

OFFICE MEMORANDUM

Subject: **POLICY FOR LOCAL NGOS/NPOS RECEIVING FOREIGN CONTRIBUTIONS-2022**.

The undersigned is directed to refer to Cabinet Division Memorandum No. 883(S)/2022/Cab dated 11-11-2022 on the subject noted above, and to convey that the following "Policy for Local NGOs/NPOs Receiving Foreign Contributions-2022" has been approved by Federal Cabinet vide case No. 559/Rule-19/2022 dated 11.11.2022.

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.

1. 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.

2. Characteristics

NGOs/NPOs should broadly have the following characteristics:

- a) They are private i.e. separate from any government;
- b) They do not 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.

3. 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 safeguards 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.

4. 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 Ministry of Economic Affairs (MoEA), on the aforesaid subject.

5. Exclusions from Policy

- a) individual contributions by Pakistani Diaspora shall not be subject to this policy;
- 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.

6. 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) Preferably having 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 MoEA later)

7. Submission of Application

- a) An application for signing of MOU with MoEA shall be received and processed only through online NGO Portal;

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.

- b) Application shall be submitted to MoEA at least 60 days prior to commencement of foreign funded project(s);
- c) All applications shall be scrutinized by an authorized officer of MoEA;
- d) Applications deficient in any material aspect shall not be entertained and as such be returned for re-submission if desired;
- e) On provisional clearance from security agencies, MoU will be signed for six (6) months; further extendable for period(s) not exceeding 30 months 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 MoEA shall forward applications to relevant stakeholders for views/comments on same date via NGOs-Portal;
- h) Views/comments of stakeholders shall reach MoEA within 45 days from the date, MoEA 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.

8. Approving Authority

- a) Based on recommendations of the stakeholders, an authorized officer of MoEA, not below the rank of BS-21, shall approve or reject the request of NGOs/NPOs receiving foreign contributions for MOU with MoEA;
- b) The MoUs approved shall be signed by the said authorized officer of MoEA.

9. Memorandum of Understanding (MoU)

- (a) MoU with MoEA is only to the extent of specific project(s);
- (b) MOU will contain information as specified by the MoEA, 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 serial e) shall be decided at the level of an authorized officer of MoEA, not below the rank of BS-21;
- 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 MoEA 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 MoEA within 30 days from the date, MoEA 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.

10. Monitoring and Evaluation:

NGO/NPO shall:

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

11. 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 intimated 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, tampering etc. ²

12. Redressal of Grievance

- a) NGO/NPO may file a grievance petition against any decision of MoEA within 15 days before the Grievance Committee;
- b) Grievance Committee shall be headed by the Secretary MoEA and comprising members from MOI, MOFA and Law Division;

²MoEA 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

- c) The quorum of Grievance Committee shall be 50 per cent of total membership;
- d) Grievance Committee shall decide the grievance within a period of 30 days from the date of receipt of grievance;
- e) The decision of the Review Committee shall be final.

13. Prohibitions

NGOs/NPO, subject to law, shall not:

- (a) submit false information to MoEA at any stage of application;
- (b) seek MOU with MoEA 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 MoEA;
- (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 having links with person(s) who are fugitives, convicts or absconder or wanted by law enforcement agencies;
- (i) allow its employees and staff members to engage in anti-state activities.

14. 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 MoEA, for the purpose of project/organization related transactions;
- (c) any change in bank accounts be informed to MoEA immediately;
- (d) make all payments through proper banking channels as per section 21 (1) 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 to MoEA of any information as and when required.

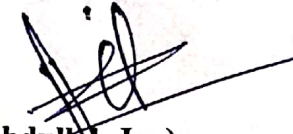
15. Miscellaneous

- a) NGOs/NPOs that enter into MoU with MoEA

- b) 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
- c) Special permission/NOCs from relevant authorities will be required for security sensitive/restricted areas;
- d) NGOs/NPOs can seek foreign contribution from all foreign donors except banned/ regretted/ blacklisted by the Government of Pakistan;
- e) All relevant stakeholders and agencies must concur/ regret within their specific mandate;
- f) This Policy may be revised/modified from time to time in consultation with concerned stakeholders.

16. 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, 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 of Ministry of Economic Affairs;
- c. Subject to compelling circumstances, the period of exemption can be extended for other six months by the Minister-in-charge of Ministry of Economic Affairs.


(Abdullah Jan)
Section Officer (NGOs/INGOs)

Distribution: -

1. Governor, State Bank of Pakistan, Karachi
2. Secretary, Science & Technology, M/O Science & Technology, Islamabad
3. Secretary, Information Technology, M/o Information Technology, Islamabad
4. Secretary, and Law and Justice Division, Islamabad
5. Secretary, Economic Affairs Division, Islamabad
6. Secretary States and Frontier Regions, Islamabad
7. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
8. Secretary, Ministry of Foreign Affairs, Islamabad
9. Secretary, Ministry of Interior, Islamabad
10. Secretary, Ministry of Finance, Islamabad
11. Chairman, Federal Board of Revenue, Islamabad
12. Chairman, Securities & Exchange Commission of Pakistan, Islamabad
13. Chairman, P&D, Punjab, Lahore
14. Additional Chief Secretary (Dev.), Sindh, Karachi
15. Additional Chief Secretary (Dev.), KP, Peshawar
16. Additional Chief Secretary (Dev.), Baluchistan, Quetta
17. Additional Chief Secretary (Dev.), Gilgit-Baltistan, Gilgit
18. Additional Chief Secretary (Dev.), AJK, Muzaffarabad

As agreed by all provinces being processing end users of NGOs portal, having access to project details of all concerned rough EAD portal