

Att - Tamveer Ali - 1578 -
Agha

Government of Pakistan
Ministry of Finance, Revenue, Economic Affairs, Statistics & Privatization
(Economic Affairs Division)

Islamabad, 28th November, 2013

NOTIFICATION

No.1(5)INGO/05: In pursuance of Economic Coordination Committee (ECC) of the Cabinet's decision contained in Cabinet Division's Memorandum No.F.1/19/2013-Com dated 25th November 2013 the following policy is hereby notified:-

Policy for regulation of organizations receiving foreign contributions

Until legislation for a regulatory framework for foreign economic assistance flowing outside government channels is enacted, for improved accounting of such flow of funds and greater aid effectiveness, the following policy will operate.

- 1- These provisions will regulate foreign organizations and those national organizations which receive or intend to receive foreign contributions, until the coming into force of appropriate legislation.
- 2- Any organization registered outside Pakistan and any organization registered within Pakistan and desirous of utilizing foreign economic assistance will need prior registration with the Government. Foreign economic assistance includes moneys, services and goods which emanate from outside Pakistan. The Government for the purpose will be the Economic Affairs Division.
- 3- The application for registration will be accompanied by such documentary information as may be specified by the Government and will be shared with and vetted by the Ministry of Interior, the Provincial Governments and / or local governments and other relevant stakeholders. The applications shall be processed expeditiously and in any case within four months of receipt.
- 4- Subject to concurrence, the organization will sign a Memorandum of Understanding with the Government, containing the information specified by the Government,

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including, amongst other things, the work and the geographical area in which it is proposed to be carried out (a template of the MoU is attached with this notification). The Government will maintain a register of such organizations.

5- The duration of the Memorandum of Understanding will be up to five years from the date of signatures as decided between the Government and the organization. The organization can apply for renewal of registration four months prior to expiry of registration and this application will be similarly vetted by the parties mentioned above.

6- Violation of any provision of the Memorandum of Understanding will result in termination and cancellation of the registration, subject to the organization being provided an opportunity of being heard.

7- In case of rejection of the application for registration, the organization may, within 60 days, apply for a review of the decision. Such application will be considered by a Review Committee chaired by the Secretary, Economic Affairs Division and comprising senior - level representatives of Ministry of Interior, Ministry of Foreign Affairs, other concerned ministries of the Government, and the Provincial Governments and / or local governments, which will submit its recommendations to the Government, after giving the organization an opportunity of being heard. The decision arrived at after review will be final. The same process will apply in case of rejection of an application for renewal or in case of termination of the Memorandum of Understanding/cancellation of registration.

8- The organization will declare to the Government all foreign contributions, along with the terms and conditions of those contributions, as well as details of all bank accounts maintained by it. The organization will maintain accounts under internationally recognized accounting standards, get these accounts audited on an annual basis by a registered Chartered Accountant firm and will provide to the Government a copy of the audited annual statements, along with a certificate from the Auditors to the effect that the foreign contributions have been utilized for the objectives of the organization as specified in the Memorandum of Understanding.

9- The organization will provide to the Government and the concerned Provincial Government / local government on an annual basis a report regarding its activities with reference to the Memorandum of Understanding and the foreign contributions. The Planning and Development Departments of the Provincial Governments may review the activities of the

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organization in the context of their development framework and priorities, and may convey recommendations to the Government from time to time.

10- The organization will be bound to provide any information that the Government may require from time to time. The Government may verify any information provided by the organization.

11- If the Government is of the opinion that it is in the public interest (such as in situations of disasters and emergencies), it may, 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.



(Sherbaz Khan Magsi)
Section Officer (INGOs)

Distribution:-

1. Minister for Science & Technology, M/o Science & Technology, Islamabad
2. Minister of State for Information Technology, M/o Information Technology, Islamabad
3. Chairman, Securities & Exchange Commission of Pakistan, Islamabad
4. Deputy Governor, State Bank of Pakistan, Islamabad
5. Secretary, Economic Affairs Division, Islamabad
6. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
7. Secretary, Ministry of Foreign Affairs, Government of Pakistan, Islamabad
8. Secretary, Ministry of Interior, Government of Pakistan, Islamabad
9. Secretary, Ministry of Finance, Government of Pakistan, Islamabad
10. Chairman, Federal Board of Revenue, Government of Pakistan, Islamabad
11. Chairman, P&D, Government of the Punjab, Lahore
12. Additional Chief Secretary (Dev.), Government of Sindh, Karachi
13. Additional Chief Secretary (Dev.), Government of KPK, Peshawar
14. Additional Chief Secretary (Dev.) Government of Balochistan, Quetta
15. Additional Chief Secretary (Dev.), Government of Gilgit-Baltistan, Gilgit
16. Additional Chief Secretary, FATA Secretariat, Peshawar

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

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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 "....."), a not-for-profit organization 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 (Organization) 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, attached herewith as Annexure-A;

And whereas the Government is willing to grant permission to (organization) to establish and undertake such projects / programmes / activities at such locations and with such foreign contributions from foreign sources as are specified in Annexure-B, on the terms and conditions contained herein, and to register (organization) 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 (organization) to receive foreign contributions including moneys, services and goods, emanating from foreign sources specified in Annexure B, subject to reporting requirements;
- 2.2 Allow (organization) to maintain and operate local accounts for the execution of its activities:

Provided that for opening and operating foreign currency accounts, the (organization) 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 (organization) to maintain its office at..... and to open other offices with prior

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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:-

- 3.1 Allow (organization) to raise funds locally, with prior written approval of the Government. The funds raised locally shall be exempted from Income Tax subject to the provisions of Clause (58) of Part I of the Second Schedule to the Income Tax Ordinance 2001;
- 3.2 Allow the income of expatriate experts / consultants to be exempted from Income Tax, subject to fulfillment of the requirements of section 44 of the Income Tax Ordinance, 2001;
- 3.3 Allow duty-free import of goods for consumption by (organization) subject to applicable laws and prior written approval of Federal Board of Revenue and any other concerned agency.

4. **Obligations of (organization)**

(Organization) shall:-

- 4.1 Use 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 (organization) for purposes of this MOU in Annexure 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 (organization) 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 organization 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;

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- 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 non-governmental 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 (organization) 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 (organization) 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 (organization) has been found to be working in a geographical area other than the areas specified in Annexure B.
 - 5.2.2 The objectives stated by (organization) in Annexure A are not being pursued.

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area other than the areas specified in Annexure B.

- 5.2.2 The objectives stated by (organization) in Annexure 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 (organization) for a period of one year after signing of this MOU.
- 5.2.5 (Organization) has ceased to exist.
- 5.3 In case of termination of this MOU, the registration of (organization) 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 (organization) 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 a period of 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
For the Government of the
Islamic Republic of Pakistan

()
INGO Representative

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Annexure BPERMITTEDPROJECTS / PROGRAMMES / ACTIVITIESPROJECTS/PROGRAMME/ACTIVITYLOCATIONSOURCE OF FOREIGN
CONTRIBUTION

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Annexure A

INFORMATION PROVIDED BY (ORGANIZATION)

[AS REQUIRED BY GOVERNMENT]