found in Ethiopia. Furthermore, according to article 55 of the constitution the power to enact laws regarding CSOs/NGOs bestowed to the regional states. Thus, OSCP is supposed to be applicable only to the federal state of Addis Ababa and Dire Dawa city administration or for organization that that is operation for more than one regional state.

3.2. Research Design

This research is fashioned from an inter-disciplinary perspective mending together the concepts of legal and development disciplines. This research employed a mixed sequential and descriptive research method. A mixed sequential method is a study that uses both qualitative and quantitative method where one phase is followed by another phase to draw a conclusion (Tashakkori, Abbas, and Charles Teddlie, 2010). This research implements a QUAL→quan type of sequential method. a QUAL→quan is a qualitative dominated research design (Morse, 2015). Thus, this study first undertake quantitative phase followed by the qualitative phase. The finding of the qualitative findings is used to develop the quantitative data. Then the researcher will draw a conclusion based on the date from both phases. For qualitative method the research employed a doctrinal type of research. A doctrinal research concerned with legal proposition, doctrines, laws

and legal concepts. Hence, source document such as laws, commentary and literatures obtain from secondary data method was closely scrutinized. Moreover, the opinion of relevant official was obtained by interviewing method. To this end, the researcher has developed a semi-structured interview questions for the officials.

Furthermore, in an attempt to supplement the findings from the document review the researcher has employed a quantitative method. To this end, the researcher has gathered the opinion of persons working in CSOs/NGOs using survey. To do so, the researcher has developed a closed questionnaire and the result was converted into numerical format for further analysis using MS Excel version 13.

3.3. Data Gathering Method

This research employed a mixed method. Thus the researcher has employed different information gathering tools for the analysis of data. Firstly, the researcher collected different document and literature for review of analyzable contents. Secondly, the researcher prepared unstructured interview questions for conducting interview with officials that were identified as key informants. Furthermore, the researcher employed semi closed questionnaire that was administered for persons working in the selected CSOs/NGOs to gain the necessary information. In addition, the researcher attended consultative workshop and parliamentary deliberation during the enactment of the new OCSP in an attempt to gain knowledge about the subject matter.

3.4. Data Type and Sources

The research employed a mixed research. Hence, both primary and secondary data types and sources were used in the study. The answers to the research questions also demanded both primary and secondary data sources and types. The source of the primary data involved the leaders and founders of selected CSOs/NGOs, officials in charge of enacting the new law and professionals at the ACSO and Addis Ababa finance bureau. Regarding secondary source, the researcher used different documentary source, commentary and survey by scholars.

3.5. Sample Population, Sampling Procedure and Sample *size*

There are two categories of target population for this research. The first categories of the target population are CSOs/NGOs and consortium. According to the information from ACSO there are

about 1504 CSOs/NGOs in Addis Ababa. Among this 1130 are reregistered based on the current OCSP while the rest 374 are newly established and registered organizations. In an attempt to gather the necessary information from CSOs/NGOs and consortium, the researcher employs non-probability sampling technique. A non-probability sampling is a technique whereby some elements of population have no chance of selection. It involves the selection of elements based on assumptions regarding the population of interest, which forms the criteria for selection. Hence, the selection of elements is non-random non-probability sampling. (Taherdoost, 2018). Among the non-probability sampling method the research employ a quota sampling technique. Quota sampling is a technique whereby the population is divided into a certain categories and a convenience or judgment sampling is used to select the required number from each subgroup (*Ibid*). This sampling technique will allow sample from each category be adequately represented. According to the Ethiopian civil society law there are four categories of organizations, namely foreign, local, consortium and professional associations. Professional associations are out of the scope of this study. Moreover, since the research focus on making comparison between the former with the current laws, the organizations that are newly registered are out of the context of this research. Thus, the researcher purposefully selected a total of forty two respondents from thirty CSOs/NGOs in this study. Care has been made to incorporate different development programs such as Human Right, project base community development and Charity work. The following table provides an overview the list of respondents from respective CSOs/NGOs as follows;

Table 5:- The list of respondents from selected CSOs/NGOs

no	Name of CSOs/NGOs	Number of respondents
1	SUSTAINABLE ENVIRONMENT AND DEVELOPMENT ACTION(SEDA)	2
2.	Yeethiopia Siga Dewe Tetekiwoch Beherawi Mahiber	3
3.	INTEGRATED SERVICE ON HEALTH AND DEVELOPMENT ORGANIZATION	1
4.	PROTECTION, RESPECT AND OPPORTUNITY FOR CHILDREN ON THE STREET	3
5.	Ethiopian Women Lawyers Association	3
6.	FORUM FOR SOCIAL STUDIES	1
7.	FACILITATORS FOR CHANGE	2
8.	FH ETHIOPIA	1

no	Name of CSOs/NGOs	Number of respondents
9.	SELF HELP SAMARITAN DEVELOPMENT ASSOCIATION (HSHSDA)	1
10.	TALENT YOUTH ASSOCIATION	4
11.	EDUCATION FOR DEVELOPMENT ASSOCIATION	1
12.	YETEEM CHILDREN'S AND DESTITUTE MOTHERS FUND	1
13.	CHILD FUND ETHIOPIA	2
14.	Christian Relief development Association (CCRDA)	1
15.	Concern for Development Ethiopia	1
16	RIGHT TO PLAY	1
17.	ETHIOPIAN HUMAN RIGHTS COUNCIL(EHRCO)	2
18.	DINK KISTET LETENA /DKT/ ETHIOPIA	1
19	ORGANIZATION FOR DEVELOPMENT IN ACTION(ODA)	1
20	FAMILY HEALTH INTERNATIONAL	1
21	PRO PRIDE	1
22	ESHET CHILDREN AND YOUTH DEVELOPMENT ORGANIZATION	1
23	CHARITY AND DEVELOPMENT ASSOCIATION	1
24	ORGANIZATION FOR THE DEVELOPMENT OF WOMEN & CHILDREN-ETHIOPIA (ODWaCE)	1
25	PASTORALIST RELIEF AND DEVELOPMENT ORGANIZATION(PRDO)	1
26	AGRI SERVICE ETHIOPIA	1
27	PARTICIPATORY POVERTY REDUCTION ORGANIZATION	1
28	ARAT KILO CHILD CARE AND COMMUNITY DEVELOPMENT	1
29	VISION OF COMMUNITY DEVELOPMENT ASSOCIATION	1
30	VOLUNTEERS FOR FAMILY DEVELOPMENT	1
	Total	42

Source:- survey by the researcher (2020)

The number of the organization based on type and categories is shown on appendix at the end of this document.

The second targeted population is official form the concerned government office who bestowed the power of coming up with draft law, oversee the execution of the law and officials the implementing office. The research employed non-probability sampling technique. The researcher employed snowball non-probability sampling technique to assess the views of officials. Thus,

three officials from Agency for Civil Society organization, three officials from the Federal Attorney General and two person from the task force in charge of the amendment of the CSP and two officials from Addis Ababa finance bureau has been were assessed as a key informant using interview method. All the officials and members of the task group have enormous knowledge about the ongoing reform process regarding CSOs/NGOs. The officials from the Federal Attorney-General were the ones that are bestowed with the responsibility to monitor the ongoing reform program that the country was undertaking and oversee the enactment of the civil society proclamation. The taskforce was shouldered with the task to come up with a draft law and hence the information that is obtained from these sources is enormous. Moreover, the researcher has inquired information officials from ACSO and Addis Ababa finance bureau since they are the ones who are expected to execute the law. The following table shows the list of respondents from the respective government offices.

Table 6:- The list of respondents from selected government offices

No	Name of the government office	Number of respondents
1	Federal Attorney General	3
2.	Agency for Civil Society organization	3
3.	Task force in charge of the amendment of the CSP	2
4.	Addis Ababa finance bureau	2
	Total	10

Source:- survey by the researcher (2020)

3.6. Instruments of Data Collection

3.6.1 Participation in workshop

Having experience working with NGOs and other CSOs, the researcher has an understanding on the operation of these organizations. Further, the researcher has participated in a serious of consultation workshop and parliamentary deliberation. In doing so, the researcher has gathered the necessary information that can be relevant for the purpose of this research.

3.6.2. key Informant Interview

The researcher has conduct key informant interview in order to acquire knowledge about the impact of CSP, which provisions in the proclamation exactly hinder the effective functioning of

these organizations and the rationale behind revoking CSP and enacting OCSP. In doing so, the researcher developed unstructured questioners and tested before conducting the interview. The researcher has made sure the comment by the adviser was incorporated.

3.6.3. Questionnaire

The write has prepared closed questionnaire to be filled by leader and representative of the selected CSOs/NGOs. The researcher use interview questionnaire method since it will allow the intention of the respondent. Then the researcher tabulated and tallies the result for analysis.

3.6.4. Secondary Data

Scholarly research, documentary source, commentary and any other relevant document found in different institution have been thoroughly reviewed.

3.7. Method of Data analysis

The research is a mixed type of research. It employs both qualitative and quantitative method. In order to answer the research question the researcher has gathered data and information from two set of categories. The data gathered from the CSOs/NGOs using questionnaire method organized based on quantitative method. The quantitative method involves descriptive analysis using a series of tabulation. The researcher tallied the data and converted into numerical value and analyzed using MS Excel software.

The research also gathers information form the selected officials using qualitative method. The information gather thought interview, the data was organized in to different themes and analyzed thematically.

3.8. Ethical consideration

The research participants in this research gave their informed consent prior to seeking their responses. Therefore, the researcher has done the research by requesting permission from all participants. The researcher will also establish a good rapport with all the interviewees and target groups that will be selected in the research by making himself clear where he comes from, why he decides to conduct the research, etc.

The researcher also arranged the interview without affecting the participants' schedules with their informed consent. The participants' freedom of withdrawal at any time during the process of the

discussion will be ensured by telling them to do so. This enabled them not to feel pressured in participating. During the interview process, the researcher recorded the interview using a tape recorder with permission from all interviewees.

For the sake of anonymity, (since the identity of the participant should not be known) and confidentiality (the participants' identity would not be revealed), the researcher will use pseudonyms of the participants in the research. Moreover, the data obtained from the participants will be made confidential and the data that were collected will be used to the objectives of the study only.

Chapter Four:- Result, Discussion and Analysis

As has been discussed above the purpose of this research is to identify those provisions on CSP that are considered to be deterrent for the oppression on CSOs/NGOs and explore that how the current OSCP tackle them. In an attempt to do so the researcher has gathered information by interviewing with key informant groups and by conducting a questionnaire interview for CSOs/NGOs. The information gathered intends to acquiring knowledge and to be used as an input in the analysis part. While doing so the researcher has prudently selected informants to procure the necessary information. Accordingly the result will be discussed and analyzed in this chapter.

4.1. The challenges of CSP for CSOs/NGOs to generate sufficient income and specific provisions that are detrimental

The response from the survey made to assess the financial sustainability is presented as follows.

Table 7:- Response of organization regarding financial source that CSOs/NGOs obtain

Question	Response									
Source of income	Foreign source		Local Source							
			membership		private individual		govenment		Total	
	#	%	#	%	#	%	#	%	#	%
	23	76.67	3	10.00	1	3.33	3	10	7	23.3

Source:- survey made by the researcher

Table 8:- Response of organization regarding the kind of assistance that CSOs/NGOs gets

obtaining finance	Foreign Currency		local currency, material and technical support	
	#	%	#	%
	18	60	12	40

Source:- survey made by the researcher

Based on the response from the CSOs/NGOs the majority (76.67%) of CSOs/NGOs raise finance from foreign sources in terms of foreign currency. The other, 7 (23.3%) organizations raise finance in terms of local means. Among the local source, 3 (10%) organizations get from membership collection while (3.33%) and 3 (10%) get organizations from private individual and government respectively (see table 7). Moreover, 18 (60%) of the organizations get income in terms of foreign currency while 12 (40%) of the organizations get income in terms of local currency, material and technical support (see table 8).

Table 9:- Response of leaders and founders in CSOs/NGOs regarding encouraging finance

Encouraging to raise income	yes		No	
	#	%	#	%
	0	0	42	100

Source:- survey made by the researcher

However, all the respondents replied that they were unable to generate more finance to their full potential because of the restrictive provisions in the CSP (see table 9).

Table 10:- Response of leaders and founders in CSOs/NGOs regarding raising of finance from local source

Sufficient income from local source	Yes		No	
	#	%	#	%
	0	0	42	100

Source:- survey made by the researcher

Moreover, all the 7 respondent who replied that they try to fill the budget deficit by raising finance from local sources hold that they couldn't raise enough amount to implement their objectives. They attribute the restrictive nature of the law as the reason for not raising sufficient income from a local source.

Table 11:- Response of leaders and founders in CSOs/NGOs on how restrictive is CSP regarding financial sustainability

How restrictive	highly restrictive		Moderately restrictive		Not restrictive	
	#	%	#	%	#	%
	34	61.9	8	19.1	0	0

Source:- survey made by the researcher

Overall all the respondents are discontent by the restrictive nature of the law as far as financial sustainability is concerned, but 34 (61.90%) of the respondent replied that they are highly aggrieved by the law.

A discussion with the officials confirms the result by the respondent. One official from Federal Attorney General contends that, “financial viability is a crucial factor for the sustainability of CSOs/NGOs. It could also serve as an important source for the inflow of foreign currency to serve as a supply source to boost investment, to undertake social services, enrich democracy ...etc. However, after the coming into force of CSP in 2009, the CSOs/NGOs' financial sustainability has declined sharply. The impact is severely prevalent on those CSOs/NGOs that rely heavily on foreign sources for funding.”

According to officials from the task force hold that “one of the drawbacks of the CSP is that it affects the sustainability of such CSOs/NGOs by imposing restriction on their financial means. They hold that especially those organizations that work on advocacy and policy face a significant challenge in implementing their objectives due to budget constraints. They were not allowed to raise more than 10% of their budget from a foreign source. Even those organizations that work in community development were adversely affected by 70/30 rule. The effort of these organizations to raise income from a local source to meet their developmental objects prove to no avail because either the amount of money that these CSOs/NGOs earn from their constituencies is insignificant or earning income from selling services or products is proving to be difficult because of cumbersome legal requirements. To aggravate this problem the agency issues a directive, at time contravening the constitution and the parent proclamation that further drain their financial means. For instance, the agency issues a directive that prevents these organizations to own property, present project agreement, and the like. As a consequence, many CSOs/NGOs were forced either to significantly shrink their operation or ceased to exist.”

Indeed, CSOs/NGOs contribute mainly to strengthen economic development and boost the democratic practice of a certain country. For the success of their objective and the sustainability of their existence, the financial sustainability and/or capital fund is a crucial factor.

Perhaps opening the space for these organizations to flourish in one's country, emanate from the democratic principle of the right to association, expression, thought, opinion, development, and financial sustainability, which in our case laid from article 29 - 44 of the FDRE constitution.

Thus, different countries use different mechanisms for these organizations to contribute to the development of their country and the citizen to enjoy their right. The most common of such practice is that allowing such organizations to engage in income generation mechanisms either from a business transaction or raising funds from an international and national source. Governments make sure that the income that is raised from such a source shall not use for fraudulent activities such as distributed as a dividend among the members and money laundering.

The other important mechanism that the government employs to encourage these organizations is tax incentives. This includes exempting from tax duty on exported items and members, giving tax holiday for start-up, and exempt tax on business transactions such as value-added tax (VAT), turn over tax (TOT), and property tax.

While the researcher assesses country experience with countries similar economic position to that of Ethiopia namely Tanzania, Uganda, and Kenya, learned that the law that governs the operation of CSOs/NGOs doesn't have any restriction except laying out the composition and the registration processes (*NON-GOVERNMENTAL ORGANIZATIONS CO-ORDINATION REGULATIONS, Kenya, 1992*)(Tanzania, 2004)(*The Non-Governmental Org Anisations Act, 2016.*, 2016)

Perhaps, the Kenyan experience is very interesting and worth mentioning. The Kenyan government allotted a certain share of its budget so that CSOs/NGOs compete for the limited amount of finance based on their performance.

Coming to the case of Ethiopia the CSO/NGO process and activity has been a major challenge since the introduction of the Charities and Societies Proclamation 621/2001. In particular, the classification based on Ethiopian charity and society, Ethiopian resident charity and foreign charity, and the prohibition of Ethiopian base CSO/NGO to procure not more than 10 percent of their income for foreign source has drained the necessary finance and the capital to meet their organizational goal. Considering these organizations heavily relied on fund from foreign source, they were avoided a meaningful use of the rights of freedom of expression and association

guaranteed by the FDRE Constitution and Ethiopia's international commitments to bring about democratic development.

Moreover, the stipulation of the proclamation that provides charities and societies cannot accept anonymous donors and shall at all times keep records that indicate the identity of donors has been a huge challenge. This provision alienates donors that do not want to be named for biblical or any other reasons to contribute for the development of the country.

To depute their financial constraints the CSOs/NGOs effort to collect fund from local fund proved to no avail because the provision of the proclamation has been a critical test since it is required to gain permission from the Agency. Thus, one has to undergo a cumbersome bureaucratic procedure and complex decision-making process.

The researcher also learned from the discussion with CSOs/NGOs informant that they also face unlawful prohibition and illegitimate penalty if these CSOs/NGOs found to undertake income generation activities. Besides, it was noted that there was a widespread lack of transparency for denial although the application of the revenue collection proposals by the civil organizations based on the provisions of Article 103 of the Proclamation.

Another challenge to these organizations is the 70/30 rule. A reading from Article 18(1) in conjunction with Article 2(14), it is provided that any charitable organization should allocate at least 70% of its budget for the execution of the project it established for. Otherwise, it is not allowed to spend more than 30% of its income on administrative costs. The fact that which are in principle program costs such as remuneration for consultation, research work, impact assessment, project sustainability assessment are regarded as administration costs, has made it difficult to hire these organization the necessary staff.

This research identified that the following provisions from CSP are detrimental as far as financial sustainability is concerned;

2 (2) "Ethiopian Charities" or "Ethiopian Societies" shall mean those Charities or Societies that are formed under the laws of Ethiopia, all of whose members are Ethiopians, generate income from Ethiopia, and wholly controlled by Ethiopians. However, they may be deemed as Ethiopian Charities or Ethiopian Societies if

they use not more than ten percent of their funds which is received from foreign sources;

2 (3) "Ethiopian Residents Charities" or "Ethiopian Residents Societies" shall mean those Charities or Societies that are formed under the laws of Ethiopia and which consist of members who reside in Ethiopia and who receive more than 10% of their funds from foreign sources;

2 (14) "Administrative costs" shall mean those costs incurred for emoluments, allowances, benefits, purchasing goods and services, traveling, and entertainments necessary for the administrative activities of a Charity or society;

18 (1) Any charity or society shall allocate not less than 70 percent of the expenses in the budget year for the implementation of its purposes and an amount not exceeding 30 percent for its administrative activities.

77 (3) Charities and Societies may not receive anonymous donations and shall at all times keep records that indicate the identity of donors.

88 (1) Any charity or society shall allocate not less than 70 percent of the expenses in the budget year for the implementation of its purposes and an amount not exceeding 30 percent for its administrative activities.

98 (1) No Charity or Society may conduct any public collection unless a permit is granted by the Agency.

98 (2) The permit given under this Article shall specify the public collection purpose, duration, place, and any other criteria set forth by the Agency.

98 (3) Any money or property collected in contravention of Sub-article (1) of this Article shall be confiscated by the Agency and applied to the purpose of a similar Charity or Society.

Generally speaking these are the classification and restriction on the amount of fund that shall be raised from foreign source, expenses that fall under administrative cost,

restriction on anonymous fund and bureaucratic hurdle to raise fund from public collection.

4.2. The challenge that CSOs/NGOs face to expedite democracy and the detrimental specific provisions that were

The researcher has assessed the challenge that these COSs/NGOs faced in expediting democracy in the country. The result is summarized as follows.

Undoubtedly, one of the great challenges that the proclamation pose is on organizations that worked on advocacy and policy issues. The result of the respondent from the CBOs/NGOs confirms this scenario. All the 42 respondents replied that it discourages their right to freedom of association. Regarding its restrictiveness 29 (69.05%) of the respondents replied that it is highly restrictive while 13(30.95) responded that is moderately restrictive. This shows how the organizations were discontent when they lodge application for registration license (See table 12 below).

Table 12:- Response of leaders and founders in CSOs/NGOs regarding freedom of association

No	Questions	Response			
		yes		No	
		#	%	#	%
1	Encouraging the right to association	42	100	0	0
2	How restrictive	highly restrictive		Moderately restrictive	
		#	%	#	%
		29	69.05	13	30.95

Source:- survey made by the researcher

The entire 42 respondents argue that the law discourages their right to association. Regarding the level of restriction, 29 (69.05%) respondents replied that the proclamation highly restricts their right to freedom of association, while the rest 13 (30.95%) replied that it moderately restrict their freedom of association (see table 12).

Table 13:- Response of leaders and founders in CSOs/NGOs regarding engagement on democracy

1	Encouraging CSOs/NGOs to engage in good governance, democracy and human right	yes		No	
		#	%	#	%
		37	100.00	0	0
2	How restrictive	highly restrictive ³		Moderately restrictive	
		#	%	#	%
		37	100	0	0

Source:- survey made by the researcher

The entire 37 respondent who engage in democratization and policy issue contend that the law discourage them to engage good governance, democracy and human right in good governance, democracy and human right. Moreover the entire respondents contend that the law highly restricts their engagement in the democratization processes of the country (see table 13).

A discussion with the officials has no different conception than the respondent from the CSOs/NGOs. One official from the Federal Attorney General and member of the study group for the amendment of the proclamation, proclaim that the proclamation has an enormous impact in narrowing the political space. He mentioned that “one of the main causes of the recent ethnic tension and conflict is a result of a lack of strong CSOs/NGOs.” Another official form member of the study group for the amendment of the proclamation holds that “the law has negatively impacted the development of the country in terms of democratization processes, good governance, and safeguarding human rights.” Yet another official form the ACSO mentioned that “one of the causes for the recent corruption scandal and Human rights violation is a result of the absence of effective right base CSOs/NGOs.” He stresses the importance of a strong fourth organ of the government, namely CSOs/NGOs and the media, to work hand and glove to combat such kind of injustice. Even another official from the agency said that, “although the proclamation has severely impacted the CSOs/NGOs sector, the repercussion on right based CSOs/NGOs is tremendous. For instance, before the coming into force of the CSP proclamation, there were more than one hundred right based organizations, but now only three are operational.”

³ Three respondents from Yeethiopia Siga Dewe Tetekiwoch Beherawi Mahiber and one respondent each form Integrated Service on Health and Development Organization, Propride and DKT didn't respond since these organizations didn't work on advocacy and policy issues.

Indeed after the coming into force of the proclamation the researcher with the discussion of the concerned office learned that before the coming into effect of the proclamation, the Ethiopian Human Rights Council carried out high-quality monitoring and documentation through twelve offices across the country. Since the law passed, HRCO has closed nine of its offices and has cut at least 75 percent (more than 40 people) from its staff. Also, the Ethiopian Women Lawyers Association employed more than 60 personnel in the six regions that operate across the country. But after the coming into force of CSP, the number diminished to eleven employees. Moreover, it closed nine of its branch offices.

The first challenge concerning the right to association is that the certification process. The CSP contains twelve articles (from article 64-76) under the heading of formation, licensing, and registration of charities and societies. Accordingly, the proclamation goes far beyond registering this organization, by licensing them. As a result, one has to go to a protected and cumbersome procedure to be licensed. For instance, a licensee should present a project agreement and should be approved by the agency's license officer to get a license. Moreover, the licensing officer is at full authority to closely scrutinize the organization's document such as a memorandum of association, memorandum and articles, and other complementary documents. The official also has the authority to revoke the general manager or any employee at his discretion if he thinks he/she is against the law. Moreover, the law degraded these organizations as, “charity” and “society” which indicates that what this organization is expected to perform. Further, the license will be renewed every three years and again the licensing officer is also at full authority to renew the license after scrutinizing the audit and other complementary documents.

Even the most challenging was the classification itself. According to the law, there are three classifications of organizations; Ethiopian Charities or Ethiopian Societies, Ethiopian Residents Charities or Ethiopian Residents Societies, and Foreign Charities. According to article 14(5), it was only Ethiopian Residents Charities and Ethiopian Residents Societies that were allowed to engage in advocacy and policy issues. These organizations according to article 2(3) are not allowed to raise more than 10% of their income from a foreign source. This means that the proclamation also hindered Ethiopian compatriots to do their part in democracy and protection of human rights. Also, foreign CSOs/NGOs were denied the right to contribute to the democratization of the country.

Henceforth, the research identified the following provisions a detrimental to democratization.

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

2 (3) "Ethiopian Residents Charities" or "Ethiopian Residents Societies" shall mean those Charities or Societies that are formed under the laws of Ethiopia and which consist of members who reside in Ethiopia and who receive more than 10% of their funds from foreign sources;

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

14 (5) Those who can take part in activities that fall under Sub-article 2 (j), (k), (l), (m) and (n) of this Article shall be only Ethiopian Charities and societies.

15 (1) (A) Charity may be formed as:

a) a Charitable Endowment;

b) a Charitable Institution;

c) a Charitable Trust; or

d) a Charitable Society.

(2) Without prejudice to the provisions of Subsection five of this Section concerning Charitable Committees it shall be necessary to form and acquire a Registration and License Certificate to carry out charitable acts.

(3) Charities may form a consortium Charity to co-ordinate their activities. Particulars shall be determined by the directives of the Agency.

76. Renewal of License

1/ Whithout prejudice to the obligation of Charities to submit statements of accounts and annual reports as stipulated under Article 78 and 80 of this proclamation, the license of Charities and Societies shall be renewed every three years.

91. Removal and Replacement of Officers

1/ The Agency may order the appropriate organ of the Charity or Society to remove an officer who falls short of any of the requirements set forth under Article 70 and to assign another person as an officer.

2/ Until the replacement an officer mentioned under sub article 1 of this article by another officer, the Agency may order the suspension of an officer.

Generally speaking these are classification restriction on area of operation, licensing and conditional license renewal.

4.3. OSCP in terms of boosting financial sustainability

The research has assessed CSOs/NGOs regarding financial sustainability. According to the response of the CSOs/NGOs, the respondents credited that there is a better condition on OSCP than the previous CSP law regarding financial sustainability. Especially they are content with the law since the OSCP didn't prevent them from engaging in income generation mechanisms from local source. However, 13 (31%) of the organization replied that they are not wholly satisfied with the law. Their major reservation is with the 20/80 rule. They contend that although the OSCP amended the activities that are considered to be administrative costs, still it exert more burden on their undertakings. They proclaim that it will only benefit large organizations (see table14 below).

Table 14:- Response of organization regarding financial sustainability

No	Questions	Response			
		yes		No	
		#	%	#	%
1	Encouraging financial sustainability	yes		No	
		#	%	#	%
		26	86.67	4	13.33
2	Raising finance from local source	yes		No	
		#	%	#	%
		42	100	0	0

Source:- survey made by the researcher

A discussion with the official, the law is designed to get these organizations to be sustainable by raising capital for all means. However, the law intends to make sure those who donate their

money spent for the intended purpose. Thus the 80/20 rule is meant to safeguard the interest of the donors. Further, they claim that that organization that raises fully from their members is not obliged by the 80/20 rule. But all the organizations replied that the law lay favorable conditions to raise funds from local sources.

Before moving on analyzing the OCSP it is important to briefly overview the law-making process. According to the discussion with the leader of the task force for the amendment of the CSP, “the new OCSP law-making process took another dimension from the previous law-making process. Before the draft was enacted, there was pervasive public deliberation with major stakeholders about the governing principles. There was also pervasive public discussion in the preliminary document and the input gained from the discussion was incorporated in the draft. With regard to the theoretical foundation of the law, they responded that the assignment given to them was to come up with a draft based on a liberal approach to harness the potential of these organizations for the development of the country.”

From the discussion of the member of the task force, the law is designed to be self-regulator while still maintaining some degree of State oversight through registration, reporting and funding allocation requirements. Thus the law should be evaluated from the general principle of liberal thinking.

Perhaps, the problem that threatened the sustainability of CSOs/NGOs is the restriction imposed on the provisions of CSP law. The proclamation makes classification based on their area of operation and puts restrictions on the means of income they can procure. From liberal theory perspective restriction contradicts the general principle of autonomy in procuring finance. This proposition emanates from the very essence of the freedom of financial autonomy. Financial autonomy is one of universally acceptable democratic right. It presuppose not only to decide on internal financial affairs but to procure finance from whatever source. Of course, it presupposes money come from a morally proper and lawful transaction.

In this matter the OCSP has diverted from the previous CSP law. Accordingly, there is no classification based on their area of operation and restriction on the source of income in the OCSP law. In other words, this organization can either solicited income from abroad or locally

or can engage in income generation activity (article 64). As in the previous law they were not expected to procure a written approval from the agency. A discussion with some of CSOs/NGOs, seizing this opportunity they started to actively engage income-generating activity such as by renting their estate, raising money by SMS service, raising income by preparing diner program, and the like.

Another twist from the previous law is with regard to the 80/20 rule. One of the major problems regarding the CSP is those activities that are mentioned as and administrative costs were board and subject for interpretation. Thus due to wide interpretation of the law, project works such as impact assessment, feasibility study, project sustainability assessment, payment for consultancy were fall under administrative costs. In the OSCP administrative cost is defined in detail and left no room for interpretation.

Table 15:- Comparison of Administrative expenses under CSP and OSCP

CSP	OSCP (Art 63(2))
<ul style="list-style-type: none"> • costs incurred for emoluments, allowances, benefits, • purchasing goods and services, • travelling and entertainments necessary for the administrative activities of a Charity or society 	<ul style="list-style-type: none"> • salaries and benefits of administrative employees; • purchase of consumables and fixed assets and repair and maintenance expenses related to administrative matters; • office rent, • parking fees, • audit fees, • advertisement expenses, • bank service fees, • fees for electricity, fax, water and internet services; • postal and printing expenses; • tax, • purchase and repair of vehicles for administrative purposes, and procurement of oil and lubricants for the same; • insurance costs, penalties and attorney fees.

Source:- CSP and OSCP

Also, the prohibition to accept money from an anonymous source is lifted and anyone who wishes to contribute without identifying himself can do so.

4.4. The OSCP law regarding CSOs/NGOs freedom of association and engagement in the democratization process

The researcher has conducted a questionnaire-based assessment on the OSCP to discern the opinion of CSOs/NGOs regarding their role in growing democratization. Their response is presented as follows.

Most of the respondents are content with the democratization of the law. However, 3 (7.14%) respondent claim that still, the agency stipulates some criteria which are against the law. For example in the application form there is a question that says "Is there any relative in the organization?" The respondent is aggrieved that the agency was acting ultra-virus (acting beyond its mandate) by enacting a directive against the law. However, all the respondents who involves on advocacy and policy issues responded the law don't restrict them to engage on the democratization process in the country.

Table 16:- Response of leaders and founders in CSOs/NGOs regarding freedom of association and engagement in democracy

No	Questions	Response			
		yes		No	
1	Encouraging the right to association	no	%	no	%
		38	90.48	3	7.14
2	Encouraging to engage in good governance, democracy, and human right	38	100	0	0

Source:- survey made by the researcher

A discussion with the officials claims that CSP made CSOs/NGOs shortfall to be the partner of the government in fostering the development of the country. They responded that the law has precludes these organizations to do their part on the political crises the county was suffering. It has also been found to be detrimental to professional associations to promote their interest and

enhance their professional career to be competitive at the international level. Moreover, the law has exerted a great impact on democratic practices and the protection of human and democratic rights. They further claim that the pervasive corruption prevalent in the mega project, such as Metal and Engineering Corporation (METEC), is the result of a lack of strong CSOs/NGOs who can act as a watchdog organization. They further noted that the legal framework prevented them to lobby the government in the policy-making processes to make sure different interests are incorporated. Thus, this necessitated to repeal of the law and replace it with a more liberal legal platform. They hold that the law is design to be "free entry" for an organization wishes to engage in advocacy and policy issues. As a result, the restriction in the previous law based on classification is lifted.

From the liberal theory point of view the standard is to allow the financial autonomy of these organization as far as the money is obtain for morally correct and lawful transaction. Furthermore, they advocate state should open up the space for engagement on policy and democracy issues.

Indeed, if these organizations given the opportunity they could be a development partner for the government by acting as a watch dog to ensure good governance and democratic practices. Perhaps, the first good initiative of the OCSP is that the naming has changed from charity and society to civil society organizations. The former doesn't entertain the kind the broad activity that this organization can perform.

Besides, the law has lifted the licensing procedure. Under the OCSP law, CSOs/NGOs once registered are not required to renew their certificate. Moreover, the naming itself changed from license to certificate.

Furthermore, the classification of these organizations and, the restriction with regard to the area of operation and raising of income is lifted. That means foreign organizations can engage in the right based activities and right based Ethiopian organization procures income from foreign sources.

Chapter Five Summary, Conclusion and recommendations

5.1. Summary

Generally speaking, CSOs are comprised of organizations such as civil, mass-based membership organizations, faith-based groups, NGOs, and community-based organizations, as well as communities and citizens acting individually and collectively.

CSOs play an important role in fostering development by filling the gap where government or business sector didn't reach. In other countries, they are considered as a development agent. They are regarded as the fourth organ of the state. However the growth of CSOs/NGOs in Ethiopia is steady.

In order to assess the detrimental provisions in the CSP law and how the OCSP law deals with it regarding financial sustainability and democratization, this research has a survey for selected CSOs/NGOs found in Addis Ababa. It has also conducted an interview for officials of the concerned government institutions. Accordingly, the research has found the following findings.

Based on the survey the majority (76.67%) of CSOs/NGOs raise finance from foreign sources in terms of foreign currency during the CSP. The other, 7 (23.3%) organizations raise finance in terms of local currency, technical assistance and material support. However, all the respondents replied that they were unable to generate more finance to their full potential because of the restrictive provisions in the CSP. Moreover, all respondents who raise finance from local sources hold that they couldn't raise enough amounts to implement their objectives. The respondents of the officials confirmed this result. The provisions that are detrimental to these problems are article 2(2)(3), Article 77(3), article 88, and article 98. Generally speaking these are the classification and restriction on the amount of fund that shall be raised from foreign source, expenses that fall under administrative cost, restriction on anonymous fund and bureaucratic hurdle to raise fund from public collection.

Regarding democratization the survey shows that, the entire 42 respondents argue that the law discourages their right to association. Concerning the level of restriction, 29 (69.05%) respondent replied that the proclamation highly restricts their right to freedom of association. Moreover, the entire 37 respondent who engage in democratization and policy issue contend that the law discourage them to engage good governance, democracy and human right in good

governance, democracy and human right. Moreover the entire respondents contend that the law highly restricts their engagement in the democratization processes of the country. The respondents of officials from the concerned government institution match up with the response of the leaders and founders of the CSOs/NGOs organizations. The detrimental provisions in this regard are article 2(2)(3)(4), Article 14(5), and article 15(1)(2)(3). Generally speaking these are classification restriction on area of operation, licensing and conditional license renewal.

In the OCSP law the classification and the restriction on the source of finance, securing funds from anonymous sources and securing permit to engage in income-generating activities are lifted. The 70/30 rule is replaced by 80/20 rule. The survey indicates that the entire respondent responded that the law encourages them to engaging in income generation mechanisms from local source. However, 13 (31%) of the organization replied that they are not wholly satisfied with the law. Their major reservation is with the 20/80 rule. They contend that it discourage start-up organization and didn't take in to consideration the inflation in transportation cost, house rent, utility cost, stationary and other running cost. The interview with the officials responded that the 20/80 rule introduced to ensure the fund that was secured from donors to be implemented to the intended purpose.

Finally, the OCSP law lifts the restriction on the amount that these local organizations could raise fund form foreign source to engage in police and democracy issue, lift the restriction for foreign organization to engage on good governance, democracy and human right and revert the licensing process to registration. The survey indicates that the entire respondents are content with regarding to engagement on good governance, democracy and human right. However, 3 (7.14%) respondent claim that the agency stipulate some criteria which violets their right to freedom of association. The official responded that the law is design to be free entry for organization to engage in democracy and policy issues.

5.2. Conclusion

Based on the assessment made on OCSP as compared to CSP law the researcher has the following points. Firstly, the research has found that CSP has threatened the sustainability of these organizations by making classification based on their area of operation and making restrictions on the source of the income they can raise. Although the effort to fill their deficit by generating income from a local source seems to no avail since the agency emplaces

administrative hurdle to engage in income generating activities. Moreover, since those activities enlisted in the administrative cost are subject to interpretation and costs normally considered as project cost was enlisted under administrative cost the 70/30 rule threatened their sustainability. Further, the prohibition to accept funds from an anonymous source and the prohibition not to own property have all loomed the sustainability of these organizations. On the other hand, the OCSP almost resolved the financial sustainability of these organizations by lifting the classification and the restriction on the source of finance. It allows organizations to engage in any activity as they like regardless of the financial source they obtain. The activities enlisted in administrative cost in the CSP law was replaced by more narrow activities. Organizations can also secure funds from anonymous sources. Organizations can engage in income-generating activities without procuring written approval from the agency.

Secondly, CSP has become a major obstacle for Ethiopian base organizations to contribute their part by diminishing their ability to raise income from an external source. It also denied Ethiopia abroad to contribute for proliferation of democracy in the country. Moreover, it denied foreign organizations to contribute their part to develop democracy in the county by emplacing restriction in the proclamation. On the other hand, the OCSP almost resolved the right to freedom of association by allowing them to get registered without project agreement and other burdensome requirements. Moreover once registered, there is no need to renew registration. Also, the proclamation recognizes the broad activities that these organizations play by changing the naming from charity and society to civil society. Furthermore, CSOs/NGOs are allowed to engage in good governance, democracy, and human right regardless of the source of their income or the type of organization. Foreign organizations that were denied under CSP to involve in democracy policy issue are now allowed.

Finally, the research further concluded that the 80/20 law is still too much. It only favored big organization without taking in to consideration for CSOs/NGOs start-up and the growing inflation rate to run the organization. The agency also continues its trend to issue directives that lays out conditions which contradicts the right to freedom of association. The provision that prohibits to exclude relatives to form an organizations is a show case for this.

5.3. Recommendation

The CSOP has gone a long way in creating a level field for these organizations to contribute their part to the development of the country. Although it is early to comment on what this proclamation will brought about, it has almost resolved many of the problems raised by these organizations. However, the success of this proclamation depends on the concerted effort of the concerned stakeholders. From the part of the CSOs/NGOs, although their effort to generate the inflow of foreign currency is well appreciated, especially local CSOs/NGOs should look for alternative income-generating schemes rather than relying heavily on foreign funding. The proclamation provides positive stipulations for raising funds from local sources. Seizing this opportunity some local organizations already started income generation mechanisms such as holding fundraising diner, SMS donation, renting estates, organizing concert, and the like. The other local organizations should follow the footsteps of these organizations to raise funds from other sources to alleviate their budget constraint. Especially organization who in engage on social development issues should more since foreign source are heavily interested to provide funds for right based CSOs/NGOs. Local CSOs/NGOs should also act with integrity and dispense the fund they generate to the intended purpose. They should act in a manner free from corruption.

The government on its part should first shift its sentiment towards these organizations. It should recognize the contribution of CSOs as a development partner rather than the negative connotations it attached to them. Perhaps, the government should give incentives such as exempting from tax duty, giving tax holiday for start-up, and giving financial assistance on a project that is very essential for the public. The government should also emplace active regulatory institutions to monitor the non-observance of the rule and the law.

With regard to the ACSO, one of the biggest challenges related to the CSOs was the agency issue more than ten directives, which sometimes contravene the parent proclamation. Onerous requirements such as project agreement, general assembly minute, and financial status for establishing CSOs should be eased. A repressive procedure such as unlimited power to oust any person from the organization and arbitrary revocation of a certificate should not exist anymore. Rather, the agency should shift its focus to be a database center by compiling statistical data necessary for research and policymaking.

The donors are also duty-bound to check the finance it funded is utilized for the intended purpose. It shall install an effective monitoring and evaluation procedure and ensure the sustainability of project works.

Finally and worth mentioning is regarding the 80/20 rule. Indeed, the CSOP has improved the segregation between administrative cost and program cost. One of the prospects of the OCSP is that activities that are related to project work are now placed into program costs. This is a big step forward, but still, the 80/20 rule is quite a lot especially for startup organizations. Even considering the cost of living and inflation, the 80/20 rule will be a big challenge only favoring big and foreign organizations.

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