

## BILL

*to regulate the utilization of foreign contributions and for matters connected therewith or incidental thereto*

WHEREAS it is expedient to regulate the utilization of foreign contributions and for matters connected therewith or incidental thereto;

It is hereby enacted as follows:—

## CHAPTER I

## PRELIMINARY

1. **Short title, extent, application and commencement.**—(1) This Act may be called the Foreign Contributions Act, 2014.

(2) It extends to the whole of Pakistan, and shall also apply to—

(a) **all citizens of Pakistan outside Pakistan;**

(b) **all persons within Pakistan; and**

(c) International Non-Governmental Organizations.

(3) It shall come into force on such date as the Federal Government may, by notification in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

2. **Definitions.**—In this Act, unless there is anything repugnant in the subject or context, —

(a) **“certificate”** means certificate of registration granted under section 7;

(b) **“Commission”** means the Securities and Exchange Commission of Pakistan, established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997 (Act XLII of 1997);

(c) **“foreign contribution”** includes donation or aid, in cash or in kind received through any mode, whether directly or indirectly from any foreign source in any currency, for specified purposes listed in the Schedule I:

Provided that remittances by a citizen of Pakistan in a foreign country to his family members and such other persons as may be notified by the Federal

Government shall not be treated as foreign contribution within the meaning of this clause.

*Explanation I.*—For the purposes of this clause the term “family members” means a spouse and lineal ascendants and descendants.

*Explanation II.*—The interest accrued on the foreign contribution deposited in any bank or any other income derived from the foreign contribution or interest thereon shall also be deemed to be foreign contribution within the meaning of this clause;

(d) “foreign source” includes,—

- (i) the Government of any foreign country or territory and any agency of such Government;
- (ii) any international agency as the Federal Government may, by notification, specify in this behalf;
- (iii) a foreign company;
- (iv) a corporation, not being a foreign company, incorporated in a foreign country or territory;
- (v) a multi-national corporation;
- (vi) a company, whereby more than one-half of the nominal value of its share capital is held, either singly or in the aggregate, by one or more of the following, namely:—
  - (a) the Government of a foreign country or territory;
  - (b) the citizens, nationals or residents of a foreign country or territory as the case may be;
  - (c) corporations incorporated in a foreign country or territory;
  - (d) trusts, societies or other associations of individuals (whether incorporated or not), formed or registered in a foreign country or territory; and
  - (e) foreign company, means a company incorporated or formed outside Pakistan;
- (vii) a trade union in any foreign country or territory, whether or not registered in such foreign country or territory;
- (viii) a foreign trust or a foreign foundation, by whatever name called, or such trust or foundation mainly financed by a foreign country or territory;

- (ix) a society, club or other association of individuals formed or registered outside Pakistan;
- (x) a citizen of a foreign country;
- (xi) an overseas Pakistani;
- (xii) any other person or entity which may be notified by the Federal Government as a foreign source for the purposes of this clause.
- (e) **"Federal Government"** means for the purposes of this Act the Economic Affairs Division of the Government of Pakistan;
- (f) **"International Non-Governmental Organization (INGO)"** includes any international non-profit, voluntary organization established or incorporated outside or inside Pakistan but working or operating within Pakistan;
- (g) **"Non-Governmental Organizations (NGO)"** includes any non-profit, voluntary organization formed or registered or established or organized under any law for the time being in force on a local or national level to work or operate for the benefit of the society.
- (h) **"notification"** means notification published in the Official Gazette and the expression "notify" shall be construed accordingly;
- (i) **"offence"** means any act or omission which is punishable under this Act;
- (j) **"person"** means—
  - (i) an individual;
  - (ii) a company licensed under section 42 of the Companies Ordinance, 1984 (XLVII of 1984);
  - (iii) an association;
  - (iv) a society within the meaning of the Societies Registration Act, 1860;
  - (v) a religious society, within the meaning of Religious Societies Act, 1880;
  - (vi) a charity within the meaning of the Charitable Endowment Act, 1890;
  - (vii) a trust within the meaning of the Trust Act 1882 and a Charitable and Religious Trust within the meaning of charitable and Religious Trusts Act, 1920;
  - (viii) NGO whether registered or not in Pakistan but does not include an INGO referred to in clause (f);
  - (ix) a wakf within the meaning of the Mussalman Wakf Act, 1923;

- (x) a voluntary social welfare agency within the meaning of the Voluntary Social Welfare Agency (Registration and Control) Ordinance, 1961;
- (xi) a co-operative society within the meaning of the Cooperative Societies Act, 1925; and
- (xii) any other organization or entity by whatever name called, as may be notified by the Federal Government for the purposes of this Act.
- (k) **"prescribed"** means prescribed by rules made under this Act;
- (l) **"Regulations"** means the regulations made by the Commission under this Act;
- (m) **"Rules"** means the Rules made by the Federal Government under this Act;
- (n) **"scheduled bank"** shall have the same meaning as assigned to it under clause (m) of section 2 of the State Bank of Pakistan Act, 1956; and
- (o) **"Schedule"** means a Schedule to this Act.

## CHAPTER II

### REGISTRATION, ACCOUNTS AND AUDIT OF INGOs

3. **Registration of INGO.**—(1) Any INGO desirous of receiving and utilizing foreign contribution within Pakistan shall require prior registration with the Federal Government.

(2) Any INGO registered under any law or policy for the time being in force which, prior to commencement of this Act, had accepted foreign contribution and is utilizing such foreign contribution without being registered under this Act shall require registration within a period of four months from the date on which this Act comes into force. Provided that if the process described hereunder has been followed for such registration, such registration will be deemed to be valid till its expiry.

(3) The application for registration shall be submitted by the INGO to the Federal Government in the form attached as Schedule II and shall be accompanied by such **documentary information specified in Annexure to the said Schedule** which shall be shared with and vetted by the Ministry of Interior, the Provincial Governments and / or local governments and other relevant stakeholders. The application shall be processed expeditiously and in any case within four months of receipt.

(4) Subject to concurrence of all concerned under sub-section (3), the INGO will sign a **Memorandum of Understanding, in the Form attached as Schedule III**, with the Federal Government, specifying *inter alia*, the projects, programmes, activities and the geographical locations in which they are proposed to be carried out as detailed in Annexure to Schedule III.

(5) The duration of the Memorandum of Understanding shall be upto five years from the date of signatures as decided between the Federal Government and the INGO. The INGO can apply for renewal of registration four months prior to expiry of registration and the application for renewal shall be processed in the same manner as provided in sub-section (3).

(6) Violation of any provision of the Memorandum of Understanding will result in termination or cancellation of the registration, subject to affording the INGO an opportunity of being heard.

(7) An INGO may, in case of emergency, accept and utilize any foreign contribution for a specified purpose after obtaining prior permission of the Federal Government which shall be valid for a specified period and for a specific geographical location within Pakistan.

*Explanation.*—For the purposes of sub-section (8), the word “emergency” includes any natural disaster, calamity etc. which is beyond human control or such other circumstances as the Federal Government may consider as emergency.

(8) The Federal Government shall maintain a register of all such INGOs which have been registered under this Act.

4. **Rejection, Cancellation and Review.**—(1) In case of rejection of the application for registration or for renewal or in case of termination or cancellation of the Memorandum of Understanding, the INGO may, within 60 days, apply for a review of the decision.

(2) The application for review shall be considered by a Review Committee chaired by the Secretary, Economic Affairs Division and comprising senior level representatives of the Ministry of Interior, Ministry of Foreign Affairs, other concerned ministries of the Federal Government, the Provincial Governments and / or local governments. The Review Committee shall submit its recommendations to the Federal Government, after affording the INGO an opportunity of being heard.

(3) The decision taken by the Federal Government after receipt of recommendations of the Review Committee shall be final.

5. **Accounts and Audit.**—(1) An INGO registered under this Act shall declare to the Federal Government details of all foreign contributions, along with the terms and conditions of those contributions, as well as details of all bank accounts maintained by it.

(2) An INGO registered under this Act shall maintain accounts under internationally recognized accounting standards and get these accounts audited on an annual basis by a registered Chartered Accountant firm and shall provide to the Federal Government a copy of the audited annual statements alongwith a certificate from the Auditors to the effect that the foreign contributions have been utilized for the purposes and in the locations specified in the Memorandum of Understanding.

6. **Monitoring and Evaluation.**—(1) An INGO registered under this Act shall provide to the Federal Government and the concerned Provincial Government / local government on an annual basis a report regarding its activities with reference to the purposes, locations and foreign contributions specified in the Memorandum of Understanding.

(2) The Planning and Development Departments of the Provincial Governments may review the activities of the INGO in the context of their development framework and priorities, and may convey recommendations to the Federal Government from time to time.

(3) The INGO shall provide any information that the Federal Government may require from time to time and such information may be verified by the Federal Government.

### CHAPTER III

#### REGISTRATION, ACCOUNTS AND AUDIT OF PERSON

7. **Registration of persons.**—(1) Any person desirous of utilizing foreign contribution equivalent to rupees one million or above in a financial year shall apply to the Commission for grant of Certificate.

(2) An application by a person for grant of Certificate shall be made to the Commission along with such documents or information and in such form and manner and on such conditions along with such fee, as may be prescribed.

(3) If on receipt of an application for grant of Certificate and after making such inquiry as the Commission may deem fit, it is of the opinion that the conditions provided in sub-section (4) are satisfied, it may register such person and grant him a Certificate subject to such terms and conditions as may be imposed:

Provided that in case the Commission does not grant a Certificate, it shall communicate its reasons for rejection in writing therefor to the applicant.

(4) The following shall be the conditions for grant of a Certificate for the purposes of sub-section (3), namely:—

(a) the person making an application for registration,—

- (i) shall submit an undertaking in such Form and containing such terms and conditions as may be specified;
- (ii) shall declare that he is not been convicted of any offence that disqualifies him from being registered, and that he has not been found guilty of diversion or mis-utilisation of any foreign contribution in the past;

- (iii) shall not engage or be likely to engage in propagation of sedition or advocate violent methods to achieve its ends;
- (iv) shall not use the foreign contribution for personal gains or divert it for undesirable purposes which is against the public interest or for a purpose other than specified in his application and certificate; and
- (v) shall not contravene any of the provisions of this Act or Rules or Regulations made thereunder.

(5) The Certificate granted under sub-section (3) shall be valid for upto five years, as may be agreed between the applicant and the Commission.

Provided that where a person, who has been granted a Certificate, shall intimate to the commission, the details of each foreign contribution received or to be received for that specific purpose.

(6) Any person referred to in this section may, in case of an emergency, except and utilize any foreign contribution for a specified purpose after obtaining prior permission of the Federal Government which shall be valid for a specified period and for specified geographical area within Pakistan.

*Explanation:*—For the purposes of sub-section (6), the word “emergency” includes any natural disaster, calamity etc. which is beyond human control or such other circumstances which the Federal Government may consider as emergency.

8. **Suspension of Certificate.**—(1) Where the Commission, for reasons to be recorded in writing is satisfied that it is necessary so to do, by order in writing, suspend the Certificate for such period not exceeding thirty days, as may be specified in the order:

(2) Every person whose Certificate has been suspended shall not receive any foreign contribution during the period of suspension of the Certificate, except as may be allowed by the Federal Government if it considers appropriate, on such terms and conditions as may be prescribed.

9. **Cancellation of Certificate.**—(1) The Commission may, if it is satisfied after making such inquiry as it may deem fit, by an order, cancel the Certificate if —

- (a) the holder of the Certificate has made a statement in, or in relation to, the application for the grant of registration or renewal thereof, which is incorrect or false; or
- (b) the holder of the Certificate has violated any provision of the undertaking to be specified or provisions of this Act or rules or regulations made thereunder; or
- (c) if the holder of the Certificate has not been engaged in any activity in its chosen field for the benefit of the society for two consecutive years or has become defunct; or

- (d) in the opinion of the Commission it is necessary in the public interest, for reasons to be recorded in writing, to cancel the Certificate.

(2) Where a person is operating within a province the comments of the concerned Provincial Government shall also be requested and taken into consideration while taking final decision on cancellation of the Certificate.

(3) No order of cancellation of Certificate under this section shall be made unless the person concerned has been given a reasonable opportunity of being heard.

10. **Renewal of Certificate.**—(1) Every person who has been granted a Certificate may apply for renewal of Certificate within thirty days before the expiry of the period of the Certificate.

(2) The application for renewal of the Certificate shall be made to the Commission in such form and manner and subject to fulfillment of such requirements and accompanied by such fee as may be prescribed.

(3) Where the application for renewal of registration is made within such time as provided in sub-sub-section (1) but has not been decided by the Commission, the registration shall continue to be valid until the application for renewal is decided by the Commission.

11. **Bank Accounts.**—(1) Every person who has been granted a Certificate shall receive foreign contribution in a bank account as specified in the application for seeking registration under section 7 and no funds other than foreign contribution shall be received, deposited or kept in such account:

Provided that such person may open one or more accounts in one or more banks for utilizing the foreign contribution.

(2) Every person receiving foreign contribution shall submit to the Commission, a bank statement indicating therein the particulars of foreign contributions received, duly certified by an officer of the Bank, to the Commission within 15 days of receipt of such foreign contribution.

12. **Intimation of receipts.**—(1) Every person who has been granted a Certificate under the Act shall give, within such time and in such manner as may be specified in Regulations, an intimation to the Commission, as to the amount of each foreign contribution received by it, the sources from which and the manner in which such foreign contribution was received, and the purposes for which, and the manner in which, such foreign contribution was utilized by him.

13. **Maintenance and audit of accounts.**—(1) Every person who has been granted a Certificate under this Act shall maintain, accounts, in addition to such other record as may be required by any other law for the time being in force, in such form and manner as may be specified in Regulations, including the following:—

- (a) the details of any foreign contributions received by him; and

(b) the details of utilization of such foreign contributions.

(2) The accounts mentioned in sub-section (1) shall be audited, and where the foreign contribution is equivalent to Rs. 10 million or above, such audit shall be conducted by a firm of Chartered Accountants within the meaning of the chartered Accountants Ordinance, 1961 (X of 1961).

14. **Disposal of Assets created out of foreign contribution.**—Where any person who receives foreign contributions is no longer in a position to continue his activities or becomes defunct, all the assets of such person shall be disposed of in accordance with the provisions of the applicable law or in such a manner as may be prescribed.

#### CHAPTER IV

##### PROHIBITION AND SPECIAL AUDIT

15. **Restriction to utilize foreign contribution.**—(1) Any INGO or any person who receives any foreign contribution shall utilize such contribution only for the purposes and permitted by the Federal Government or the Commission, as the case may be.

(2) Any surplus fund accumulated from foreign contribution by an INGO or person shall be invested in accordance with the provisions contained in the relevant laws under which the INGO or person is registered or incorporated or in such a manner as may be prescribed.

16. **Special Audit.**—(1) The Federal Government or the Commission as the case may be for reasons to be recorded, order a special audit of the accounts of an INGO or person through a firm of Chartered Accountants within the meaning of the Chartered Accountants Ordinance, 1961 (X to 1961).

(2) The Federal Government or the Commission as the case may be, may during the course of the special audit, pass such interim orders and directions as it deem appropriate.

(3) On receipt of the special audit report, the Federal Government or the Commission as the case may be, may issue such directions for immediate compliance to INGO or person as it may deem fit.

#### CHAPTER V

##### INSPECTION, SEARCH AND CALL FOR INFORMATION

17. **Inspection of books of accounts or records.**—(1) Where the Commission has, for any reasons to be recorded, any ground to suspect that any provision of this Act has been or is being, contravened by any person been granted a Certificate it may, by general or special order, authorize an officer as it may deem fit to inspect the books of account or record such person.

(2) It shall be the duty of every such person or every director, officer or a member of governing body or trustee or mutawalli or other employee, of the person, as the case may be, to produce to the officer authorized under sub-section (1), all the relevant books of accounts and other books and papers of the person in his custody or under his control, and to furnish him with any such statement, information or explanation relating to the affairs of the person, as the said officer may require of him, within such time and at such place as he may specify.

(3) It shall also be the duty of every such person or every director, officer or a member of governing body or trustee or mutawalli or other employee, of the person, as the case may be, to furnish to the officer making inspection under this section all assistance in connection with the inspection which the person may be reasonably expected to give.

(4) If after inspection of accounts or record referred to in sub-section (1), the inspecting officer has any reasonable cause to believe that any provision of this Act has been, or is being contravened, he may seize such account or record and produce the same before the court or authority in which any proceeding is brought for such contravention.

18. **Power to call for information or document.**—The Commission or an officer authorized in this behalf may, during the course of any inspection of any account or record maintained by a person in connection with the contravention of any provision of this Act,—

- (a) call for information from any person for the purpose of satisfying himself whether there has been any contravention of the provisions of this Act, rule or regulation or order made thereunder;
- (b) require any person to produce or deliver any document or thing useful or relevant to such inspection; and
- (c) examine any person acquainted with the facts and circumstances of the case related to the inspection.

## CHAPTER VI

### OFFENCES AND PENALTIES

19. **Making of false statement, declaration or delivering false accounts.**—Any person, subject to this Act, who knowingly,—

- (a) gives false information; or
- (b) seeks registration by means of fraud, false representation or concealment of material facts,

shall be punishable with imprisonment for a term which may extend to six months or with fine or with both.

20. **Punishment for contravention of any provision of the Act.**—Whoever utilized or assists any person in utilizing, any foreign contribution in contravention of any provision of this Act shall be punishable with imprisonment for a term which may extend to one year or with fine, or both.

(2) The punishment provided under sub-section (1) shall not be applicable in the case of INGOs.

21. **Penalty for violation of rules, regulations, directives etc.**—Whoever fails or refuses to comply with any provisions of the Act, rules or regulations or the orders and directives of the Federal Government or the Commission under sections 16 and 29 of this Act shall, after being given an opportunity of being heard by the Federal Government or the Commission as the case may be, be liable to pay to the Federal Government by way of penalty such sum not exceeding one million rupees, and in case of a continuing default, a further sum calculated at a rate not exceeding ten thousand rupees for every day, if such refusal, failure or contravention continues.

22. **Liability for offence.**—Where an offence under this Act has been committed by a person every director, manager, secretary, promoter, member of governing body, mutawalli, member of wakf committee, trustee or any other person, as the case may be, who at the time of commission of offence was in charge of, or was responsible for managing the affairs of the person shall be guilty of the offence.

23. **Recovery of penalties.**—Any penalty imposed by the Commission or the Federal Government, as the case may be, in the exercise of its powers under section 21 shall be payable to the Federal Government and may be recovered as arrears of land revenue.

## CHAPTER VII

### JURISDICTION

24. **Cognizance of offences.**—(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1898 (Act V of 1898), no court inferior to that of the Court of Session shall have jurisdiction to try any offence under this Act.

(2) All offences punishable under this Act shall be non-cognizable, and bailable.

(3) All offences under this Act shall be compoundable by the Federal Government or the Commission as the case may be in accordance with rules.

25. **Bar on prosecution of offences under the Act.**—No court shall take cognizance of any offence under this Act, except on a complaint of an officer authorized by the Federal Government or the Commission as the case may be, in this behalf.

## CHAPTER VIII

## APPEAL

26. **Appeal.**—Any person aggrieved by any final order made under this Act may prefer an appeal, within thirty days,—

- (a) Where the order has been made by the Court of Session, to the High Court to which such Court is subordinate;
- (b) where the order has been made by a Commissioner or an officer authorize on this behalf by the Commission, to the Appellate Bench provided under: section 33 of the Securities and Exchange Commission of Pakistan Ac 1997; and
- (c) where the order has been made by the Appellate Bench referred to in clause (b), to the High Court:

Provided that the Appellate Court or the Appellate Bench, as the case may be, if satisfied that the appellant was prevented by sufficient cause from preferring the appeal within the said period of thirty days, allow such appeal to be preferred within a further period of not more than thirty days.

## CHAPTER IX

## MISCELLANEOUS

27. **Protection of action taken in good faith.**—No suit or other legal proceedings shall lie against the Commission or the Federal Government or any of its officers or officials in respect of any loss or damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of the provisions of this Act or any rule or regulations or directions made thereunder.

28. **Power of Federal Government to give policy directions.**—The Federal Government may give such policy directions as it may deem necessary to the Commission or any other authority or any person or class of persons regarding the carrying into execution of the provisions of this Act and such policy directions shall be binding.

29. **Power of the Commission to give directions.**—The Commission may issue such directives, circular or notifications not inconsistent with this Act as are necessary to carry out the purposes of this Act and the rules made thereunder.

30. **Power to exempt in certain cases.**—If the Federal Government is of the opinion that it is necessary or expedient in the public interest so to do, it may, by order and subject to such conditions as may be specified in the order, exempt any person from the operation of all or any of the provisions of this Act and may revoke or modify such and as may be necessary.

31. **Delegation of powers.**—The Federal Government may, by notification, direct that all or any of its powers or functions under this Act, except the power to make rules, shall, in relation to such Matters and subject to such conditions, if any, as may be specified in the notification, be exercised or discharged also by the Commission.

32. **Power of the Federal Government to make rules.**—The Federal Government, may subject to previous publication by notification in the official Gazette, make rules for carrying out the purposes of this Act.

33. **Power to make regulations.**—The Commission may, by notification in the Official Gazette, make regulations in respect of matters which are to be dealt by it under this Act.

34. **Act not to apply to certain Government transactions.**—Nothing contained in this Act shall apply to any transaction or agreement between the Government of Pakistan and the Government of any foreign country or territory or United Nations or any of its specialized agencies, the World Bank, International Monetary Fund, Asian Development Bank etc.

35. **Power to amend the Schedules.**—The Federal Government may by -- notification in the Official Gazette amend any Schedule by omitting any entry therefrom, adding any entry therein or altering any entry therein.

36. **Power to remove difficulties.**—If any difficulty arises in giving effect to the provisions of this Act, the Federal Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as may appear to be necessary for removing the difficulty:

Provided that no order shall be made under this section after the expiry of two years from the commencement of this Act.

37. **Act to override other laws.**—The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

**SCHEDULE I**

**(Specified purposes of foreign contributions)**

*See section 2(c)*

1. Education
2. Health
3. Women
4. Children
5. Poverty Alleviation
6. Rural development
7. Relief Work
8. Welfare
9. Culture
10. Sport

SCHEDULE II

APPLICATION FORM

*See Section 3(3)*

SCHEDULE II

DOCUMENTS OR INFORMATION REQUIRED FOR REGISTRATION OF INGO

*See Section 3(3)*

**SCHEDULE III***See section 3(4)*

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE GOVERNMENT OF ISLAMIC REPUBLIC OF PAKISTAN  
AND  
[NAME OF INGO]**

This MOU is made between the Islamic Republic of Pakistan through the Economic Affairs Division, Government of Pakistan (hereinafter referred to as "the Government") and ..... (hereinafter referred to as "....."), international not-for profit organization (INGO) registered in (country name) under (Law)

at \_\_\_\_\_

and Local Office at \_\_\_\_\_

(hereinafter also referred to individually as a "Party" and collectively as the "Parties")

Whereas (INGO) desires to undertake projects / programmes / activities for the socio-economic development in Pakistan, particularly in the fields of and located in (districts) \_\_\_\_\_, and for this purpose has submitted an application for

registration accompanied by requisite documentary information, as provided in ANNEXURE 'A' to Schedule II.

And whereas the Government is willing to grant permission to (INGO) to establish and undertake such projects / programmes / activities at such locations and with such foreign contributions from foreign sources as are specified in -B, of Schedule III on the terms and conditions contained herein, and to register (INGO) for the purpose;

Now, therefore, it is hereby agreed as follow:-

1. Governing Law and Jurisdiction

This MOU shall be governed by laws of Pakistan and policies of the Government. The courts of Pakistan shall have exclusive jurisdiction concerning all matters in relation to or arising from this MOU.

2. Obligations of the Government The Government shall:-

2.1 Allow (INGO) to receive foreign contributions including moneys, services and goods, emanating from foreign sources specified in subject to reporting requirements;

2.2. Allow (INGO) to maintain and operate local accounts for the execution of its activities:

Provided that for opening and operating foreign currency accounts, the (INGO) shall seek permission of the State Bank of Pakistan, under the applicable law and rules;

2.3 Grant work permits for all approved expatriate employees and entry permits for their families in accordance with the laws of Pakistan;

2.4 Allow (INGO) to maintain its office at ..... and to open other offices with prior written approval of the Government, subject to the concurrence of the Provincial Government / local government and compliance with applicable law / rules.

### 3. Import / Tax Regulations

The Government may:—

Allow (INGO) to raise funds locally, with prior written approval of the Government. The funds raised locally shall be exempted from

3.3 Allow duty-free import of goods for consumption by (INGO) subject to applicable laws and prior written approval of Federal Board of Revenue and any other concerned agency.

### 4. Obligations of (INGO) (INGO) shall:-

4.1 Use foreign contribution moneys, goods and services emanating from foreign sources for its specified activities, and provide complete information regarding flow of moneys, goods and services emanating from foreign sources as and when required by the government.

4.2 Obtain prior concurrence of the Government for any additional funding or different source of funding other than that specified by (INGO) for purposes of this MOU in A.

4.3 Appoint and employ a Country Representative or other senior management personnel as appropriate, who will manage and implement the projects / programmes and supervise the staff on behalf of the (INGO) and maintain contact with the Government and the Provincial Governments / local governments;

4.4 Employ foreign nationals against not more than 10% of the total staff positions, and give preference to Pakistan nationals for key positions;

4.5 Ensure that every expatriate has obtained an NGO visa prior to his / her entry into Pakistan as required under existing rules / regulations of Pakistan. The INGO shall not employ expatriates who are in the country on any other visa;

4.6 Obtain prior written permission from the Government for visits to prohibited areas by expatriate personnel;

4.7 Ensure that all expatriate staff are informed that while they are in Pakistan, they shall, as residents or visitors, be subject to (a) the laws and regulations of Pakistan, and (b) respect religious injunctions and cultural norms in Pakistan;

4.8 Maintain lists of local and foreign staff and provide these to the Government annually, or as and when required.

4.9 Ensure that all Pakistani staff working in Pakistan pay applicable taxes;

- 4.10 Submit to the Government annually, and when required, written reports covering its activities including funds received locally and in foreign exchange from abroad and their expenditure in Pakistan during that period;
- 4.11 Review annually the effectiveness of projects / programmes / activities being implemented by it and submit the results to the Government, along with any evaluations carried out during that period.
- 4.12 Offers its accounts for annual audit by Chartered Accountants registered in Pakistan.
- 4.13 Ensure that all its projects / programmes and activities are undertaken in accordance with the laws of Pakistan;
- 4.14 Not provide, directly or indirectly, without approval of the Government, any assistance (monetary and / or material) to any local / international nongovernmental organization;
- 4.15 Not transfer or rent / lease out its possessions or allow their use for purposes other than those specified and agreed upon between the Parties in this MOU;
- 4.16 Submit, on yearly basis, independent or third party evaluation including quantitative and qualitative assessment of its work to the Government, Provincial Government and local government;
- 4.17 Not indulge in distribution of any material or pamphlet causing or likely to cause religious resentment in the area of its activities;
- 4.18 Inform respective Provincial Governments and concerned local governments / District authorities regarding its programmes / projects in their area.
- 4.19 Comply with all policies and procedures prescribed by EAD regarding their operations
5. Termination of MOU
- 5.1 The Government reserves the right to immediately terminate this MoU and cancel registration of (INGO) in case of non-adherence to any provision of this MOU.
- 5.2 The Government may also terminate this MOU on the following grounds:—
- 5.2.1 The activities of (INGO) are considered detrimental to national interest, sovereignty and integrity of Pakistan or dubious in nature or in violation of cultural and religious sentiments of the people or (INGO) has been found to be working in a geographical area other than the areas specified in B.
- 5.2.2 The objectives stated by (INGO) in A are not being pursued.
- 5.2.3 False information has been furnished to the Government.

5.2.4 No reasonable activity has been undertaken by (INGO) for a period of one year after signing of this MOU.

5.2.5 (INGO) has ceased to exist.

5.3 In case of termination of this MOU, the registration of (INGO) will stand cancelled and it shall cease all its activities forthwith.

5.4 Decision regarding termination or otherwise of the MoU under clause 5 shall be taken after providing (INGO) an opportunity of being heard.

#### 6. Entry into Force and Duration of MOU

6.1 This MOU shall enter into force from the date of signatures and shall remain valid for 5 years, extendable for further periods by mutual written consent of the Parties.

6.2 This MOU may be amended at any time through mutual written consent of the Parties. The Party wishing to amend the MOU must give the other Party a written notice of not less than three months.

6.3 This MOU may be terminated at any time by either Party by giving notice of three months to the other Party of its intention to terminate this MOU.

In witness whereof, the undersigned representative, duly authorized by the Government of Islamic Republic of Pakistan and ....., respectively have signed this Memorandum of Understanding.

Done at Islamabad, on this ..... day of ..... 20, in duplicate, the signatories to retain a copy each.

Joint Secretary (Paris Club)  
For the Government of the  
Islamic Republic of Pakistan

( )  
INGO Representative

ANNEXURE TO SCHEDULE III

DETAILS OF PERMITTED PROJECTS/PROGRAMMES/ACTIVITIES  
IN SPECIFIED LOCATIONS

*See Section 3(4)*

Projects/Programmes/Activities	Location	Source of Foreign Contribution
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# SCHEDULE IV

## FORMAT OF UNDERTAKING ON NON-JUDICIAL STAMP PAPER OF THE REQUIRED VALUE

*See section 7(4)(a)(i)*

The Securities and Exchange Commission of Pakistan,  
63, NIC Building, Jinnah Avenue,  
Islamabad.

### UNDERTAKING

I, on behalf of ... (Name of the person)... (the person) duly authorized by him its Board of Directors/Governing Body/Trustee/Mutawali/Members of wakf committee etc, as the case may be, hereby undertake that:

Whereas (person) desires to undertake projects / programmes / activities for the socio-economic development in Pakistan, particularly in the fields of \_\_\_\_\_ and located in (districts) \_\_\_\_\_, and for this purpose has submitted an application accompanied by requisite prescribed documentary information and fee for grant of Certificate;

And whereas the Commission is willing to grant Certificate to (person) to utilize foreign contribution to undertake such projects / programmes / activities at such locations the details of which is provided in the application;

The undertaking shall provide, including but not limited, the following informations or details,—

#### 1. Obligations of the Person.- the person shall,—

- 1.1 arrange a work permits for all approved expatriate employees and entry permits for their families in accordance with the laws of Pakistan;
- 1.2 maintain its office at ..... and to open other offices with prior written approval of the Commission, subject to the concurrence of the Provincial Government / Local Government and compliance with applicable law / Rules.
- 1.3 Use foreign contributions for such activities as provided in this Act, and provide complete information regarding flow of moneys, goods and services emanating from foreign sources.
- 1.4 Obtain prior concurrence of the Commission for any additional funding or different source of funding other than that specified by the (person) for purposes of this undertaking..

- 1.5 Ensure that every expatriate has obtained an NGO visa prior to his / her entry into Pakistan as required under the relevant Rules / Regulations. The person shall not employ expatriates who are in the country on any other visa;
- 1.6 Obtain prior written permission from the Government for visits to prohibited areas by expatriate personnel;
- 1.7 Ensure that all expatriate staff are informed that while they are in Pakistan, they shall, as residents or visitors, be subject to (a) the laws and regulations of Pakistan, and (b) respect religious injunctions and cultural norms in Pakistan;
- 1.8 Maintain lists of foreign staff and provide these to the Federal Government and the Commission annually, or as and when required.
- 1.9 Ensure that all Pakistani staff working in Pakistan pay applicable taxes;
- 1.10 Submit to the concerned Provincial Government and the Commission annually, and when required, written reports covering its activities including foreign contributions received and their expenditure in Pakistan during that period;
- 1.11 Review annually the effectiveness of projects / programmes / activities being implemented by it and submit the results to the concerned Provincial Government and Commission along with any evaluations carried out during that period.
- 1.12 Offers its accounts for annual audit by Chartered Accountants registered in Pakistan.
- 1.13 Ensure that all its projects / programmes and activities are undertaken in accordance with the laws of Pakistan;
- 1.14 Not provide, directly or indirectly, without approval of the concerned Provincial Government, any assistance (monetary and / or material) to any local / international non-governmental organization;
- 1.15 Not transfer or rent / lease out its possessions or allow their use for purposes other than those specified in this Act;
- 1.16 Submit, on yearly basis, independent or third party evaluation including quantitative and qualitative assessment of its work to the concerned Provincial Government and Local Government;
- 1.17 Not indulge in distribution of any material or pamphlet causing or likely to cause religious resentment in the area of its activities;
- 1.18 Inform respective Provincial Governments and concerned Local Governments / District authorities regarding its programmes / projects in their area.

1.19 Comply with all policies and procedures prescribed by concerned Provincial Governments regarding their operations

1.20 Not indulge in such activities which are considered detrimental to national interest, sovereignty and integrity of Pakistan or dubious in nature or in violation of cultural and religious sentiments of the people or (person) has been found to be working in a geographical area other than the areas specified at the time of application.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Name and signature of the individual/Chief Executive Officer/trustee/mutawali person authorized by board of directors of the Company etc. of the person

\_\_\_\_\_  
Name and signature of the Company Secretary or Chief Financial Officer of the person duly authorized by its Board of Director (*in case of company*)

Place: \_\_\_\_\_

\_\_\_\_\_  
Common Seal of the Person

STATEMENT OF OBJECTS AND REASONS

To enact the law to regulate the foreign economic assistance flowing outside government channels, improved accounting of such flow of funds and beneficial utilization of foreign contribution in the best interest of the community and for the matters connected therewith or incidental thereto.