

ETHIOPIA

PROCLAMATION NO 147/1998

A PROCLAMATION TO PROVIDE FOR THE ESTABLISHMENT OF COOPERATIVE SOCIETIES

WHEREAS, it has become necessary to establish cooperative societies which are formed by individuals on voluntary basis and who have similar needs for creating savings and mutual assistance among themselves by pooling their resources, knowledge and property;

WHEREAS, it has become necessary to enable cooperative societies to actively participate in the free market economic system;

WHEREAS, it has become imperative to issue a comprehensive legislation by which cooperative societies are organized and managed in order to achieve the above mentioned objectives;

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

PART I GENERAL

Section 1. Short Title. This Proclamation may be cited as the "Cooperative Societies Proclamation No. 147/1998."

Section 2. Definitions. In this Proclamation unless the context otherwise requires:

1) "Society" means a cooperative society established and registered in accordance with this Proclamation and it shall in particular include the following:

- (a) Agricultural Cooperative Societies;
- (b) Housing Cooperative Societies;
- (c) Industrial and Artisans Producers' Cooperative Societies;
- (d) Consumers Cooperative Societies;
- (e) Savings and credit Cooperative societies;
- (f) Fishery Cooperative Societies;
- (g) Mining Cooperative Societies;

2) "Cooperative Society" means a society established by individuals on voluntary basis to collectively solve their economic and social problems and to democratically manage same;

3) "Member" means any physical person, or society established under this proclamation which is registered after fulfilling his membership obligations.

4) "General Assembly" means a meeting of members of the Primary Cooperative society or representatives of societies above primary level;

5) "Special resolution" means a resolution passed by a two third majority of the members to be binding on all members;

6) "Management Committee" means a body elected and empowered by the general assembly with the responsibility to manage the activities of the society;

7) "Appropriate Authority" means an organ established at federal level, or a bureau or an organ established for the same purpose at Regional or City Administration level, to organize and register cooperative societies and to give training, conduct research and provide other technical assistance to cooperative societies;

8) "Person" means a natural or juridical person.

Section 3. Where the provisions of the Proclamation are set out in the masculine gender they

apply equally to the feminine gender.

Section 4. *Objectives of a Society.* The society to be established under this proclamation shall have one or more of the following objectives:

- 1) to solve problems collectively which members cannot individually achieve;
- 2) to achieve a better result by coordinating their knowledge, wealth and labour;
- 3) to promote self-reliance among members;
- 4) to collectively protect, withstand and solve economic problems;
- 5) to improve the living standards of members by reducing production and service costs by providing input or service at a minimum cost or by finding a better price to their products or services;
- 6) to expand the mechanism by which technical knowledge could be put in to practice;
- 7) to develop and promote savings and credit services;
- 8) to minimize and reduce the individual impact of risks and uncertainties;
- 9) to develop the social and economic culture of the members through education and training.

Section 5. *Guiding Principles of Co-operative Societies.* 1) Co-operative societies are voluntary organizations open to all persons able to use their services and willing to accept the responsibilities of membership without gender, social, racial, political or religious discrimination.

2) Co-operative societies are democratic organizations controlled by their members who actively participate in setting their policies and making decisions. Every member has equal voting rights and accordingly one member shall have one vote.

3) Members shall receive dividends from profit according to their shares and contribution after deducting and setting aside an amount necessary for reserve and social services.

4) Co-operative societies are autonomous self help organizations controlled by their members. If they enter into agreement with other organizations, including governments or raise capital from external sources, they shall do so on terms that ensure democratic control by their members and maintain their autonomy.

5) Co-operative societies provide education and training for their members, elected representatives, managers and employees so as to enable them to contribute effectively to the development of their societies. They inform the general public, particularly the youth about the nature and benefit of societies.

6) Co-operative societies serve their members most effectively and strengthen the societies movement by working together through local, national, regional and international structures.

7) Co-operative societies work for the sustainable development of their communities through policies approved by their members.

PART II FORMATION AND REGISTRATION OF CO-OPERATIVE SOCIETIES

Section 6. *Formation of Co-operative Societies.* 1) Co-operative societies may, according to their nature, be established at different levels from primary up to the federal level.

2) A primary society shall be established by persons who live or work within a given area.

3) The number of members in a primary society to be established shall not be less than ten.

4) Notwithstanding Sub-Article (2) of this Article, the appropriate authority may specify in the directive, the minimum number of members that could make a society economically feasible.

5) A society may sell one of its shares to persons outside its area when the society faces shortage of capital.

Section 7. *Types of Societies.* 1) A society may engage in either production or service rendering activities in both.

2) The field of activities to be engaged in by any society shall be determined by the by-laws of the society.

Section 8. *Name of a Society.* 1) Any society shall have its own name

2) Words "Cooperative Society and Limited Liability" shall appear in the name of every society.

3) A name or distinguishing mark registered by one society shall not be used by any other society. 4) The name of every society shall be written boldly and be put at every place where the society's activities are performed. It should also be written or sealed on every notices letters, other specifications and documents which are signed on behalf of the society.

Section 9. *Registration of a Co-operative Society.* 1) Any society shall be registered by the appropriate authority.

2) Any society, when established shall submit an application for registration together with the following particulars to the appropriate authority:

(a) minutes of the founders meeting;

(b) the by-laws of the society in, three copies;

(c) names, address and signature of the members;

(d) name, address and signature of the members of the management committee of the society;

(e) a detailed description which proves that the registered members of the society have met the requirements for membership in accordance with the provisions of this Proclamation and the by-laws of the society;

(f) name, address and signature of members of the societies above primary level;

(g) plan of the society;

(h) documents showing that the amount of capital of the society and the capital has been collected and deposited in a bank account, if there is no bank in the area, that it has been deposited in a place where the appropriate authority has designated;

(i) the description of the land on which the society operates;

(j) other particulars that may be specified in the regulations or directives issued for the implementation of this Proclamation.

3) The appropriate authority shall register a society and issue a certificate of registration within 15 days when it is satisfied that the application for registration submitted to it has fulfilled the requirements for registration.

4) When the appropriate authority rejects the application for the registration of a society, it shall give a written explanation to the representatives of the society within 15 days. The representatives may appeal to the high court which has jurisdiction on the decision of the appropriate authority.

5) The certificate of registration issued to a society pursuant to Sub-Article (3) of this Article is an evidence to prove that a society is registered in accordance with this Proclamation.

Section 10. *Juridical Personality and Responsibility.* 1) Any society registered in pursuance of Article 9 of this Proclamation shall have juridical personality from the date of its registration.

2) Any society shall not be liable beyond its total asset. It has limited liability.

Section 11. *By-laws of Society.* 1) Every society shall have its own by-laws.

2) The contents of the by-laws shall include the following particulars:

- (a) name and address of the society;
- (b) objectives and activities of the society;
- (c) working place (area) of the society;
- (d) requirements necessary for membership of the society;
- (e) the rights and duties of members of the society;
- (f) the powers, responsibilities, and duties of management bodies;
- (g) conditions for withdrawal and dismissal from membership;
- (h) conditions for reelection, appointment, term of office and suspension or dismissal of the members of the management committee or other management bodies;
- (i) conditions for calling of meeting and voting of the society;
- (j) allocation and distribution of profit;
- (k) auditing;
- (l) employment of workers;
- (m) other particulars not contrary to this Proclamation.

3) By-laws of a society may be amended by the special resolution of the general assembly.

However, the amendment of the by-laws of the society shall be effective on the date of its submission to and registration by the appropriate authority.

4) Where the Society decides on the amendment of its by-laws three copies of the amendment and the special resolution of the society made in accordance with this Proclamation shall be submitted to the appropriate authority within 30 days from the date of the decision.

5) The appropriate authority shall register the amendment and give evidence or its registration to the society where it is satisfied that the amendment of the by-laws was made in accordance with this Proclamation and regulations issued for the implementation of this Proclamation.

Section 12. *Amalgamation and Division of Societies.* 1) Without prejudice to Article 6 (3) and (4) of this Proclamation, the general assembly of a society through a special resolution may form a new society:

- (a) by dividing itself into two or more societies; or
- (b) by amalgamating itself with one or more societies.

2) The special resolution on the amalgamation or division of the society shall be effective on the date of its registration by the appropriate authority upon verifying that:

- (a) the members and creditors of the society fully agree to the amalgamation or division; or
- (b) the members and creditors that do not agree have been paid off or their payment is guaranteed.

3) The previous registration of societies shall be canceled from the register as soon as the newly formed society by amalgamation or by division are registered.

4) The rights and duties of societies which have lost their identities by amalgamation shall be transferred to the newly formed society.

5) The rights and duties of a society which has lost its identity by division shall be transferred to the newly formed societies as specified in Sub-Article (2) of this Article.

PART III THE RIGHTS AND DUTIES OF MEMBERS OF A SOCIETY

Section 13. *Requirements Necessary for Membership of a Society.* Any individual may become a member of a society where:

- 1) he has attained the age of 14 if it is a primary society;
- 2) he is able to pay the share capital and registration fee required by the society;
- 3) he is willing to implement his obligation and observe the objectives and by-laws of the society;
- 4) he fulfills other requirements which may be specified in the regulations and directives issued for the implementation of this Proclamation;
- 5) it is registered with the appropriate authority if it is a society above the primary society.

Section 14. *Rights and Duties of Members.* 1) Any member of a society shall have the following rights:

- (a) to obtain services and benefits according to his participation in the society;
 - (b) to participate in the meetings of the society and to vote;
 - (c) to elect and be elected;
 - (d) to withdraw from the society on his request with payment of benefits.
- 2) Any member of a society shall have the following duties:
- (a) to respect the by-laws, directives and decisions of the society;
 - (b) to perform those activities which ought to be performed in accordance with the by-laws and directives of the society;
 - (c) to pay for share of capital and registration fee;
 - (d) to protect the common property of the society.

Section 15. *Dismissal from Membership.* (1) Any member of a society may leave the society on his own initiative;

- 2) Any member of a society may leave the society when it is decided by the general assembly to dismiss him from the society because of committing repeated faults;
- 3) The rights of any dismissed member shall be respected in accordance with the by-laws of the society;
- 4) Without prejudice to the provisions of Article 13 hereof, any dismissed person may reapply for membership. However, a member dismissed in accordance with Sub- Article (2) of this Article may become a member of the society only if he obtains the approval of the general assembly.

Section 16. *Payment of Shares.* 1) The capital which enables the society to expand its work activities shall be obtained from paid up shares of each member in accordance of the decision of the general assembly;

- 2) The society may sell additional shares if it is found necessary to promote the financial capacity of the society subject to the decision of the general assembly;
- 3) No member shall hold more than 10% of the total paid up share capital of such society.

Section 17. *Register of Members.* Every society shall keep a register wherein shall be entered:

- 1) the name, address, occupation, age and sex of each member;
- 2) the date on which he became a member or ceased to be a member;
- 3) the amount of shares held and the registration fee paid, by each member;
- 4) the name and address of the heir of the member;
- 5) any other particulars that may be specified in the by-laws.

Section 18. *Voting.* 1) Every member shall, regardless of the number of shares he has, have only one vote at the meeting of the society;

- 2) Every member in a primary society shall personally be present at the meeting of the society to cast a vote;
- 3) Every member in a primary society shall personally be present at the meeting of the society to cast a vote;
- 4) Members of a society above primary level shall cast a vote through their representatives.

Section 19. *Transfer of Share or Benefit.* 1) No transfer by a member of his share or benefit in a society shall be valid unless:

- (a) the member has held such share or benefit for at least one year before he transfers;
- (b) the transfer is approved by the management committee.

2) On the death of a member of a primary society, his share or benefit shall be transferred to one of his heirs designated as such in the register of society or failing such designation to his legal heir at law, and where such heir is a member or is willing to be a member.

3) Where such heir is not a member and does not wish to become or is not admitted as a member, he shall be paid the value of the share or benefit of the deceased member.

4) If the shares or benefit to be transferred to a member under Sub-Article (2) of this Article are found to be beyond the limitation prescribed in Sub-Article (3) of Article 16 hereof, the member shall be paid the difference in cash.

5) The transfer or payment concluded in pursuance of Sub-Article (2) of this Article shall not be reversed due to the claims raised by third parties on the society.

PART IV MANAGEMENT BODIES

Section 20. *Supreme Organ of a Society.* The supreme organ of any society shall be the general assembly.

Section 21. *Powers and Duties of the General Assembly.* The general assembly of a society shall:

- 1) pass decisions after evaluating the general activities of the societies;
- 2) approve and amend the by-laws and internal regulations of the society;
- 3) elect and dismiss the members of the management committee, control committee and when necessary the members of other sub-committees;
- 4) determine the amount of shares of the society;
- 5) decide on how the annual net profit of the society is distributed;
- 6) give decision on the audit report;
- 7) hear work reports and give proper decision;
- 8) decide that a society either be amalgamated with another society or be divided in pursuance of this proclamation;
- 9) approve the annual work plan and budget;
- 10) decide any issue submitted by the management committee and other committees.

Section 22. *Calling of General Assembly.* 1) The general assembly shall meet at least once in a year;

2) If the management committee or one third of the members of the general assembly require a meeting to be called, an emergency meeting may be held by giving 15 days prior notice.

3) Where the management committee fails to call an emergency general assembly in accordance with Sub-Article (2) of this Article such meeting shall be called by the appropriate authority and shall in such case be deemed to have been called by the management committee.

Section 23. Management Committee. 1) Every society shall have a management committee which is accountable to the general assembly and whose members and manner of election to be determined in the by-laws of the society.

2) The term of office of the management committee shall be three years.

3) Members of the management committee shall not be elected for more than two consecutive terms. They may be dismissed at any time by the general assembly.

4) When members of the management committee leave their office for whatever reasons, they have the obligation to submit for inspection the activities they performed during their term of office.

Section 24. Powers and Duties of the Management Committee. The powers and duties of the management committee shall be determined in pursuance of the by-laws and in particular shall include the following:

1) maintain the minutes of a meeting in writing;

2) maintain the documents and books of accounts of the society;

3) prepare the annual work programme and budget of the society; implement same upon approval;

4) call general assembly in accordance with the by-laws of the society;

5) execute such other decisions given by the general assembly;

6) submit reports to the general assembly on the activities of the society.

Section 25. Control Committee. 1) Every society shall have a control committee which is accountable to the general assembly and the number of which shall be specified by the by-laws of the society;

2) The term of office of members of the committee shall be three years. No members of the control committee shall be elected for more than two consecutive terms. They may, while in term of office, be dismissed by the general assembly.

Section 26. Powers and Duties of the Control Committee . The Control Committee:

1) follows up that the management committee is carrying out its responsibilities properly;

2) follows up that the funds and property of the society are properly utilized;

3) controls that the various activities of the society are carried out pursuant to the by-laws and internal regulations of the society;

4) performs other duties given by the general assembly.

Section 27. Other Sub-Committees. Other sub-committees may be established pursuant to the by-laws of the society.

PART V SPECIAL PRIVILEGES OF SOCIETY

Section 28. Priority of claims by Society. Notwithstanding any provision to the contrary in any law, debts owed to the society by member shall take precedence over all other debts, except the debt owed to the Government.

Section 29. Set-off in respect of Share or Benefit of Members. The shares or benefits of any member may be set-off for debts due to the society from such a member.

Section 30. Share or Benefit not Liable to Attachment or Sale. Except as provided in Article 29 hereof, the share or benefit of a member in a society shall not be liable to attachment or sale.

Section 31. *Government Assistance.* 1) Without prejudice to incentives permitted under Investment laws and other laws, societies which are organized and registered under this Proclamation shall be entitled to the following:

- a) to be exempted from income tax; provided however, members shall pay income tax on their dividends;
- (b) to acquire land as determined by a Region or a City accountable to the Federal Government;
- (c) to receive other assistance from the Federal Government or Regional Government or City administration accountable to the Federal Government.

2) An institute responsible for promoting cooperative movement, rendering man-power training and conducting studies and research shall be established.

PART VI ASSET AND FUNDS SOCIETIES

Section 32. *Indivisibility of Asset and Funds of a Society.* Except as otherwise prescribed under Article 33s (2) and 44 of this Proclamation, the asset and fund of a society shall not be divided for the members or any other party.

Section 33. *Allocation of Net Profit.* 1) The society shall deduct 30% of the net profit obtained and allocate for the following purposes in accordance with the terms and conditions set forth in the by-laws and plan issued from time to time by the society:

- (a) for reserve;
- (b) for the expansion of work;
- (c) for social services.

2) After the amount prescribed in Sub-Article (1) is deducted the remaining net profit shall be divided among the members; the division shall be made on the basis of the shares the members have in the society and on the amount of goods offered for the sale to the society or goods purchased from the society by members of the society.

Section 34. *Restrictions on Borrowings.* 1) A society shall receive loans from its members or other organizations to such extent and on such conditions as may be specified in the by-laws of the society.

2) Interest on loans received from its members shall not exceed the current interest rate of a bank.

Section 35. *Restrictions on Loans.* A society shall not extend loans other than to its members or a society established under this Proclamation.

PART VII AUDIT AND INSPECTION

Section 36. *Audit.* 1) The appropriate authority shall audit or causes to be audited by a person assigned by it, the accounts of any society at least once in a year.

2) The audit conducted pursuant to Sub-Article (1) of this Article shall include the examination and verification of overdue debts, if any, and cash balance, securities and assets, and liabilities.

3) The audit report shall be submitted to the general assembly.

Section 37. *Inspection.* 1) The appropriate authority may, make or cause to be made by such person to be assigned by it an inspection to the organization, work execution, documents and

financial condition of a society.

- 2) Without prejudice to Sub-Article (I) of this Article inspection may be made when:
 - (a) a majority of the members of the executive committee request;
 - (b) not less than one-third of the total number of members of the society request.

Section 38. *Keeping Audit and Inspection Results.* Audit and Inspection result conducted pursuant to Articles 36 and 37 of this Proclamation shall be kept in the office of the authority and the society, open and easily accessible to everyone.

Section 39. *Actions to be Taken for Losses of Property or Fund of the Society.* 1) The auditor or inspector shall make a report to the management committee or the general assembly or the appropriate authority, as the case may be, where the person who is or was entrusted with the management of the society or who is or has been an officer or an employee of the society, and who, in the course of an audit or inspection has been found to have committed the following acts:

- (a) had made any payment contrary to this Proclamation, the regulations or the by-laws;
- (b) had caused any damages to the assets of the society by breach of trust or willfully or negligently;
- (c) has misappropriated the properties of the society.

2) The appropriate authority who received the report pursuant to Sub-Article 1 of this Article shall give the person concerned an opportunity to present his defence within fifteen days.

3) After fulfilment of the above mentioned conditions, the appropriate authority shall ask the person who has been found responsible for misappropriation of the fund or property of the society to return or pay same with interest including compensation and damages. Where the person concerned is not willing to do so, the authority shall take the appropriate legal measure.

PART VIII DISSOLUTION AND WINDING UP OF SOCIETIES

Section 40. *Dissolution of a Society.* A society shall be dissolved on the following grounds:

- 1) Where a special resolution for its dissolution is given by the members; or
- 2) Without prejudice to Article 6 (4) hereof, where the number of members of a primary society falls below ten.
- 3) Without prejudice to sub-Articles (1) and (2) of this Article, a society the dissolution of which is decided shall notify same to the appropriate Authority within seven days from the decision for its dissolution.

Section 41. *Liquidator.* 1) Where the dissolution of a society has been decided upon, pursuant to Article 40 of this Proclamation, the appropriate authority may assign a liquidator. It may, if necessary, determine that his remuneration be paid out of the accounts of the society.

2) The liquidator shall receive records, documents and properties of the society as soon as he is assigned. He shall also take the necessary measures to protect the properties and rights, records and documents of the society from damages.

Section 42. *Powers and Duties of the Liquidator.* 1) The liquidator shall have all the necessary powers to complete the winding up proceedings. He shall in particular perform the following in order to carry out his duties properly:

- (a) investigate all claims against the society and decide on priority of payment among them;
- (b) collect the assets of the society;
- (c) distribute the assets in accordance with the plan of liquidation approved by the general

meeting of the society;

(d) carry on the work activities of the society in so far as may be necessary for the proper liquidation of the affairs of the society;

(e) represent the society in legal proceedings;

(f) call meetings of the members as may be necessary for the proper conduct of the liquidation.

2) The liquidator shall issue notice in a newspaper, before the distribution of property of the society takes place in accordance with Sub-Article (1) (c) of this Article, that the society is to be dissolved . It shall proceed with the distribution where no claim is presented within two months from the date of such notice. No claimant shall have a right after the expiration of such limitation.

3) Upon completion of the winding up proceedings the liquidator shall prepare and submit a report to the appropriate authority; he shall deposit the records and documents of the society in such places as the appropriate authority may direct.

Section 43. *Calling on Creditors.* 1) Creditors shall be paid on the basis of a balance sheet prepared by the liquidator upon the commencement of his assignment.

2) Creditors shall be informed of the dissolution of the society and required to file their claims with supporting documents.

3) Creditors appearing in the society's records or who are otherwise known shall be notified directly by registered letter. Notice to other creditors shall be given by notice, published in two successive monthly issues of a newspaper, and also in the form laid down in the by-laws of the society.

Section 44. *Protection of Creditors.* 1) Until the creditors of the society have been paid or amounts required for payment be deposited, the liquidators may not distribute any part of assets among the members.

2) Where known creditors have failed to present their supporting documents, the amounts owing to them shall be deposited according to the decision of the court.

3) Sums shall be set aside to meet the claims in respect of undertakings of the society which are not completed or which are under liquidation unless the creditors are guaranteed or distribution of assets is postponed until such undertakings are completed.

4) After the payment of claims have been completed or verified that sufficient deposit for payment has been made, the liquidators may distribute the assets of the society among the members based on the amount due to them.

Section 45. *Cancellation of a society from the Register.* When the winding up proceedings are completed the certificate of registration shall be returned to the appropriate authority who shall cancel the registration of the society, and the society shall upon the date of such cancellation, cease to exist.

PART IX SETTLEMENT OF DISPUTES

Section 46. *Conciliation.* The disputes provided under Article 49 of this Proclamation shall be heard by a third party appointed by the disputing parties before they are referred to the arbitrators.

Section 47. *Arbitration.* 1) When the disputes provided under Article 49 regarding cooperative societies are not settled by conciliation they shall be referred to arbitration.

2) The arbitration shall consist of three persons of high reputation and impartiality.

3) The arbitrators shall conduct their hearing and fulfill any of their duties in accordance with the Civil Procedure Code.

Section 48. *Appointment of the Arbitrators.* 1) Each party to the dispute shall appoint one arbitrator. The third arbitrator, who shall be the chairperson, shall be appointed by both parties.

2) The appropriate authority shall appoint the chairperson arbitrator when the parties fail to reach an agreement.

Section 49. *Disputes to be referred to Arbitration.* The arbitrators shall have the power to hear disputes not settled by conciliation regarding the organization, management, or operations of a society which arises between:

1) members or former members and members or representatives of former members or persons claiming in the name of deceased members; or

2) members, former members or members or representatives of former members or heirs of deceased members and any officer, representative of the management committee or employee of the society; or

3) the society or the management committee and any former management committee, any officer, agent or employee, or any former officer, agent or employee or the nominee heirs or representatives or representatives of deceased former members or employees; or

4) the society and any other society.

Section 50. *Civil Court Powers of Arbitrators.* The Arbitrators shall have the same power, with regard to the cases provided under Article 49 of this Proclamation, as a Civil Court for the summoning of witnesses, production of evidence, the issuing of orders or the taking of any legal measures.

Section 51. *Execution.* Any decision, order or award made under this Proclamations shall be taken as though made by a civil court, and, where appropriate, the courts shall have jurisdiction to order the enforcement of any such decision, order or award.

Section 52. *Power of Courts.* Appeals on the decisions given by the Arbitrators under Article 47 /of this Proclamation may, as the case may be, be instituted in Federal High Court, or the Regional State High Court or the Federal High Court of a city accountable to the Federal Government where the society is situated.

PART X MISCELLANEOUS PROVISIONS

Section 53. *Address of a Society.* Any society shall have an address registered pursuant to Article 9 of this Proclamation. All services of process, notices and other communications shall be sent in such address. The society shall inform the appropriate authority of any change in such address within thirty days.

Section 54. *Supplying Information.* Every society shall have the obligation to transmit information to the appropriate authority about the activities it performs.

Section 55. *Establishment of a Federal Organ.* A Federal Organ responsible for organizing and registering Apex organizations and for rendering training, conducting research and other technical support to societies may be established by law.

Section 56. *Depositing of this Proclamation, Regulations and the By-laws.* Every society shall deposit at its address copies of this Proclamation, the Regulations and the by-laws to be accessible free of charge.

Section 57. *Repealed and Inapplicable Laws.* 1) The Cooperative Societies Proclamation No. 138/1978 and the Agricultural' Cooperatives Societies Proclamation No. 85/1995 are hereby repealed.

2) No law, regulation or directive in. so far as it is inconsistent with this Proclamation have force or effect in respect of matters provided for by this Proclamation.

Section 58. *Transitory Provisions.* 1) The cooperative societies which have been established and operating in accordance with Proclamation No.138/1978 shall be reorganized under this Proclamation.

2) The cooperative societies which have been established and operating in accordance with Proclamation No. 85/1995 shall be deemed to have been established under this Proclamation and shall continue to carry out their functions in accordance with this Proclamation.

3) The societies indicated in Sub-Article (1) of this Article shall continue their operations holding their previous juridical personalities until they are reorganized and registered by the appropriate authority.

4) The appropriate authority shall facilitate the conditions necessary for the reorganization of the societies in accordance with sub-Article (1) of this Article.

Section 59. *Issuance of Implementing Legislations.* The Council of Ministers of the Federal Government or the appropriate organ of a Region or city accountable to the Federal Government may issue legislations for the proper implementation of this Proclamation.

Section 60. *Effective Date.* This Proclamation shall come into force as of the 29th day of December, 1998.

Done at Addis Ababa, this 29 day of December, 1998.

NEGASO GIDADA (DR)
PRESIDENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA