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[Extract]

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**Title XVI. Contracts for the Performance of Services**

**CHAPTER 1. CONTRACT OF EMPLOYMENT IN GENERAL**

**2512. Definition.** A contract of employment is a contract whereby one party, the employee, undertakes to render to the other party, the employer, under the latter's direction, for a determined or undetermined time, services of a physical or intellectual nature, in consideration of wages which the employer undertakes to pay him.

**2513. Public servants and state employees.** (1) The provisions of this Chapter shall not apply to the relations of public authorities with public servants.

(2) Unless otherwise provided in special laws, the provisions of this Chapter shall apply to contracts of employment concluded by industrial or commercial undertakings administered by the State or its administrative or technical departments.

**2514. Special categories.** Nothing shall affect the special provisions applicable to certain categories of employees having a particular legal status.

*Section 1. Formation of Contract*

**2515. Formation of contract.** The formation of a contract of employment shall not be subject to any special formalities.

**2516. Collective agreements: Principle.** Employers or associations of employers, on the one hand, and trade unions of employees, on the other hand, may lay down, in collective agreements, the conditions which shall be included in all individual contracts of employment subject to the authority of such collective agreements.

**2517. Collective agreements: Conditions of validity and duration.** (1) The collective agreements mentioned in article 2516 shall not be valid unless made in writing and confirmed by the competent public authorities.

(2) They may, notwithstanding any contrary stipulation, be determined at any time after the expiration of a year by giving six months' notice.

**2518. Collective agreements: Effect.** (1) The terms of an individual contract of employment which are inconsistent with a collective agreement shall be of no effect unless they are more favourable to the employee.

(2) The void terms of an individual contract of employment shall be supplemented by the terms laid down in the collective agreement.

**2519. Standard agreements: Principle.** (1) The public authorities may draw up standard agreements for different kinds of contracts of employment.

(2) Standard agreements thus drawn up shall not be valid unless they are duly published.

**2520. Standard agreements: Effect.** (1) Individual contracts of employment shall be deemed to be made in accordance with the terms of the standard agreements.

(2) The parties may, in writing, depart from the terms of the standard agreements.

**2521. Staff regulations of an undertaking.** (1) Staff regulations drawn up by the employer for his undertaking shall not bind the employee unless they are reduced to writing and notified to him before the commencement of his employment.

(2) Any penalties inflicted by the employer on the employee by virtue of these regulations may be modified by the court where they are contrary to law or equity.

**2522. Terms unfavourable to the employee.** (1) Terms in a contract of employment which are less favourable to the employee than the provisions of this Title shall not be valid unless they are expressly authorised by law.

(2) They shall be made in writing or they shall be of no effect.

### Section 2. Work of Employee

**2523. Personal character of the obligation.** The employee shall personally carry out the work to be undertaken, unless the contract or circumstances require otherwise.

**2524. Obligation of care.** (1) The employee shall carry out his work with care.

(2) He shall be liable for any damage he intentionally causes his employer or for his negligence or imprudence.

(3) In order to assess the liability of the employee, regard shall be had to the nature of the work to be undertaken, the degree of training, the abilities and the qualities of the employee that the employer knew or should have known.

**2525. Obedience at work.** The employee shall obey the orders of the employer relating to the execution of the work where such orders are not contrary to the contract, the law or morals, and obedience to them entails no danger.

**2526. Work to be done: Principle.** The employee shall perform the work for which he has been employed.

**2527. Work to be done: Change of work.** (1) Unless otherwise agreed, the employer may at any time, where the interest of the undertaking so requires, assign a different work to the employee, provided that this entails for the employee no reduction in his wages nor a substantial change in his rank.

(2) Where the new work carries a wage higher than that for which the employee has been engaged, the employee shall be entitled to that wage.

**2528. Work to be done: Overtime.** (1) The employer may require the employee to do more work than has been agreed in the contract.

(2) The employee shall undertake this extra work where he is able to do so and his refusal would be contrary to good faith.

(3) The employee shall be entitled to an additional remuneration for this extra work, which shall be fixed having regard to the agreed wage and to all circumstances of the case.

**2529. Work to be done: Piece work or contract work.** (1) The employee who is paid at piece rates or for the contract may require the employer who engages him to give him an adequate amount of work for the duration of the contract.

(2) Where there is no piece work or contract work available, the employer may employ the employee by the hour or the day.

**2530. Tools and materials: Supply.** (1) Unless the contrary is agreed or customary, the employer shall provide the employee with the tools and materials necessary for his work.

(2) Where the employee provides them himself in whole or in part without being compelled to do so, the employer shall compensate him for them.

**2531. Tools and materials: Obligation of care.** The employee shall preserve with care the things entrusted to him for the execution of his work.

**2532. Inventions of the employee.** (1) Inventions made by the employee shall belong to him notwithstanding that they have been made during the work done by him in the service of his employer.

(2) They shall, however, belong to the employer where the employee has been expressly engaged for making researches or inventions.

**2533. Information concerning the undertaking.** (1) The employee shall, even after the termination of the contract of employment, keep the secrets of the employer of which he has learnt in the course of his work.

(2) He may not make use, to the detriment of his employer, of information he has obtained in the course of his work.

### Section 3. Wages Due to Employee

**2534. Right to wages.** Any work shall be deemed to be done in consideration of wages, unless it is the custom that the work should be done without payment or the work falls within the professional duties of the person who carries it out.

**2535. Amount of wages.** (1) The employee shall be entitled to the wages which have been agreed or result from collective agreements or standard agreements binding the employer.

(2) Failing such stipulations, the amount of wages shall be fixed in accordance with the custom of the occupation or the custom of the place where the work is performed.

(3) In the absence of custom, it shall be fixed by the court in accordance with equity.

**2536. Method of fixing wages.** (1) Wages may be fixed for a given period of time, such as an hour, a day, a week, a fortnight, a month or a year.

(2) They may also consist of a lump sum or be calculated at piece rates or on the contract for work done, according to the work that the employee delivers to the employer.

**2537. Share in the profits.** (1) Wages may consist, in whole or in part, of a share in the profits made by the employer, or a percentage of the turnover of the employer, or a percentage of the turnover of the undertaking, or a part of the gains realised by the undertaking, or other remuneration of the same kind.

(2) In this case, the employer shall provide the employee, after each assessment, with an account of what he owes him.

(3) The employee may demand that the account so provided be verified by a third party appointed by agreement between the parties or, failing such agreement, by the court.

**2538. Tips.** Wages may consist, in whole or in part, of the tips given by the customers to the employee or collected, on behalf of his employees, by the employer.

**2539. Date of payment.** (1) Wages shall be paid to the employees doing work of a physical nature at the end of each calendar fortnight or at the end of such shorter period as may be fixed in the contract.

(2) Wages shall be paid to office or shop employees at the end of each month or at the end of such shorter period as may be fixed in the contract.

(3) Wages shall in any case be paid when the contract of employment comes to an end.

**2540. Termination of work.** Without prejudice to the provisions of articles 2541 to 2543, the employee shall not be entitled to wages for days on which he has not worked.

**2541. Absence from work.** (1) The employee shall be entitled to his wages, even where he has done no work, where this is due to the fact that the employer has not given him work or has prevented him from working.

(2) The employer may deduct from the wages the savings which the employee has made by not doing his work and the profits that the employee has gained in carrying out some other work.

(3) Where absence from work is not due to his fault, the employer may also deduct from the wages the profits which the employee could have made, acting in good faith, in carrying out some other work.

**2542. Employee's sickness: Principle.** (1) The employee shall be entitled to half his wages where, after having worked for at least three months, he is prevented from working by reason of sickness not intentionally contracted.

(2) The right to wages shall cease at the end of one month where the employee has worked for his employer during one year or more before ceasing his work, and at the end of a fortnight in other cases.

(3) The employer may deduct from what is due the sums which, under a scheme of compulsory national insurance, are paid to the employee on account of the cessation of his work.

**2543. Employee's sickness: Piece rates and tips.** (1) Where wages are paid for piece work or contract work, regard shall be had, in applying article 2542, to the average wages paid to employees who, in the undertaking, are doing the same work as the employee absent through sickness.

(2) Regard shall be had also to the average wages paid to the sick employee in the month preceding his cessation of work.

(3) Where all or part of the wages consists of tips, regard shall only be had to tips which are collected on behalf of his employees by the employer, or which are subject in some other way to rules which permit him to control them.

**2544. Attachment or assignment of wages.** (1) The wages of an employee may not be attached by his creditors, except on the conditions laid down in the Code of Civil Procedure.

(2) They may not be assigned by the employee to a third party, except on the same conditions.

**2545. Advance on wages.** (1) The employer shall grant advances to an employee in need according to the work which has already been done, where the employer can do so without detriment to himself.

(2) He may not grant an advance to the employee for work which has not yet been done unless the wages of the employee may be transferred by him.

**2546. Set-off.** (1) The employer may not set off the employee's wages unless they may be transferred.

(2) They may, however, be set off against compensation due from the employee by reason of damage that he has intentionally caused his employer.

**2547. Deductions from wages.** (1) Where it has been agreed that deductions may be made from the wages, such deductions shall, unless otherwise agreed, be deemed to be made for the sole purpose of compensating the employer for future damage which the employee may cause him.

(2) Such deductions shall not be allowed unless the wages may be transferred.

(3) They shall bear interest from the day on which they are made.

#### Section 4. Safety Precautions to Be Taken by the Employer

**2548. Principle.** (1) The employer shall take such measures as are required by the special circumstances of the work to safeguard the life, physical integrity, health and moral standing of the employee.

(2) He shall in particular arrange the premises and keep up the equipment in his undertaking with this object in view, in accordance with the general practice and technical requirements.

**2549. Accidents arising from work.** The employer shall be liable for accidents which the employee suffers arising from his work.

**2550. Assimilated cases.** The employer shall be liable for accidents which the employee suffers arising from activities which he performs in the interests of the undertaking, notwithstanding that these activities have not been ordered by the employer.

**2551. Accidents at the time and place of work.** (1) Where the employee performs his work on the premises or at the place assigned to him by the contract of employment, the employer shall be liable for the accidents which the employee suffers during the time and at the place where he works.

(2) Rest periods belonging to the work shall be regarded as part of the work time.

(3) Premises placed by the employer at the disposal of the employee during these rest periods shall be regarded as part of the workplace.

**2552. Professional diseases.** (1) The employer shall be liable for diseases which the employee contracts arising from his work.

(2) Administrative regulations for the different industries shall specify what diseases shall, notwithstanding any proof to the contrary, be deemed to have been contracted arising from work.

(3) The employee may at any time claim that he has contracted a disease arising from his work which is not included in any list.

**2553. Non-liability of employer: Fault of employee.** (1) The employer shall be relieved of his liability under the preceding articles where he proves that the accident or disease is due to the intentional act of the victim.

(2) He shall also be relieved of liability where he proves that the accident or disease has happened because the employee has contravened a regulation to which his attention had been especially drawn in writing.

**2554. Non-liability of employer: Absence of relationship with work.** The employer shall not be liable where he proves that the accident has no connection with the work of the employee nor with the contract of employment with which it is associated.

**2555. Non-liability of employer: Other causes.** The employer shall not be relieved of his liability for any other cause.

**2556. Scope of liability: Medical and other expenses.** (1) The employer shall meet all the medical, pharmaceutical, hospital, and other expenses which the accident or the disease necessitates for the employee and which the latter reasonably incurs.

(2) He shall, on the same conditions, meet the funeral expenses, where the employee dies because of the accident or the disease.

**2557. Scope of liability: Apportionment of wages.** (1) The employer shall, during a period of a year, pay to the employee 75 per cent. of his wages from the moment when the employee has had to cease work, where the employee is prevented from working because of the accident or the disease.

(2) The amount due from the employer shall be increased by 5 per cent. for each year that the employee has given to the service of the employer, provided the wages of the employee are not exceeded.

(3) This amount may, however, not exceed 500 Ethiopian dollars per month.

**2558. Scope of liability: Obligation of maintenance.** (1) After the expiry of the period laid down in article 2557 and where the employee is permanently deprived, by reason of the accident or the disease, of half or more than half of his capacity to work, the employer shall maintain the employee and his children who are under age.

(2) Such obligation shall not bind the employer unless the employee cannot obtain maintenance from members of his family.

(3) It shall be governed by the provisions of the Book of this Code relating to family relationships (articles 807 to 825).

**2559. Scope of liability: Serious offences or fraud of the employer.** (1) Where the accident or disease of the employee is caused by an intentional act or the recklessness of the employer, the provisions of articles 2557 and 2558 shall not apply.

(2) The employee, his family and his heirs may in such case claim compensation for the damage which they have suffered, in accordance with the provisions of the Chapter of this Code relating to extra-contractual liability (articles 2027 to 2161).

(3) There shall be a serious offence where the employer makes a mistake or commits an act of imprudence or negligence such that it can only be explained by stupidity, recklessness or indifference to the life or health of his employees.

#### Section 5. Holidays Due to the Employee

**2560. Usual hours and days.** The employer shall grant the employee the usual hours and days of rest.

**2561. Annual leave.** Where the employer uses the whole or main time of the employee, he shall grant the employee a period of annual leave, during which time he shall pay him his wages.

**2562. Duration of leave.** (1) The duration of the leave shall be ten consecutive days where the employee has been in the service of the employer for one to five years.

(2) It shall be 15 consecutive days where the employee has been in the service of the employer for five to 15 years.

(3) It shall be 20 consecutive days where the employee has been in the service of the employer for more than 15 years.

**2563. Termination of contract.** Where the contract of employment comes to an end, the employee shall be entitled to his leave for a number of days proportionate to the time that he has worked during the year for the employer.

**2564. Days to be deducted.** (1) The employer shall deduct from the leave the days that have been taken during the year, at the request or on the initiative of the employee, in advance of his annual leave.

(2) He may not deduct the days that the employee has not worked for some other reason.

**2565. When leave is to be taken.** (1) The leave shall be granted at the time of the year which is most convenient.

(2) Regard shall be had to the nature of the work, and the mutual interests of the employee and the employer shall as far as possible be reconciled.

(3) The employee shall receive notice at least a month in advance of the time when his leave shall be taken.

**2566. Maternity leave.** (1) An employee who expects a child shall be entitled to one month's leave during the period of her confinement.

(2) The employer shall pay half her salary during this leave.

#### Section 6. Termination of the Contract

**2567. Contracts of fixed duration.** (1) A contract of employment made for a fixed period shall expire at the end of the agreed term.

(2) A contract concluded for the carrying out of a definite piece of work shall expire when the agreed work has been accomplished.

(3) Unless otherwise agreed, no notice shall be required to terminate the contract.

**2568. Maximum duration of contract.** (1) No person may commit his services for more than five years.

(2) A contract of employment made for the life of one of the parties or for a period exceeding five years shall bind the parties for five years only.

(3) Beyond this period, either party may terminate the contract by giving six months' notice.

**2569. *Renewal of contract.*** A contract of employment made for a fixed period shall be deemed to be renewed for an indefinite time where, after the elapsing of the agreed term, the employee continues his work without the employer objecting thereto.

**2570. *Contract of indefinite duration.*** (1) Where the duration of a contract has not been fixed and does not result either from the nature of the work to be done or from any other circumstance, either party may at any time terminate the contract.

(2) The exercise of the right to terminate the contract shall be subject to prior notice being given by the employer or employee.

**2571. *Period of notice.*** (1) Prior notice shall be given at least seven days in advance and shall not be effective until the day on which the next payment of salary falls due.

(2) Where the contract of employment has lasted for more than a year, prior notice shall be given at least two months in advance and become effective at the end of a month.

(3) The employer need not give prior notice to the employee where he pays him immediately his wages for the periods laid down in subarticles (1) and (2).

**2572. *Reason for termination of a contract.*** The employer shall inform the employee in writing, where the latter so requires, of the reason for terminating a contract of employment of indefinite duration or not renewing a contract of employment for a fixed period.

**2573. *Compensation for dismissal.*** The employee shall be entitled to fair compensation where the employer terminates a contract or refuses to renew it without good cause justifying fully this decision.

**2574. *Amount of compensation.*** (1) In fixing the amount of compensation, the court shall take into consideration the nature and duration of the services of the employee, the seriousness of the faults with which he may have been charged, the financial position of the undertaking and any other circumstances it thinks fit.

(2) The compensation shall not exceed the wages paid during the last six months to the employee.

**2575. *Good cause.*** (1) There shall be good cause for the decision of the employer where, in the circumstances, it would not be reasonable to expect the contract to be extended or renewed, having regard to the nature of the work.

(2) There shall also be good cause where the employee does not show, in carrying out his work, the technical knowledge, conscientiousness, reliability or speed which could reasonably be expected of him.

(3) There shall also be good cause where the situation filled by the employee is abolished in good faith.

**2576. *Where the employee terminates the contract.*** (1) Compensation for dismissal may be paid to the employee, even when the termination of the contract has not been the act of the employer, where the latter, by his manoeuvres, has compelled the employee apparently to put an end to it himself.

(2) This shall be the case in particular where the employer has dealt unjustly with the employee or substantially or repeatedly violated the provisions of the contract.

**2577. *Services of trust.*** (1) Where the contract of employment relates to confidential matters which require special qualifications, the employer need not reveal the reasons for which he has terminated or not renewed the contract.

(2) In such case, the termination of the contract shall not give rise to a claim for damages, unless it is proved that it has been purposely done with a view to injuring the other party or without due consideration of the loss which it will cause him.

**2578. *Cancellation of contract: Principle.*** The employer or the employee may, without prior notice, immediately cancel the contract of employment where there exists good cause for cancellation.

**2579. *Cancellation of contract: Non-performance of obligations.*** Non-performance, by one party, of his obligations under the contract shall not constitute good cause for its cancellation unless it is sufficiently serious in character, having regard to the circumstances and usages.

**2580. *Cancellation of contract: Involuntary termination of the work.*** Where an employee is prevented from working by reason of sickness or some other cause, this shall not constitute for the employer good cause for cancellation where it has not been due to the fault of the employee.

**2581. *Cancellation of contract: Strike.*** (1) The participation of the employee in a strike shall constitute for the employer good cause for cancellation where the strike has been instigated with the sole purpose of injuring the employer or has been declared unlawful by law or the public authorities.

(2) It shall in no other case constitute good cause for cancellation.

**2582. *Cancellation of contract: Bankruptcy or insolvency of employer.*** Where the employer is bankrupt or insolvent, the

employee may not cancel the contract unless the security he has requested to guarantee his wages has not been given to him within a reasonable time.

**2583. *Obligation to compensate: Unfair cancellation.*** Where the contract is cancelled in an unfair manner by one of the parties, this party shall make good the loss suffered by the other party by reason of the unfair breaking of the contract.

**2584. *Obligation to compensate: Justified cancellation.*** Where the good cause for which the contract is cancelled by one party involves a violation of the contract or is related to such violation, the party who has failed in his duties shall make good the loss suffered by the other party by the termination of the contract.

**2585. *Death of employee.*** (1) A contract of employment shall terminate on the death of the employee.

(2) The heirs of the employee shall not incur, by reason of the contract, any personal obligation.

**2586. *Death of employer.*** (1) A contract of employment shall not terminate on the death of the employer, unless his person has been a material element in making it.

(2) Where a contract of employment terminates by the death of the employer, the employee shall be entitled to his wages after the death, as though he had received on that day prior notice of termination of a contract of service of indefinite duration.

**2587. *Transfer of undertaking.*** (1) Where the employer transfers his undertaking, the contracts of employment made by him shall continue between his employees and the purchaser of the undertaking.

(2) The employees shall keep the seniority rights that they have acquired before the transfer of the undertaking.

(3) The purchaser shall be jointly liable with the transferor to pay all sums which are due to an employee at the time of the transfer in connection with his work, including sums due by reason of the termination of the contract by the transferor, on condition that the purchaser has been informed at the time of the transfer that these sums were due, or that they are shown to be due to the employee in the books of the undertaking or his work book.

**2588. *Providing certificate of work.*** (1) The employee may demand at the end of his contract that the employer shall give him a certificate showing only the nature of his work and the length of his service, as well as the name and address of the employer.

(2) The certificate shall not include a testimonial concerning the quality of the work done or the conduct of the employee,

unless the employee expressly requires his employer to give this testimonial.

**2589. *Provisions for restraint of trade: Principle.*** (1) Where the work given to the employee enables him to meet the clients of the employer or enter into the secrets of his business, the parties may provide that the employee shall not, after the termination of the contract, enter into competitive business with his employer or engage in any way whatsoever in an undertaking which would compete with the employer.

(2) Such provision shall be of no effect unless it is express and made in writing.

**2590. *Provisions for restraint of trade: Restriction.*** (1) Provisions under article 2589 shall not be valid unless they are necessary for the protection of the legitimate interests of the employer and do not impede, in an inequitable manner, the economic future of the employee.

(2) They shall not be valid, in particular, unless they are limited as to time, place and business forbidden to the employee.

**2591. *Provisions for restraint of trade: Penalties.*** (1) Whosoever infringes a provision made under article 2589 shall be liable for the damage resulting from such infringement.

(2) Where the provision contains a penalty, the employee may, unless otherwise stipulated, discharge his obligation by paying the employer the amount of the penalty fixed.

(3) Provided it is expressly agreed in writing, the employer may, in addition to damages, obtain an injunction restraining the contravention, where such action is justified by the importance of the interests which are injured or threatened by the conduct of the employee.

**2592. *Provisions for restraint of trade: Lapsing of provision.*** (1) A provision under article 2589 shall lapse where it is proved that the employer has no material interest in its maintenance.

(2) The employer may not avail himself of such provision where he has cancelled the contract of employment or refused to renew it, without the employee having given him good cause so to do.

(3) Nor may he avail himself thereof where he has himself given to the employee good cause for cancelling the contract.

**2593. *Receipt in final discharge.*** (1) A receipt in final discharge, signed by the employee, shall only relate to wages due

(2) Other amounts that may be due to the employee from the employer shall not be regarded as settled unless they are the subject of special receipts acknowledging their payment or the employee has signed in respect of such amounts a document renouncing his right to them.

## CHAPTER 2. CONTRACTS OF PARTICULAR KINDS OF WORK

### Section 1. Contracts of Apprenticeship

**2594. Training of apprentice by employer.** (1) The employer bound by a contract of apprenticeship shall undertake to give all his attention to the professional training of the apprentice.

(2) The employee may only be employed on work connected with the particular occupation specified in the contract.

**2595. Attendance at schools.** (1) The employer shall ensure that the apprentice attends compulsory schools.

(2) He shall grant him the necessary time to attend the schools and professional courses and to sit for apprenticeship examinations.

**2596. Prohibited work.** Except where it is justified by the circumstances, the apprentice may not be employed on night work or on Sundays.

**2597. Reference to provisions regarding contracts of employment.** The provisions regarding contracts of employment shall apply to contracts of apprenticeship.

### Section 2. Contracts with a Trial Period

**2598. Trial engagements.** (1) The employee may be engaged on trial.

(2) Unless otherwise provided in writing, the employee engaged on trial shall be regarded as having been employed for an indefinite period.

**2599. Presumption.** In a contract of employment made with domestic servants, the first two weeks shall be regarded as a trial period, unless otherwise agreed.

**2600. Termination of a trial contract.** (1) During the trial period, either party may terminate the contract without being required to give notice or to pay compensation.

(2) Where the trial is fixed for a minimum time, the right to terminate the contract may, however, not be exercised before that minimum time has elapsed.

## Section 3. Contracts of Domestic Servants Living in

**2601. Health and moral well-being of servant.** Where the employee lives with the employer's family, the latter shall in regard to living-quarters, food, times of work and rest, take all reasonable steps to safeguard the health and moral well-being of the employee.

**2602. Obligation to look after the employee: Principle.** (1) Where an employee who is living with the family of the employer and being fed by the latter falls sick, the employer shall, during the currency of the contract, provide any care which the illness of the employee requires, either by way of medical attendance at his house or by sending the servant to hospital.

(2) Such obligation shall be limited to one month, where the illness occurs after at least one year from the beginning of the contract, and to two weeks, where it occurs after at least three months from the beginning of the contract.

(3) The employer may set off any expenses which he thus incurs against the wages that become due during the period of illness.

**2603. Obligation to look after the employee: Saving clauses.** (1) The employer shall be relieved of the obligations laid down in article 2602 where the illness has been intentionally contracted by the employee.

(2) The employer shall also be relieved where the employee goes into hospital under a scheme of compulsory health insurance.

(3) The employer may not relieve himself of the obligations laid down in article 2602 by terminating the contract on the ground of the illness of his employee.

**2604. Payment of wages.** (1) Unless the contract of employment provides for a shorter term, the wages of the employee living in with the employer shall be paid every three months, with the expiry of the term.

(2) The wages shall in any case be paid when the contract terminates.

## Section 4. Contract for Agricultural Work

**2605. Principle.** (1) Contracts for the performance of agricultural work shall be subject to the provisions of this Chapter, in particular, where appropriate, to those of Section 3 above.

(2) Nothing shall affect the provisions of the following articles:



**2606. Contract for undefined period of time.** (1) A contract made for an undefined period of time may not be terminated by the employer except on giving three months' notice.

(2) The period fixed in subarticle (1) shall be increased by one month for each year spent by the employee in the service of the employer or which the employee spent, during his minority, in the undertaking of the employer.

(3) The termination of the contract shall only become effective on the first day of Megabit<sup>4</sup> following the day of termination.

**2607. Employer bound to supply maintenance.** (1) The employer shall supply maintenance to an employee having worked for ten years in a given undertaking.

(2) Without prejudice to the provisions of the following articles, the obligation to supply maintenance shall be subject to the provisions of the Title of this Code relating to family relationships (articles 807 to 825).

**2608. Subsidiary nature of obligation.** (1) The employee may not claim maintenance to the detriment of persons bound to the employer by consanguinity or affinity to whom the employer supplies maintenance.

(2) Where persons bound to the employee by consanguinity or affinity are compelled or able to supply him maintenance, the employee may not claim maintenance from the employer.

**2609. Time limit.** The employer shall not supply maintenance for more than two years after the contract came to an end.

### CHAPTER 3. CONTRACT OF WORK AND LABOUR

**2610. Definition.** A contract of work and labour is a contract whereby one party, the contractor, undertakes to produce a given result, under his own responsibility, in consideration of a remuneration that the other party, the client, undertakes to pay him.

**2611. Building undertakings.** (1) The provisions applicable to contracts of work and labour relating to an immovable are laid down in the Title of this Code regarding contracts relating to immovables (articles 3019 to 3040).

(2) The provisions of this Chapter shall, however, apply where the total cost of the building to be done does not exceed 500 Ethiopian dollars.

**2612. Implied acceptance.** (1) Where a person has publicly offered to execute a certain task or where the carrying out of this

task is within his professional duties, a contract of work and labour shall be formed where such person, having received an offer, does not immediately refuse to carry out the task which has been ordered.

(2) The same shall apply where a person is appointed by the public authorities to carry out a certain task and does not immediately refuse to do so.

**2613. Materials and tools.** (1) The contractor shall provide at his own expense the materials and tools necessary for the carrying out of the task.

(2) It may however be stipulated that he shall only provide his services and that the materials or the tools shall be provided by the client.

**2614. Materials provided by contractor.** (1) The contractor shall be liable for the good quality of the materials provided by him.

(2) He shall give the same warranties as a seller.

(3) There shall be a contract of sale and not a contract of work and labour where the work which a party undertakes to do has a character of secondary importance in relation to the value of the things which such party provides.

**2615. Materials provided by client.** (1) Where the materials are provided by the client, the contractor shall use them with care.

(2) He shall render an account to the client of the use which he has made of them and restore to him what remains after the execution of the work.

(3) Where the materials provided to him by the client are defective, the contractor shall immediately give notice thereof to the client.

**2616. Independence of contractor.** (1) The contractor shall carry out his task as he wishes and shall comply with the rules of his profession.

(2) He shall not be bound to comply with the orders of the client, except in so far as he has agreed, at the time of the contract, to comply therewith.

**2617. Personal execution of work.** The contractor shall carry out the task in person unless, considering the nature of the work ordered, his personal capacities are not of importance to the client.

**2618. Delay in execution of work.** (1) Where the contractor delays the carrying out of his task so that it becomes evident that he cannot accomplish it in the time fixed in the contract, the client may fix him a reasonable time limit to begin the execution of the task.

<sup>4</sup> The seventh month of the Ethiopian calendar, beginning on 11 April.

(2) Where the contractor, after this time limit, has not begun the task or has interrupted it in bad faith, the client may cancel the contract without waiting for the expiry of the period laid down for the completion of the task.

(3) Where appropriate, the client may also claim, in such a case, damages from the contractor.

**2619. Where no time limit has been fixed.** (1) Where no time limit has been fixed in the contract, the contractor shall immediately begin the execution of his task and complete it within a reasonable time in accordance with custom.

(2) The provisions of article 2618 shall apply where the contractor does not immediately begin the carrying out of his task or where he interrupts it.

**2620. Defective execution of the task.** (1) Where it appears, during the currency of the contract, that the task is being carried out in a defective manner or contrary to the contract, the client may fix a reasonable time limit for the contractor to put right the fault.

(2) Where the contractor does not put the matter right within this time limit, in accordance with the rules of his profession and the contract, the client may cancel the contract without awaiting, in order to assert his rights, the term provided for the completion of the task.

(3) He may in addition claim damages from the contractor, where appropriate.

**2621. Putting work at client's disposal.** (1) Where the contractor has finished his task, he shall put the result at the disposal of the client at the place fixed in the contract or, in the absence of such a place, at the place where the contractor has his undertaking or residence.

(2) The client shall take over the work immediately in accordance with business practice.

**2622. Warranty against defects.** (1) The contractor shall guarantee to the client that the work conforms to the contract and is not defective.

(2) The provisions of the Chapter of this Code relating to sales shall apply to the warranty given by the contractor to the client (articles 2287 to 2300, 2332, 2344 to 2346).

**2623. Time for payment.** (1) The price shall be paid to the contractor when the work has been completed and has been accepted by the client.

(2) Where partial deliveries and payments have been agreed, the price attaching to each part of the work shall be paid at the time of the delivery and acceptance of that part.

**2624. Price fixed in advance.** (1) Where the price has been fixed in advance, the client shall pay that price.

(2) The contractor may not claim an increase on the ground that the work has required more effort or expense than had been foreseen.

(3) The client may not claim a reduction on the ground that the work has required less effort or expense than had been foreseen.

**2625. Changes in the agreed work.** (1) The price fixed in advance for the work shall remain the same notwithstanding that changes have been made by a new agreement between the parties in the conditions under which the execution of the work was originally to have been carried out.

(2) Such changes shall not give rise to an increase or decrease in price unless such has been agreed.

**2626. Price not fixed in advance.** (1) Where the price has not been fixed by the contract, it shall be fixed by the contractor in accordance with professional rates and usages.

(2) In the absence of professional rates and usages, it shall be fixed by reference to the value of the materials provided by the contractor, the work normally necessary to carry it out and the expenses of the contractor.

**2627. Price fixed approximately.** Where a price has been fixed approximately on the making of the contract, the actual price may not exceed by more than 20 per cent. the approximation thus made.

**2628. Right of retention.** (1) The contractor shall have, as a guarantee of the obligations that the client owes him under the contract, a right of retention over such movable goods belonging to the client as he has made or repaired and as are in his possession.

(2) Where the things which the client has entrusted to him belong to a third party, the contractor may set up his right of retention against such third party, unless he knew or should have known that the things were entrusted to him without the knowledge or against the will of the third party.

**2629. Risks.** (1) Where the materials necessary to the execution of the work have perished by *force majeure*, their loss shall be borne by the party who has provided them.

(2) The provisions of the Chapter of this Code relating to sales shall apply as regards the transfer of risks (articles 2323 to 2328).

**2630. Death of contractor.** (1) Where the contractor dies or is prevented by *force majeure* from completing the work, the contract shall terminate where it had been made on the basis of the personal capacities of the contractor.

(2) The client shall accept such parts already executed of the work as he can use and shall pay the price for them.

(3) He may demand that the materials and plans prepared for carrying out the work be delivered to him against fair payment.

**2631. Unilateral termination of the contract.** (1) The client may at any time terminate the contract.

(2) The contractor shall in this case be entitled to the price that had been fixed.

(3) From this price, there shall, however, be deducted savings made by the contractor in consequence of the termination of the contract and any advantages that he may have gained by employing his work elsewhere or that he may have failed thus to gain by reason of his bad faith.

CHAPTER 4. HIRING OF INTELLECTUAL WORK

**2632. Provisions applicable.** (1) A contract relating to the performance of services of an intellectual character shall be subject to the provisions of the following articles.

(2) The provisions of the preceding Chapter shall also apply in so far as they are consistent with these provisions and the relationship involved (articles 2610 to 2631).

(3) Nothing shall affect the provisions of special laws relating to the exercise of certain professions.

**2633. Personal nature of obligation.** (1) Whosoever hires out his work shall carry out his obligations personally.

(2) He may, however, employ assistants, under his control and on his own responsibility, where such collaboration is allowed by the contract or usual practice and is not incompatible with the object of the contract.

**2634. Advances by client.** (1) The client shall make an advance payment to the other contracting party for the expenses necessary to carry out the work.

(2) He shall also grant him, where it is the practice, instalments on his remuneration.

**2635. Excessive payment.** The remuneration agreed between the parties may be reduced by the court where it is so excessive as to be contrary to the etiquette of the profession of the person hiring out his work.

**2636. Required care and responsibility.** (1) Whosoever hires out his work shall undertake to carry it out in the best interest of his client, conscientiously and in conformity with the practice and rules of his profession.

(2) He shall not be liable to his client, unless he commits an error, having regard to the rules of his profession.

(3) The error may consist in an omission or an act detrimental to his client.

**2637. Termination of contract: By the client.** (1) The client may at any time terminate the contract.

(2) He shall in this case compensate the other party for his expenses and pay him a fair remuneration for the work that he has completed.

**2638. Termination of contract: By the other party.** (1) Whosoever hires out his work may terminate the contract at any time.

(2) He shall in such case return to the client any advances that he has received on account of his remuneration and expenses.

(3) The termination of the contract shall be effected, under pain of damages, in such a way that the client will suffer the least possible prejudice thereby.

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