

Government of Pakistan
MINISTRY OF ECONOMIC AFFAIRS
Islamabad

Islamabad, _____ September, 2022

**POLICY FOR LOCAL NGOs/NPOs RECEIVING FOREIGN
CONTRIBUTIONS - 2022**

1. Preamble

This Policy is promulgated to regulate and enhance the effectiveness of foreign funding being received, availed and utilized by the non-governmental organizations (NGOs) and not for profit organizations (NPOs) registered in Pakistan.

2. Scope

In this Policy, NGOs and NPOs mean to include organizations engaged in public service, based on ethical, cultural, social, economic, political, philanthropic or scientific and technological considerations and include charitable and support organizations, receiving foreign contributions only.

3. Characteristics

NGOs/NPOs should broadly have the following characteristics:

- a) they are private i.e separate from any government;
- b) they do no return profits generated to their owners or directors;
- c) they are self-governing i.e not controlled by any government;
- d) they are registered organizations with defined aims and objectives.

4. Objectives

The specific objectives of the Policy for NGOs/NPOs receiving Foreign Contributions are:

- (i) to create an enabling environment, that stimulates their enterprise and effectiveness, and safeguard their autonomy;
- (ii) to enable them to legitimately mobilize necessary financial resources from abroad to Pakistan;
- (iii) to identify systems by which the Government may work together with them, on the basis of the principles of mutual trust, respect, and shared responsibility;

- (iv) to encourage them to adopt the transparent and accountable system of accounting, governance and management;
- (v) to facilitate their contribution towards socio-economic development of Pakistan within the ambit of relevant national policies and laws.

5. Short Title, Extent and Application

This Policy shall:

- (a) be called ‘**Policy for local NGOs/NPOs receiving Foreign Contributions– 2022**’;
- (b) extend to whole of Pakistan;
- (c) apply to all NGOs/NPOs registered/incorporated anywhere in Pakistan receiving foreign contributions;
- (d) apply to Non-profit organizations established by the federal or provincial governments or other organizations receiving foreign contributions;¹
- (e) come into force on such day and date as notified in the Official Gazette;
- (f) supersede all previous policies, instructions and clarifications of Economic Affairs Division, on the aforesaid subject.

6. Exclusions from Policy

This Policy shall not apply to:

- a) individual contributions by Pakistani Diaspora for charitable purposes not exceeding US\$10,000/- per transaction and US\$ 120,000/- per year;
- b) statutory bodies and organizations established through a federal or a provincial law;
- c) universities/colleges established by the Federal or a Provincial government or chartered by them;
- d) NGOs/NPOs who do not seek direct or indirect foreign contribution from foreign donors.

7. Prerequisites for submission of application

- (a) Is registered as non-profit organization/non-governmental organization in Pakistan;
- (b) Letter of commitment from a foreign donor;
- (c) At least one-year work experience in the relevant field;
- (d) Annual Work Plan for projects to be undertaken;
- (e) Active Tax Payer with the Federal Board of Revenue.
- (f) Has paid processing fee (to be notified by EAD)

¹Non-profit organizations established by government(s) may avail foreign contributions either by following the procedure as is applicable to government entities or seek registration under this Policy.

8. Submission of Application

- a) An application for signing of MOU with EAD shall be received and processed **only** through online NGO Portal;
- b) Application shall be submitted to EAD at least 60 days prior to commencement of foreign funded project(s);
- c) All applications shall be scrutinized by an authorized officer of EAD;
- d) Applications deficient in any aspect shall not be entertained, and NGO/NPO shall be informed accordingly;
- e) On provisional clearance from security agencies, MoU will be signed for six (6) months; further extendable for two years in case no adverse report is received from the agencies;
- f) Applications complete in all aspects, shall be acknowledged by the authorized officer through online portal;
- g) After acknowledgement, the authorized officer of EAD shall forward applications to relevant stakeholders for views/comments on same date via NGOs-Portal;
- h) Views/comments of stakeholders shall reach EAD within 45 days from the date, EAD forwards application of NGO;
- i) Any stakeholder may request for additional time not exceeding 15 days for processing;
- j) In case no comments are received from a stakeholder within 45 days, it shall deem to be approved, unless additional time (15 days) request is made by the concerned stakeholder;
- k) In any case the processing time shall not exceed 60 days from receipt of acknowledgement.

9. Approving Authority

- a) Based on recommendations of the stakeholders, Secretary, EAD shall approve or reject the request of NGOs/NPOs receiving foreign contributions for MOU with EAD;
- b) The MoUs approved shall be signed by the authorized officer of EAD (not below BPS-20) on behalf of the Secretary.

10. Memorandum of Understanding (MOU)

- (a) MoU with EAD is only to the extent of specific project(s);
- (b) MOU will contain information as specified by the EAD, including amongst others, the work plan, geographical areas of project and information with respect to source of financing;
- (c) MOU will be valid for a period up to 3 years from the date of signing;
- (d) NGO shall submit online application for renewal of MOU 60 days prior to expiry of MOU;

- e) Renewal of MOU is meant to cover time extension for the same project, having same donor, scope, location and thematic area;
- f) The cases of renewal of MOU at e) shall be decided at the level of Secretary, EAD;
- g) Period of renewal shall not be more than 2 years;
- h) NGO shall submit any additional project(s) to be undertaken, through e-portal for approval;
- i) Applications of any additional projects, complete in all aspects, shall be acknowledged by the authorized officer through online portal;
- j) After acknowledgement, the authorized officer of EAD shall forward applications to relevant stakeholders for views/comments on same date via NGOs-Portal;
- k) Views/comments of stakeholders in case of additional projects, shall reach EAD within 30 days from the date, EAD forwards application of NGO;
- l) In case no comments are received from a stakeholder within 30 days, it shall deem to be approved.
- m) The MOUs already signed/ cleared under previous policy, shall be valid till the expiry of such MoUs.

11. Monitoring and Evaluation:

NGO/NPO shall:

- (a) submit to EAD annual report of its projects;
- (b) have its accounts audited from well reputed and registered audit firm and submit audit report to EAD through NGO portal;
- (c) submit project completion report on NGO portal of EAD;
- (d) not use any other bank account except the designated account(s) intimated to EAD at the time of application;
- (e) in case of any adverse report from any stakeholder, EAD may issue a show cause notice to the concerned Organization. If the response is not satisfactory, a special audit may be initiated by EAD in coordination with relevant provincial authority.

12. Suspension/ Termination of MOU

MoU shall be terminated if NGO/NPO receiving foreign contribution:

- (a) violates any or all provisions of this Policy;
- (b) engages in activities having implications for national security;
- (c) promotes religious intolerance, ethnic violence or hatred;
- (d) involves itself in money laundering, terror financing/activities;

- (e) withdrawal of security clearance by a relevant agency, reasons to be intimidated to concerned;
- (f) undertakes any project in restricted and prohibited areas without permission;
- (g) involves itself in concealment of facts, submission of false information, forgery, tempering etc.²

13. Redressal of grievance against Rejection

- a) NGO/NPO may file a grievance petition against the decision of EAD within 15 days of issuance of regret letter via online portal;
- b) An NGO may seek review against the decision by providing justification and additional supportive documents and information;
- c) Review Committee headed by the Secretary EAD and comprising representatives from MOI and MOFA, will deliberate and decide the case;
- d) Review Committee shall hold quarterly meetings;
- e) The decision of the Review Committee shall be final.

14. Prohibitions

NGOs/NPOs shall not:

- (a) submit false information to EAD at any stage of application;
- (b) seek MOU with EAD by means of fraud, false representation or concealment of facts;
- (c) engage in activities having implications for national security or promote religious intolerance & hatred and ethnic violence;
- (d) commence physical activity on foreign funded project, prior to approval and signing of MOU with EAD;
- (e) involve in money laundering, terror financing/activities;
- (f) employ foreign nationals without prior security clearance;
- (g) involve in forgery, tampering of documents, corruption;
- (h) employ any person(s) or in any capacity make link with person(s) who are fugitives, convicts or absconder or wanted by law enforcement agencies;

²EAD shall immediately bring the suspension or termination of MOU into the notice of NGO/NPO concerned, donor, MOI and concerned home departments and other relevant government agencies for necessary legal action

- (i) allow its employees and staff members to engage in anti-state activities.

15.Obligations

NGO/NPO shall:

- (a) submit accurate details of foreign contributions received from foreign donors;
- (b) maintain local bank accounts in Pakistan in the name of NGO/NPO duly intimated to EAD, for the purpose of project/organization related transactions;
- (c) any change in bank accounts be informed to EAD immediately;
- (d) make all payments through proper banking channels as per section 21 (l) of Income Tax ordinance 2001 amended up to 30.06.2022 or as revised or amended by Federal Board of Revenue from time to time.
- (e) submit complete details of third-party contractors, service providers including foreign consultants and details of payment made;
- (f) seek prior written permission for visit of foreign staff to restricted/prohibited areas;
- (g) make full disclosure i.e. provide to EAD, any information as and when required.

16.Miscellaneous

- a) NGOs/NPOs that enter into MoU with EAD after due security clearance by relevant authorities, shall not be required to obtain further NOCs or permissions for approved projects from any other federal, provincial or local authority;³
- b) Special permission/NOCs from relevant authorities will be required for security sensitive/restricted areas;
- c) NGOs/NPOs can seek foreign contribution from all foreign donors except banned/ regretted/ blacklisted by the Government of Pakistan;
- d) All relevant stakeholders and agencies must concur/ regret within their specific mandate;
- e) This Policy shall be a living document, and may be revised, modified from time to time in consultation with all concerned stakeholders for continuous improvement;
- f) Any modifications, revisions may be approved by the Minister in charge.

17.Exemption from MoU

- a. If the Economic Affairs Division is of the opinion that it is in the public interest (such as in situations of disasters and emergencies at national or local level) it may,

³ As agreed by all provinces being processing end users of BGOs portal, having access to project details of all concerned through EAD portal

subject to such conditions that it may specify, exempt an organization or class of organizations from all or any of the provisions of this Policy for a period not exceeding six months;

- b. The power of exemption shall be exercised by the Minister in-charge;
- c. Subject to compelling circumstances, the period of exemption can be extended by six months by the Minister-in-charge.