Operational Manual
For
Organisational Development of Local Support Organisations

Rural Support Programmes Network
August 2010
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<td>Community Based Organisation</td>
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<tr>
<td>CIF</td>
<td>Community Investment Fund</td>
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<td>CNIC</td>
<td>Computerised National Identity Card</td>
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<td>CO</td>
<td>Community Organisation</td>
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<td>CRP</td>
<td>Community Resource Person</td>
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<td>CSO</td>
<td>Civil Society Organisation</td>
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<td>CSS</td>
<td>Community Subject Specialist</td>
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<td>CMST</td>
<td>Community Management Skills Training</td>
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<td>DM</td>
<td>District Manager</td>
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<td>EC</td>
<td>Executive Committee</td>
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<td>GAD</td>
<td>Gender and Development</td>
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<td>GB</td>
<td>General Body</td>
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<td>GRG</td>
<td>Gender Resource Group</td>
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<td>HRD</td>
<td>Human Resource Development</td>
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<td>ICDP</td>
<td>Integrated Chitral Development Programme (LSO)</td>
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<td>ID</td>
<td>Institutional Development</td>
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<td>LMST</td>
<td>Leadership Management Skills Training</td>
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<td>Local Support Organisation</td>
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<td>LSOCAT</td>
<td>LSO Capacity Assessment Tool</td>
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<td>LSOCA</td>
<td>LSO Capacity Assessment</td>
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<td>LSON</td>
<td>LSO Network</td>
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<td>LSO DP</td>
<td>LSO Development Plan</td>
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<td>MIP</td>
<td>Micro Investment Plan</td>
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<td>NGORC</td>
<td>NGO Resource Centre</td>
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<td>PBC</td>
<td>Prepared by client</td>
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<td>PSC</td>
<td>Poverty Scorecard</td>
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<td>Quarter</td>
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<td>RSP</td>
<td>Rural Support Programme</td>
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<td>RSPN</td>
<td>Rural Support Programmes Network</td>
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<td>SM</td>
<td>Social Mobilisation</td>
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<td>SMT</td>
<td>Social Mobilisation Team</td>
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<td>SO</td>
<td>Social Organiser</td>
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<td>SMRT</td>
<td>Social Mobilisation Resource Team</td>
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<td>SMTT</td>
<td>Social Mobilisation Team</td>
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<tr>
<td>TOP</td>
<td>Terms of Partnership</td>
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<td>UCPRP</td>
<td>Union Council Poverty Reduction Plan</td>
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<td>VDP</td>
<td>Village Development Plan</td>
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<td>VO</td>
<td>Village Organisation</td>
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<td>WO</td>
<td>Women Organisation</td>
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Foreword

For the past four years, the Rural Support Programmes Network (RSPN) and the Rural Support Programmes (RSPs) have been implementing the three-tiered approach to social mobilisation. This approach has been a turning-point in terms of the RSPs’ philosophy and methodology. Community Organisations (COs) fostered at the neighbourhood level by the RSPs have been federated at the village level into Village Organisations (VOs) and into Local Support Organisations (LSOs) at the Union Council level in order to increase social mobilisation not only horizontally but also vertically.

As a result, these higher-level institutions of the people have been able to perform several of the activities which were previously carried out by the RSPs. These have been activities such as social mobilisation and poverty-ranking; organised communities are much more apt and able to increase their coverage as they are familiar to local communities in addition to possessing local knowledge as compared to the staff of the RSPs. Some LSOs have also gained specialised skills in disciplines such as community training in managing their COs, VOs and LSOs; whilst most are effectively and efficiently providing micro-credit services to their members. Most importantly because of their presence at the lowest tier of government, i.e. at the Union Council, these LSOs are now capable of developing linkages with government departments, NGOs, the private sector and other civil society organisations.

However with nearly 400 LSOs now operating across Pakistan (and the numbers growing), a need was felt by RSPN and its partner RSPs to develop a standardised set of guidelines for these organisations. It is for this purpose that RSPN has prepared a Manual on Organisational Development in order to provide LSOs with ideas, suggestions and a way of honing their skills and capacities so that they are better able to serve their member communities. This manual provides detailed procedures on how LSOs can develop their internal systems; such as their general management, financial, human resource and monitoring systems. It also looks into how LSOs can improve their service delivery to not only their member communities but also to the partner-organisations that they will work with.

It is hoped that the manual will provide the LSOs with the support that they require in order to strengthen their institutions of the people. I am grateful to the RSPs and the LSO leaders that worked diligently in providing their insight and experiences, in order to make this Manual a resource worthy of the hardworking and dedicated member communities it aims to serve.

Shandana Khan  
Chief Executive Officer, RSPN  
August 2010
Preface

The idea of the Local Support Organisations (LSOs) was first conceived by the Aga Khan Rural Support Programme (AKRSP) back in 2003 in the Chitral, Gilgit and Baltistan regions. Realising it as an effective strategy for promoting and strengthening the social mobilisation legacy of RSPs, the Rural Support Programmes Network (RSPN) has been supporting the Rural Support Programmes for fostering LSOs across the country since 2006. Unlike the two tier approach of AKRSP (Village Organisation to LSO), a Three Tier approach (Community Organisation to VO to LSO) was devised with the down country RSPs. LSOs approach got its current momentum after exposure visit of the RSP Chief Executive Officers and other senior management staff to the Andhra Pradesh approach in 2007. By end of March 2010, a total of 306 LSOs representing 446,654 households organised in to 21,500 COs and 1,923 VOs have been formed across 41 districts of the country.

To further strengthen and professionalize the approach, RSPN has been playing a supporting role by developing operational manuals, providing financial and technical support to member RSPs and commissioning research studies.

Contrary to the CO, which is a participatory organisation, the VO and LSO are participatory-representative bodies. Generically they are civil society organisations (CSOs). Therefore, they have to be governed by established best practices for civil society organisations. They should follow proper governance practices to ensure downward accountability to its beneficiary members, and upwards accountability to partners, donors and other stakeholders. They should be registered under any suitable law to acquire legal status and legitimacy for accessing funds from state and non state agencies. This warrants the LSOs to become formal, capable and resourceful organisations. As the work of LSOs broadens and becomes more complex, concerns about their capacity and sustainability will loom much larger and may have significant implications for development processes of its constituent communities. Therefore, in future, the key focus of both RSPs and LSO leaders will remain on strengthening the organisational development of LSOs, i.e. enhancing governance and management systems, fostering the technical and financial capacities, etc.

Organisational systems should not exist for their own sake; the systems are there for some objectives. Each LSO will have its own socio-economic, agro-ecological context. And, this may dictate divergences across LSOs. However, as a set of bodies, LSOs should have some unified structures, systems and mechanisms that contribute to improving organisational functioning and performance. In view of the importance of the organisation development (OD) of LSOs, RSPN has prepared this OD Manual as part of its support to RSPs and LSOs. OD Manual describes the organisational requirements of each LSO in each stage of its development cycle. Whatever has been suggested in this OD Manual is a standard that all LSOs should strive to achieve and meet. Measurement
against this standard will highlight the strengths/weaknesses of LSOs and hence set out a road map for further improvements.

This manual has been developed as a practical guideline both for RSP staff and the community leaders for organisational development of LSOs. Efforts have been made to provide basic knowledge and skills of organisational development in this manual so that they can first be able to analyse the organisational strengths and weaknesses of LSOs and second they can develop an OD plan in a participatory manner. And finally they can implement the plan systematically and monitor its success and failures and suggest ways for further improvement.

**Methodology**

During the last quarter of 2004, the author and other senior staff of Institutional Development section of AKRSP received training in Organisational Development of LSOs from NGORC. As part of the training programme, NGORC introduced the Organisational Capacity Assessment Tool (OCAT). AKRSP decided to adopt the tool. The author modified the tool to suit the organisational needs of LSOs in AKRSP area after field testing. After joining RSPN in 2006, the author further modified the OCAT in the context of the down country LSOs and renamed it as LSO Capacity Assessment Tool (LSOCAT). The author has used the tool to assess organisational capacity of around 25 LSOs and found the tool quite effective. However, both the LSO leaders and RSP management pointed out to the author that merely assessing the capacity gaps of LSO would not serve the purpose of strengthening them. They would need proper guidelines and procedures in organisational development so that they systematically improve the weak capacity areas and further improve the strong points of their LSOs. Realising that there is no proper organisational development manual available with RSPs and in the market, the author decided to take up the initiative.

The outline of the manual was developed by the end of January 2010 and was shared with members of Social Mobilisation Resource Team (SMRT) of RSPs in a day long workshop during the month of February 2010. The feedback and suggestions provided by the workshop participants were incorporated in the final outline of the manual. Member RSPs were requested to share materials on organisational development of LSOs. AKRSP Chitral very kindly shared the LSO Policies in Gender, Finance and HR developed for LSO ICDP. NRSP shared formats on LSO profiling and performance measurement. RSPN GAD section shared the Gender Mainstreaming Checklist. They are now part of the manual. The author is thankful for their valuable contributions.

The draft manual was developed by mid July 2010, and was shared with the SMRT members, selected members of GRG and LSO leaders and their feedback and suggestions were incorporated in the final draft. The author is thankful to all for their support and encouragement.
Mr. Anwar Ul Haq PM NRSP-IRM very kindly went through the manual and suggested valuable points for its improvement. Ms Nida Khan PO Social Mobilisation RSPN extended her valuable support in the editing of the manual. The author is indebted to their cooperation.

The author is thankful to RSPN, especially to Ms Shandana Khan, CEO and Mr. Khaleel Ahmed Tetlay, COO for extending necessary support, encouragement and guidance.

Mohammad Ali Azizi
Specialist Social Mobilisation RSPN
August 2010
Chapter 1: Local Support Organisation

1.1 What is LSO?
Mr. Shoaib Sultan Khan, Chairman RSPN, in his famous simplistic expression, describes the LSO as an “organisation of the people” as compared to RSPs which are “organisations for the people”. It is not easy to develop a formal definition for the LSO due to its complex dimensions. In its meeting held on 23rd July 2010 at Islamabad, the SMRT members and LSO representatives suggested the following definition: “LSO is a formal body of Community Organisation representatives, to continue and expand locally, on a permanent basis, the participatory development practices initiated by RSPs”.

LSO is the apex body of the three tier social organisation structure of RSPs. This consists of a structure where male and female COs are federated at the village-level into a Village Organisation (VO), which are then further agglomerated at the Union Council level to form the LSO1.

In essence, the LSO is a membership organisation of all COs/VOs of a particular Union Council. The VO’s nominate at least two of their representatives in the General Body of their LSO. The General Body of the LSO then elects its Executive Committee or BoD. These bodies make and approve LSO bylaws. The LSO is then registered under any suitable law and thus it receives the status of a legal, formal and permanent civil society organisation.

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1 Further information about LSOs is given in the RSPN’s Social Mobilisation Manual, Islamabad 2009
Figure 1.1: The Three Tiers Organisation Approach

**Local Support Organisation**
- At the UC level
- Federation of Village Organisations
- LSO Leaders: Executive Committee and General Body
- All VOs represent in the LSO

**Village Organisation**
- At the village level
- Federation of Community Organisations
- VO Leaders: General Body and Management Committee
- All CO/WCOs represent in the VO

**Community Organisation**
- At the sub-village
- Participatory Body
- Each CO to have 15-25 members
- At least 50% are women’s COs
Contrary to the CO and VO, the LSO is capable of achieving the developmental needs of its members at a much larger scale and carrying out development work of a greater magnitude. The LSO is able to develop linkages with local government and government line departments, private sector, and other local, national and even international donors.

1.2 Rationale and purpose of LSO

The need for federating COs into VO and LSO was felt due to the following reasons:

1. Experience worldwide has proved that social mobilisation is a prerequisite for poverty reduction and sustainable development of the general masses. This is because social mobilisation is the only known tool that unleashes the potentials of poor masses to come out of poverty. Therefore, social mobilisation has to be institutionalised in the community. However, externally supported social mobilisation programmes will be unsustainable in the long run because it will never fully be owned by the locals and also because it is costly. Hence externally driven social mobilisation will never get institutionalized in local systems. This requires establishing a permanent support system at local level that is fully owned and managed by the communities themselves.

2. An increasing concern about the institutional sustainability and relevance of RSP fostered community organisations (COs). COs operate at sub-village level, are informal and unregistered hence ineligible for government resources. While COs could ensure everything that was necessary at the sub-village or group level, i.e., participatory decision-making, equity of access to resources and services for households, collective action, social accountability, etc., but, it was too small an entity to lobby for outside resources, influence development policy, and forge meaningful partnerships with the public and private sector providers, or to play a role in broader issues of improving local governance, ensuring accountability, etc..

3. The ever increasing number of COs and weakening RSP staff support to them resulting in an increasing trend of non-functional COs. Today, on average, one RSP Social Organiser has to serve over 300 COs.

4. Social mobilisation warrants wider coverage (over 70%) of the communities for tangible results. At the moment, the average UC level coverage of social mobilisation by RSPs is around 26%. When the LSO idea was conceived 6 years ago, the average UC level coverage was only 15%. The scaling up of social mobilisation to 70-80% under the current RSPs’ arrangement will be impossible due to high cost and time. Mr. Shoaib Sultan Khan has been consistently highlighting that “It is only the trained and resourceful

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2 Source: RSP Outreach, April-June 2010
leaders of the organised communities who can organise the remaining households in their neighbourhoods within the shortest possible time and lowest resources”.

5. The development demands of the communities diversify over time which requires context specific local development programmes, and that is beyond the management capacity of any RSP. This warrants community owned and managed permanent organisations at higher levels.

The LSO approach, in many ways, qualified as a desirable institutional response to the multifaceted social mobilisation issues described above.

The main objectives of the LSO, therefore, are to:

1. Provide a localised permanent institutional arrangement to scaling up social mobilisation and organising all the poor households through low cost measures, by the community activists and foster and nurture inclusive, democratic and accountable grass roots organisations of COs and VOs
2. Facilitate development of household, village and UC level development plans in consultation with the local organised communities and supervise their implementation
3. Provide an institutional facility to foster development linkages between service providers in government, NGO and private sector and the local organised communities
4. Lobby to influence government’s planning and policy formulation by strengthening civic participation in government planning cycle by actively engaging the local government and government line agencies in participatory development planning events and multi stakeholder consultation forum on local development plans
5. Mobilise resources, both from internal and external sources to finance its operational cost and development plans, and
6. Lobby government for higher allocations of budget for the poor and for more gender-sensitive budgets

In economic terms, the LSO will have both demand side and supply side agendas. At the demand side, it will support creating effective demands for services and development investment by organising up to 70% of rural poor households including around 100% of the poorest families in men and women COs in their constituencies within a shortest possible time, and by preparing Micro Investment Plans at CO level, Village Development Plans at VO level and UC Development Plan at LSO level. At the supply side, the LSO will play a catalytic role in bridging development partnerships between the community, respective RSP and the broader government, donor and private sector agencies as well as lobbying for higher allocation of resources for the poor\(^3\).

### 1.3 Organisational Structure of LSO

\(^3\) For information about LSO Formation and Management Training please see Annex 1 and 2 respectively. For more information about LSO please see the Social Mobilisation Manual 2009 published by RSPN.
The organisational structure of LSO consists of a General Body and Executive Committee. Both the General Body and Executive Committee can form special committees. The paid staff, if any, will report to the Executive Committee. The roles and responsibilities of these bodies are given in chapter 5.

**Figure 1.2: The Organisational Structure of LSO**
Chapter 2: Organisational Development of LSO

2.1 What is an Organisation?

Basically an organisation represents a group of people who work together to accomplish set goals and tasks. All the people working in an organisation share the same values, vision, mission, and objectives. The size of organisations can vary widely according to the area and type of activities they are working in. Organisations have to establish certain rules for coordination of efforts and distribution of its resources and benefits. These rules may be based on autocratic principle, whereby one person or a group of self-elected people assumes the role of central coordinator; or they may be co-operative, democratic, in which case all members participate on equal terms in coordinating and distributing decision making.

Some of the benefits of organisations are:

1. **Specialisation**: The entire work is divided into different parts and separate department or section like administration, finance, production and marketing. This results in specialisation.

2. **Cost effective**: Due to specialisation, each member of the team in the organisation performs well above average and produce quality products and services. More over, they work in a competitive environment which also improves their efficiency. The organisations heavily benefit from economy of scale because products and services can be produced in larger scale through organisations compared to individual efforts. Due to the combined effects of these factors, the cost of products and services become low and their quality and effectiveness are improved.

3. **Creativity**: An organisation provides ample scope for the individuals to exhibit their creative skills, as authority is delegated to every subordinate, who has the freedom to act. They can use all their innovative ideas in performing the task. Individuals will also be suitably rewarded for the initiative they have made. Such a reward may be in the form of incentives, greater decision-making authority and so on.

4. **Coordination**: The activities performed by different departments are interrelated and also interdependent. For example, production is dependent on the availability of finance. Marketing is dependent on production. It is, therefore, important that a proper link is established between the activities of different departments. Such a link is what is called co-ordination and it is secured through the medium of organisation.

5. **Optimum Use of Resources**: Organisation gives utmost importance to the optimum utilisation of its available resources, namely, people, machines, materials and money. Right people are recruited for the right job. All efforts are made to ensure that there is no overlapping of activities and duplication of work. Materials are kept at the right place and made available at the right time. Tools and equipment are properly maintained and put to the best possible use.

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4 See: Kuper, Adam and Kuper, Jessica; The Social Science Encyclopedia page 566, published by Services Book Club, 1989
6. **Continuity:** People may come and go; machines may be replaced; materials may be purchased whenever necessary – all these activities go on in an organisation on a continuous basis. Organisation ensures that there is no disruption of work due to non-availability of men, machines, materials and money.

### 2.2 What is Community-based Organisation (CBO)?

A community-based organisation is one that is driven by community members in all aspects of its existence. This means:

- The members and the governing body consists of local people
- The staff is drawn primarily from the pool of local residents
- The main operating offices are in the community
- Priority issue areas are identified and defined by the community
- Solutions to address priority issues are developed with local residents
- Development programmes and projects are conceived, planned, implemented and monitored by community leaders
- Maintenance and management of completed projects are taken care of by the community

### 2.3 Organisational Lifecycle

Like the life cycles of plants and animals, organisations are born, they mature, and they eventually die. Although the organisational life cycle often resembles the natural sequence of a biological system, the rate of the growth and change are often affected by the kinds of strategies an organisation follows as well as by factors in its external environment.

The organisational life cycle can be broken down to four distinct phases. Although organisations do not always pass through each phase in the order presented, each phase offers new challenges and crisis that must be overcome for an organisation to continue to grow and perhaps even to survive. RSP staff and LSO leaders need to study and understand the developmental phases and use the conceptual framework to help organisations prepare for and adjust to new levels of growth and complexity. Regular strategy development may avoid organisations going in to decline and may chart new directions for them.
**Birth Phase**: During the birth phase, in which organisations have a simple and informal structure, the organisation’s focus is on survival. Founders control the organisation through personal supervision. As the organisation grows, the founders need to have the management skills to meet the increasingly complex managerial needs of the organisation.

**Growth Phase**: Once the organisation experiences some initial success, goals become clarified and leaders and activists begin to identify with the mission of the organisation in the growth phase. As different parts of the organisation become more specialised, a more elaborate structure emerges.

**Maturity Phase**: In the maturity phase of the organisational life cycle, growth slows down and the structure of the organisation becomes more formal and bureaucratic. The additional layers of management lead to slower and more conservative decision-making, which often causes the organisation to be less adaptive to changes in the external environment.

**Decline Phase**: The final phase of the organisational life cycle in which growth slows down and the organisations often become risk-averse and less innovative.

**Strategy development**: if an organisation has in place a process of regular strategy development, then this may contribute to organisational regeneration and put it on another growth path.
Like the functioning of a human body, the functioning of an organisation relies on the interaction of a number of functional systems. Our body quits functioning if one of its systems fails. Doctors often find it necessary to check the functioning of different systems before prescribing treatment. Treatment can be targeted once the source of the health problem is clearly identified. The same applies to improving the health of an organisation. It is useful to look at each of the organisation’s systems and development stage before planning changes to increase its capacity. Diagnosing how an organisation functions, identifying the organisation’s resources and strengthening them, requires observing, studying, and analysing the organisation over time, taking into account the many and varied facets in the organisation’s internal and external environment.

2.4 Organisational Development of LSO
Organisational development (OD) is a planned, organisation-wide effort to increase an organisation’s effectiveness and viability. OD is a challenging process. Several OD instruments have been developed in recent years to diagnose organisational problems of Civil Society Organisations (CSOs) and help design strategies to overcome them. RSPN adopted and modified one of these tools. It has been named as LSO Capacity Assessment Tool (LSOCAT), to assist RSP staff and LSO leaders and activists with their organisational development. It facilitates change by enabling the users to look at a LSO’s systems in a structured way and providing indicators of healthy systems that point the way to positive change.

There is a copy of the LSOCAT in the Appendix to this manual. The readers are requested to look over this tool to get a general idea of how it is organised before continuing their reading of this OD Manual.

Organisational Development requires:
- Understanding how it functions - determining where the organisation is by systematically analysing its strengths and weaknesses.
- Developing an Organisational Development Plan based on the above analysis.
- Using its human, monetary and other resources to build a viable organisation.
- Planning and implementing actions that enable the organisation to improve people’s lives.
- Strengthening the ability and capacity of the organisation to provide services to its constituents, clients and stakeholders effectively and efficiently.
- Becoming a transparent, accountable and learning organisation.
- Continually adapting to changing internal and external environments.
- Sustaining its finances, operations, and benefits.
Objectives of OD of LSOs:

- Provide a vision for LSO leaders and other volunteers of how a well-run LSO operates.
- Educate their leaders about how their LSO develops and what are the indicators of an LSO with high level of capacity.
- Assist the RSP staff in determining the types of activities the LSO leaders might accomplish for the development of their organisation.
- Build the capacity of the LSO to organise scarce resources, and to justify actions to donors or authorities.
- Facilitate communications between the LSO leaders and their general members and between the higher tiers and lower tiers i.e. between LSO and its member VOs and COs and between VO and its member COs.
- Help LSO leaders identify how their management and other skills can help their organisations.
- Assist the leaders of LSO in understanding gender equality concerns in development and organisational governance and management
- Sensitise the LSO leaders about the development issues of core poor families and develop pro poor strategies and plans.
- Plan LSO leaders’ development and design trainings.

2.5 Key elements of Organisational Development

- The OD is a planned change in the way the organisation operates
- The objective is to improve long term effectiveness of the organisation
- Sound diagnosis is the starting point. It requires self-appraisal using a capacity assessment tool.
- The diagnosis process is participatory to ensure full ownership of the leaders and key stakeholders of the organisation
- Focus is on causes rather than symptoms. The OD plan should be developed based on a through analysis of all strengths and weaknesses of the organisation and establishing causative relationship between them
- It is time bound
- It is holistic. Remedial actions around few weak points will never serve the purpose

2.6 Planning Organisational Development

For the purposes of organisational development, planning essentially entails the preparation of a master development plan, which must include budgets, strategies and activities. At the initial stage, RSPs should take the lead role in organisational development of LSOs fostered by them. Later on when LSOs will become self-sustained, they have to have their own OD plan with resources. A simple planning format for OD has been given as below.
Table 2.1: Planning Format for Organisational Development of LSOs

<table>
<thead>
<tr>
<th>S. No</th>
<th>Plans/Activities</th>
<th>Time</th>
<th>Budget</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Establishment of an OD unit in HRD section of RSP</td>
<td></td>
<td></td>
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<td>2</td>
<td>ToT for the team members in OD</td>
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<tr>
<td>3</td>
<td>Identification of LSOs for OD</td>
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<tr>
<td>4</td>
<td>Dialogue with the LSO for OD and consensus building</td>
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<tr>
<td>5</td>
<td>Develop a OD plan with LSO</td>
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<td></td>
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<tr>
<td>6</td>
<td>Signing of ToP with LSO</td>
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</tr>
<tr>
<td>7</td>
<td>Capacity Assessment of LSO and its analyses</td>
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<tr>
<td>8</td>
<td>Develop and agree upon an action plan for OD with LSO</td>
<td></td>
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<tr>
<td>9</td>
<td>Training need assessment of the LSO leaders in OD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Training of LSO activists in OD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Implementation of OD</td>
<td></td>
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<tr>
<td>12</td>
<td>Monitoring of the OD process by RSP/LSO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Review of the OD plan and development of action plans for future if required</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.7 Training
The training needs of the RSP OD unit members can be determined by the HRD section of the RSP. The training need assessment of LSO leaders should be carried out in the light of the OD plan of the LSO. Services of an outside expert can be hired on need basis but only for selected purposes. And the training needs of the LSO activists can be determined by the OD team of the RSP. Based on these recommendations, the RSP has to take steps for the provision of adequate training to both its staff and relevant members of the LSO. Following initial trainings, the RSP should take steps to provide continuing training and education to its concerned staff, based on evolving needs. The LSO should also take similar steps on its own.

2.8 Self-Assessment and Monitoring
The OD process must, at the outset, institute a culture of self-assessment and self-monitoring, at both the LSO and RSP levels. Using the LSOCAT, the LSO leaders should critically assess the strengths and weaknesses of their LSO and develop an OD plan. Clear milestones and indicators should be set in the OD plan and the LSO should do regular monitoring of its OD process and revise it incorporating feedbacks.

2.9 LSO Capacity Assessment (LSOCA)
It is a self-assessment process to assess the capacity, strengths, and weaknesses of an LSO. The objectives of conducting LSOCA are:
- To assess the capacity of the LSO to achieve its mission to the satisfaction of the stakeholders;
- To help diagnose strengths, weaknesses, problems, constraints and potentials of the LSO;
- To identify interventions for an OD process for the LSO.
The outcomes of an LSOCA include:
- Recommendations for improvement;
- Help develop a plan of action to implement recommendations;
- Commitment on part of the LSO to carry out improvement.

2.10 How to conduct the LSO Capacity Assessment (LSOCA)

1. The LSOCA is conducted in a participatory manner
2. The participants should include members of the General Body of the LSO, 3-5 members of VOs and around 5 general members from CO/WCOs. The total number of participants could be in the range of 25-30
3. Fair representation of women members must be ensured
4. The RSP OD team member will facilitate the exercise
5. The entire exercise takes around 3:30 hours; 2 hours for assessment and 1:30 hours for analysis. The participants should know about the timings in advance so that they can make themselves free from other engagements during the exercise
6. The facilitator fills in the profile of the LSO before starting the scoring. By doing that, he/she will check financial and non-financial records of the LSO, like minutes of meetings, annual plan and budget, progress and audit reports etc. More over he/she will note down the major achievements of the LSO.
7. If the LSO is totally new to the facilitator, it is advisable to have a general briefing about the LSO from its leaders.
8. The facilitator should engage the participants in an informal discussion to take their general views about their LSO, especially from those members who hold no leadership positions. Questions could be like what they think of their LSO, how important it is to them, what benefits they have received from it, how they have contributed to promote its causes, how and who elect their leaders, and what general weaknesses they see in their LSO. This informal interaction will provide him/her with extremely useful insights about the LSO which will help him/her to cross check the responses of the participants to sensitive questions during the formal assessment.
9. The facilitator will then explain the purpose of the exercise. He/she will specifically make it clear that this is not a monitoring exercise of their LSO, but an attempt to identify its strengths and weaknesses according to their own informed judgment against a set of established standards for a healthy community-based organisation. The assessment will then be used to develop an action plan to improve the health status of their LSO which will be implemented by themselves. Therefore, they must be free and fair in their judgement of the capacity of their LSO. Otherwise, their unfair and biased judgement will cause wrong prescriptions resulting in dire consequences for their LSO.
10. The facilitator should take enough copies of the assessment form with him/her translated into local language and distribute copies amongst all literate participants.
11. The facilitator will first explain the purpose of the main capacity area to the participants. He/she then reads out the sub-capacity areas in turn explaining them in simple words where necessary and then asks the participants to think about where their LSO stands against that sub-capacity area and rank it on the scale of 0 to 3. If the LSO has no capacity in that particular sub-capacity area, then the score will be zero. If the LSO has
some capacity in the area and requires sufficient improvement, then the score will be 1. If the LSO has enough capacity in that particular area but there is still need for improvement, then it will be scored with 2. However, if the LSO has full capacity without having any further room for improvement, then the score will be 3. Ideally the scoring decisions should be made with consensus after detailed discussions. Otherwise, the scoring will be decided on majority votes which will be obtained through show of hands by the participants.

12. If the facilitator realises that the participants have become defensive and they are not scoring realistically, he/she should again explain the purpose of the exercise and help them make realistic decisions.

13. At the end of each capacity area, the facilitator will ask the participants to think about any specific capacity gaps of their LSO in that area. He/she will then write down it on the assessment form. He/she then will ask the participants what improvement measures they can think about to improve the gaps, and write their responses on the assessment form.

14. At the end of the assessment form, the facilitator will add up all scored numbers in each capacity area, note it down in the summary sheet at the bottom of the assessment form and calculate capacity score of each capacity area as well as the over all score in percentage term.

15. The facilitator will then read out the over all score as well as score of each capacity area to the participants. He/she will first congratulate the participants for having higher scores in the sound capacity areas and then ask them to think about developing remedial measures to over come the weak areas.

16. The facilitator will then go through the weak areas in turn, develop causative linkages between them and suggest a list of improvement measures for the LSO with the help of his earlier notes.

17. In case the weak capacity areas of the LSO are numerous, then the facilitator will suggest the participants to develop a priority list stating which capacity area they would like to address first and so on.

18. The facilitator will then read out his suggestion to the participants and finalise the list with their feedback and support

19. The facilitator will then translate the list of ideas into a proper Organisational Development Plan.

2.11 Planning for Organisational Development of LSO

The format for the planning LSO Development Plan is given below.
Table 2.2: Organisational Development Plan for LSO

<table>
<thead>
<tr>
<th>Part A: OD Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capacity gap No 1</strong></td>
</tr>
<tr>
<td>1. Description of the capacity gap</td>
</tr>
<tr>
<td>2. Explain the root cause of the gap</td>
</tr>
<tr>
<td>3. Suggested remedial action/actions:</td>
</tr>
<tr>
<td>a.</td>
</tr>
<tr>
<td>b.</td>
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<tr>
<td>c.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Capacity gap No 2</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Description of the capacity gap</td>
</tr>
<tr>
<td>2. Explain the root cause of the gap</td>
</tr>
<tr>
<td>3. Suggested remedial action/actions:</td>
</tr>
<tr>
<td>a.</td>
</tr>
<tr>
<td>b.</td>
</tr>
<tr>
<td>c.</td>
</tr>
</tbody>
</table>

**Note**: repeat the above process for each of the identified capacity gaps

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<table>
<thead>
<tr>
<th>Part B: Capacity building Plan of LSO leaders/activists</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Identified Capacity Gaps in LSO leaders</strong></td>
</tr>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
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<tr>
<td>5.</td>
</tr>
</tbody>
</table>

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**PART C: Capacity building Plan and Budget**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time</th>
<th>Total Cost</th>
<th>LSO share</th>
<th>RSP/Donor share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
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</tbody>
</table>

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*August 2010*
Chapter 3: Organisational Elements and Functional Areas of LSO

Each organisation is formed to pursue certain goals. To achieve those goals, the organisation will have to first agree upon clear and focussed objectives. To strive for achieving the set objectives in a coordinated manner, the organisation must have a proper organisational structure and governance and management systems. Moreover, the organisation must have a proper operational plan in hand. To implement the operational plan, the organisation will need to generate and manage human, financial and other resources from internal and external sources, hence the importance of external relations. For effective implementation of the operational plan, the organisation must have a monitoring system in place. For continuity of its existence and operations, a sustainability plan is considered necessary. Finally, the organisation will need to report on its achievements to its governing body as well as to donors and other stakeholders. This warrants proper record keeping of both financial transactions and non financial decisions and agreements.

Given the inclusive and participatory culture of LSOs, gender equality and poverty targeting are its integral functions. Therefore, the following would be the basic organisational elements and functional areas for LSOs:

1. Goals and Objectives
2. Governance system
3. Management system
4. Human Resources Management
5. Financial Management and Record Keeping
6. Operation Planning and Budgeting
7. Resource Mobilisation
8. External Relations
9. Sustainability
10. Gender Equality
11. Targeting Poverty
12. Monitoring and Evaluation
13. Reporting

The LSO should have proper systems and procedures to manage each functional area and enough capacity and resources to implement them effectively. These have been discussed briefly in the following chapters of the manual.

A complete picture of LSO’s capacity requires collecting data for all functional systems. But this may exceed the current needs of newly formed LSOs. It may be more productive for the LSO to concentrate on a few functional areas where there is the greatest possibility for positive change. The LSO’s leaders should look through the LSO Capacity Profile to determine a suitable
scope for the analysis. The external facilitator is expected to guide the LSO leaders on the scope of OD work on need basis.

For the newly formed LSOs, initially the focus should be on development of proper bylaws, generation of internal resources, establishment of office, registration of LSO, record keeping and training of leaders. They should also develop a simple operational plan and start their work. Social mobilisation should be an integral part of the operational plan initially by volunteers and later when resources allow through trained and paid Community Resource Persons. Linkages development could follow for resource mobilisation.

A partially or fully paid trained accountant is a must. The paid accountant should be made responsible for financial record keeping and reporting both to the LSO management and donors.
Chapter 4: Goals and Objectives

4.1 General
Organisations are driven by their goals and objectives. Goals and objectives must be based on felt, commonly shared development issues and they should be achieved following commonly accepted values. Therefore, it is foremost important that the goals, objectives and values of the LSO are developed and set in a participatory manner and widely shared by all its stakeholders.

Goals and objectives are never straight forward; generally they are hierarchical and cascading. For the sake of clarity, different levels of goals have been given different nomenclatures; like vision, mission and objectives. Sharing them widely is a powerful motivating factor for LSO leaders as well as general members.

4.2 LSO Vision
LSO’s vision is a short statement describing the future situation which it is trying to achieve for its beneficiaries. The vision will be a long term goal or outcome of the development efforts of the wider society, including state, non-state and private sector organisations. The contribution of the LSO efforts in achieving its vision will be 3-5 percent. Below is a suggested vision for the LSO:

*A prosperous Union Council where all men and women enjoy full civic, cultural, economic and political rights and where everyone is leading fulfilled lives*

4.3 LSO Mission
LSO Mission is a short statement which explains its purpose. It answers the question “why does the LSO exist?” The role of the LSO in achieving its mission should be around 50 to 60 percent. A suggestive LSO mission is given as under:

*Harnessing member organisation’s potential for poverty alleviation through enhancing the capacity for improved management of local resources and by accessing external support*

The vision and mission statements should be clear to every one so that they help to give its stakeholders in general, and the founders and owners of the organisation in particular, a clear sense of what the organisation is all about. This, in turn, increases their clarity about their own objectives and their commitment to achieve them.

4.4 LSO Objectives
A goal or objective is a projected state of affairs that an organisation plans or intends to achieve. Objectives are usually specific statements (they are actually a particular kind of goal) that contribute to the achievement of "bigger" goals. In other words they are actually goals, but they are more specific. The role of LSO in achieving its objectives must be 100%.
Below are given the Vision, Mission, and Objectives of one LSOs are as an example.

<table>
<thead>
<tr>
<th>Name:</th>
<th>Support and Development Association (SADA) Hussainabad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area of Activity:</td>
<td>Union Council Hussainabad, Skardu</td>
</tr>
<tr>
<td>Registration:</td>
<td>Registered under Section 42 of Companies Act</td>
</tr>
</tbody>
</table>

**Vision:** The people of the Union Council Hussainabad are economically sound, physically healthy, and the most educated and skilful in the Gilgit Baltistan. They take all their collective decisions and actions in a participatory manner with full engagement of women to establish an organized and peaceful society.

**Mission:** SADA Hussainabad is an indigenous intermediary organisation that contributes to establishment of an organized and peaceful society in the area by facilitating a long term, participatory, sustainable development process through empowerment of men and women of the UC and engagement of permanent support systems in government, national and international donors, private and civil society sectors.

**Objectives & Activities:**

1. **To identify opportunities to promote equitable and sustainable development patterns in the UC and in drawing in the resources - human, financial, and social - to enable local people to make full use of opportunities.**
   - Conduct surveys and studies to explore opportunities and resources
   - Develop plans and proposals to exploit available opportunities and resources
   - Take active parts to mobilize internal and external resources

2. **To improve development policies of the formal support systems in government and private sectors as well as in the NGO sector according to the needs and priorities of the men & women of the UC.**
   - Organize multi-stakeholder workshops and conferences to facilitate active participation of all development partners.
   - Promote development partnerships with the local Union Council and District Councils to implement their projects.
   - Identify relevant projects and programs through member organisations and lobby for their inclusion in the GB Annual Development Plan with recommendation of the GBLC member.
   - Conduct surveys, studies and research to capture development needs, potentials, opportunities, issues and impacts of development activities in the UC.
   - Share research findings with stakeholders and policy making bodies.
   - Carry out advocacy and lobbying for pro-people development policies.

3. **To enhance effectiveness and sustainability of the member organisations for equitable and sustainable development of the UC.**
• Develop best practice standards for member V/WOs and other CBOs for upward and downward accountability, management, financial control, monitoring and evaluation.
• Capacity building of member organisations in governance, management practices, skills, resource mobilization and monitoring.
• Facilitate linking member organisations with the formal support systems and service agencies in state and private sector as well as in the civil society for access of services and resources - extension, training, finance, marketing and so on - to support local development.

4. To actively engage the political and religious institutions for the development of the UC.

• Create direct linkages with the political and religious institutions who are working in the UC.
• Induct prominent religious and political figures in the BOD and General Body of SADA.

5. Actively involve women in their own development, consistent with prevailing culture and socio-economic factors.

• Appoint women representatives in the General Body, BOD and Management of SADA
• Organize gender sensitization workshops for both men and women
• Organize special consultation workshops for women on key issues

6. Systematically engage the young generation in the development of the area.

• Organize youth development programs
• Take on educated youngsters in the governance and management bodies of SADA

4.5 Visioning exercise

Visioning is a generic term for the process of identifying, developing and documenting vision, mission, goals/objectives and values, leading towards strategy and tactics of an organisation. The vision is a means of describing a desired future. But it works best to inspire and motivate if it is vivid. In other words, a vision should be a "picture" of the future. It is like creating a little movie of the future; a future to be worked towards. Once it is created the next step is to summarize it in the form of Vision and Mission statements and develop the goals/objectives and values of the organisation.

Visioning generates a common goal, hope, and encouragement and offers a possibility for fundamental change. It gives people a sense of control, and generates creative thinking and passion.

4.5.1 How to conduct a Visioning Exercise?

1. The visioning exercise should be facilitated by one of RSP’s properly trained staff.
2. The participants should consist of members from LSO general body, VOs, COs, other opinion makers who are not part of LSO like the head master of the school, the head of
government/private health centre, the chairman and the vice chairman of the Union Council etc.

3. The participants will be broken down into small groups to brainstorm what an ideal community would be like in the coming 15 to 25 years. Women should form separate groups. Encourage group members to be specific.

4. As a guide, the group leaders might use the areas of development used to describe change in their community. The areas would be people, food, housing, job/businesses, health care, education, security, transportation, amenities, environment, and community involvement in government decisions. Poverty and gender would be cross cutting themes.

5. Ask, "What would your community be like if you had the power to make it any way you wanted? Where would people live? Where would they work? How would they get to their schools and workplaces? On their days off, where would they go and what would they do? What kind of a house would you live in? Where would you shop? How would you get there? What kind of energy would be used for cooking and heating? For transportation? For travel? Where would it come from? How would the air, water, and environment be kept clean?"

6. Return to the large group. Ask one member from each group to make one positive, declarative one-sentence statement about how the community will be in the future. Make the statement in the present tense. Examples: There are enough school buildings in the UC. 100 percent school aged boys and girls go to school. Write these statements on a piece of paper that all can see and that can be saved for revision later.

7. Continue around the room, and then repeat the sequence with another member of each group. Continue until time is short or ideas are being repeated. Then ask if there are any other hot ideas. (Note: The facilitator may have to rephrase ideas into simple declarative present-tense sentences. Ask the speaker if you have retained the gist.)

8. Note that in multicultural groups, you may get different visions based on different cultural backgrounds. Be alert to statements that may have cultural, ethnic, or even gender roots. The goal is not to find the majority opinion, but to arrive at a vision that reflects the thinking of the diverse groups in any community, also reflects views of other stakeholders who are not present in the workshop. Vision statement has to be one that all stakeholders find it attractive, e.g. the landless, the teachers, the shopkeepers, etc.

9. Ask group members to highlight some of the major differences between now and the future they have created. Most will initially focus on population size and technology change, but also try to elicit changes in attitudes and values regarding the community or surrounding environment, in concepts of what constitutes "progress," and in standard of living and quality of life. (Standard of living refers to economic success and comfort; quality of life refers to more intangible satisfaction with life in general.)

10. Ask group members to put themselves in the place of a resident 50 years ago and to try to imagine the likelihood of some of these changes. Were some changes predictable? Were others outside the realm of prediction? Remind group members that the changes of the next 50 years will probably be just as astounding, and will be much faster. Things that seem impossible now, may become commonplace to their grandchildren.
11. Spend about 20 minutes trying to group elements of the vision into some common themes. Find the areas of consensus, and identify any areas of disagreement. Focus on the areas of some consensus.

12. Create a new sheet listing items that have strong support from either the entire group or a subgroup. Be careful to nurture ideas that may come from an ethnic or gender perspective even though they may not initially gain the support of the entire class. Now develop the vision statement of the LSO.

13. The common vision statement can be presented in a graphic form. It can include photos, maps, and other images. Or it can be a list of ideas. Simply articulating a vision can be a powerful learning tool.

14. Now develop the mission statement of the LSO. Here the facilitator has to make clear to the participants how different these two statements are and why.

15. Having a vision and a mission statement is only a first step. Now comes the time to develop major goals and objectives of the LSO. The objectives should be in the range of 4-6 and not a long list. The objectives must be properly aligned with the vision and mission statements. Fullfillment of objectives should lead to the mission, and completion of the mission should contribute to the vision. Plus, while vision is for 15-20 years period, mission is for 5-7 years.

16. To develop the objectives systematically, use the points written by the participants under different development areas, e.g. health, education, environment, or cross cutting themes, etc.

17. Finally, develop a list of the organisational values. Here value means an ideal accepted by the common people, like self-help, transparency and merit etc. The facilitator will have to describe what a value means and how and why they are important for quality assurance of organisational decisions.

18. The facilitator will then read out the vision and missions statements and objectives of the organisation and ask for suggestions for change, modification and even replacement and draft their final versions with consensus or majority vote. Similarly he/she will review the goals/objectives and values of the LSO, to see the logical connection between objectives, mission and vision.
Chapter 5: Governance System

5.1 General
It has become increasingly apparent that there is a vital connection between open, democratic and accountable systems of governance and respect for human rights and pluralism, and the ability to achieve sustained economic and social development. Governance provides the leadership, direction, and legitimacy for an organisation. The leadership fosters and becomes more effective if it is fairly representative, open to a wide variety of opinions and talents across its stakeholders – especially the leaders and general members of its member organisations.

5.2 Governing Body of LSOs
The General Body (GB) is the governing body of LSO, and it may delegate selected power, roles and functions to Board of Directors (BOD) or the Executive Committee (EC). Active involvement and participation of the representatives of their member organisations i.e. VO is the key prerequisite for the good governance of the LSO. The LSO must represent the majority households of its constituency through its member VO(s) and CO(s). Inclusion of the poorest households and women in the COs is a prerequisite because the prime objective of the LSO is to help these marginalised groups to improve their socio-economic conditions. The LSO must also represent the varied interests of different groups and segments of their constituencies around clan, tribe, language and religion. To sum up, the governing body of LSO must be participatory, democratic and inclusive and its operations should be transparent, efficient and effective.

5.3 Selection criteria for members of General Body (GB) of LSO
The members of GB or BoD are the people responsible for guidance and leadership as well as supervision of general management and administration of the LSO. Therefore, the member VO(s) should elect them carefully as these are the people who would make or break the LSO. Following are some guidelines for electing suitable people to the LSO GB or BoD:

1. They must be elected for what they can contribute to the LSO and the delivery of its objectives and mission. They should not be appointed solely for their status or position in the community.
2. They must be able – and willing – to give time to the efficient running of the LSO and the fulfilment of its objectives and mission.
3. They should be elected on the basis of their relevant experience and skills and must be prepared to play an active role in running the LSO.
4. They must be active and trusted members/elected leaders of their VO/CO.

Although the Executive Committee (EC) of the LSO is mainly responsible for management and implementation of decisions approved by the GB/BoD, however, the EC also plays several governance roles, like formation of implementation policies and supervision and monitoring of LSO activities, therefore, the EC is also a part of the governance system of the LSO.

The following are guidelines for the General Body and Executive Committee of the LSO for them to become participatory, efficient and effective.
5.4 The General Body (GB) of LSO
1. The GB must represent equally by all member VOs and fully accountable to them, i.e. each VO to have same number of members on the LSO GB.
2. The GB members should work in voluntary capacity.
3. The GB should respect the LSO bylaws concerning office terms, quorum, timely and fair election etc.
4. The GB should have the following powers: (a) approve and amend the bylaws of the LSO; (b) appointment and removal of EC members; (c) approval of annual plan of operation and budget; (d) approval of annual progress report; and (e) approval of internal and external audit reports.
5. The GB should hold its scheduled meetings regularly, effectively and on time as per bylaws.
6. Quorum for GB meetings should be 75%.
7. The GB should have proper system in place to share minutes of its meetings and other information with member organisations and other key stakeholders.

5.5 The Executive Committee (EC) of LSO
1. The EC members should work in voluntary (unpaid) capacity.
2. The EC should represent the varied interest of the constituent communities.
3. The EC should be composed of committed and active members.
4. The EC should have enough educated and trained members to run the LSO functions smoothly.
5. The EC should be fully accountable to the LSO GB.
6. The EC should conduct its elections, through consensus or voting, regularly and timely in a fair and transparent manner.
7. EC members should contribute competently in carrying out the following functions: (a) policy formation and strategic direction setting; (b) technical guidance and support in projects and programmes; (c) programme monitoring; (d) financial oversight and accountability; (e) public relation and advocacy; and (f) resource generation through internal and external sources.
8. The EC should hold its scheduled meetings regularly, on time and effectively.
9. Quorum for EB meetings should be 75%.
10. The EC should have proper system in place to share minutes of its meetings and other information with the GB, member organisations and other key stakeholders.

5.6 Representation of women
1. In case of mixed LSO, women should be organised in separate or mixed COs from 100% organised households.
2. In case of a mixed LSO, both GB and EC should represent equally by women members.
3. At least one bank signatory of the LSO should be a woman member.
4. Conducive environment should be provided to women for active participation in organisational meetings as well as implementation and monitoring of programmes and projects
5. Women members should actively contribute towards resource mobilization of the LSO
6. In case a UC has male and female LSOs, then the EC of both should have regular meetings to generate synergies

5.7 Representation of poorest and other marginalised groups
1. The poorest members should be identified using Poverty Scorecard method and 100% poorest members should be organised and become COs members
2. Proper opportunities and conducive environment should be provided to the poorest members for active participation in organisational meetings and implementation and oversight of programmes and projects

5.8 Roles and responsibilities of LSO General Body
The GB should have been assigned with the following powers:
1. Formulate and approve the Bylaws of LSO
2. Amend or cancel the amendments according to requirement in the Bylaws of LSO
3. Approve the Annual Plan and Annual Budget of LSO
4. Approve changes exceeding 10% in the annual plan and budget of LSO
5. Approve the Annual Progress Report and Audit Report of LSO
6. Elect and replace the members of EC as per Bylaws of LSO
7. Ensure that all VOs are represented in the EC,
8. Consider and decide the no confidence motion against any office bearer of the EC
9. Elect new member of EC vacated due to resignation or any other reason
10. In conformity with the aims and objectives of the LSO, formulate the methodology for cooperation with other organisations/networks and approve the membership of these organisations
11. Approve annual membership fee
12. Approve plans and activities for local resource mobilisation for LSO, in cash or in kind

5.9 Roles and responsibilities of Executive Committee
The EC should have been assigned with the following roles and responsibilities:
1. Elect its Office Bearers from amongst its members
2. Oversight over the office bearers
3. Create Special Committees for the promotion of aims and objectives of the LSO
4. Frame rules for the good governance of the LSO
5. Propose appropriate actions to implement the Annual Plan and utilize the approved budget
6. Submit to the General Body, the Annual Progress Report and the Audit Report of the LSO and obtain their approval
7. Appoint paid staff to run the projects of the LSO on need basis
8. Monitor the performance of paid staff, arrange training for them, accept their resignation and terminate them

5.10 Roles and responsibilities of Special Committees
Both the GB and EC can form special committees to assist them. The roles and responsibilities of some commonly formed committees have been given in annex 8.

5.11 Conducting effective meetings
While meetings are among the core tools for making things happen in any organisations, they often consume too much time and resources. The two natural benefits of more effective meetings are:

- Better desired outcomes for the organisation, including higher quality and quantity of the results from its programmes and projects, better decisions, motivation of the people involved, and so on.
- Lower costs in time, energy, and other resources for the LSO, leaving more of those resources to other missions and critical tasks.

The LSO should take all its decisions in a formal meeting and these meetings must be effective. An effective meeting is a one that serves certain desired purposes in an optimal way. Below are some guidelines to ensure effective meetings of LSO:

1. Both the EC and GB should decide frequency, time and place of its meetings and hold them regularly on time
2. The agenda of each meeting should be drafted and shared with the members in written form along with the notice of the meeting
3. The minutes of the meetings should be kept in written form and shared with the participants of the meeting, member VOs as well as with other key stakeholders
4. The President of the LSO should preside over the meeting. In the absence of the President the Vice President and in the absence of Vice President the General Secretary shall preside over the meetings
5. In monthly meetings all types of programmatic, administrative, financial and social matters should be discussed and decided upon. Quarterly and monthly targets should be set out to execute the Annual Work plan and responsibilities should be fixed. The progress and monitoring reports about the planned activities should be discussed and revisions should be made in them as and when required.
6. Presence of 51% members should be compulsory for the quorum. More over, presence of any one of the President, Vice President and General Secretary should be compulsory in the meetings
7. Opportunities should be provided both for women and poorest members to speak up and actively participate in the meetings and listen respectfully to their opinions. Special sessions of meetings should be arranged to discuss women and poorest exclusive issues wherever needed. Moreover, especial items should be placed on the agenda of each
and every meeting regarding women and the poorest. The women and the poorest members should be given the lead role on those agenda.

8. Decisions should be based on what is best for the LSO and its members, not because of opinions, fear, anger or favouritism.

9. After a decision is taken, always decide who will take the action, and when it should be completed by. It should be made sure that all members understand the decision.

10. Special capacity building should be provided to the poorest and women members to increase their knowledge about the programmes and projects of the LSO so that they take full interest in the matters of the LSO. Moreover they should be taken to exposure visits of other organisations for cross learning and experience sharing.

5.12 Organisational Discipline and Control

Discipline means an orderly conduct by employed people as well as voluntary office holders of an organisation to adhere to the rules and regulations and policies guiding the activities and running of the organisation. Discipline is very essential for the smooth running of the LSO. It is also very important for peace and harmony between the stakeholders of the LSO because it is a force that prompts individuals and bodies within the LSO to observe their stipulated rules and regulations. Below are some general guidelines to promote proper discipline in the LSO:

- Rules and regulations should be clearly written down
- The rules and regulations should be constantly updated and reviewed. This will make it possible to do away with rules that are no more necessary and addition of new ones that are needed
- There should be no discrimination in enforcing rules and regulations
- There should be proper communication of the rules concerning discipline in the LSO.
- These rules should be written and shared with all concerned and also make sure that they have fully understood them

Below are specific guidelines to maintain effective organisational discipline in the LSO:

1. The GB shall be the supreme and sovereign organ of the LSO. All other organs of the LSO shall be accountable to it.
2. The member organisations should regularly pay the agreed membership fee and other dues to the LSO. Otherwise their membership shall be suspended and finally be terminated.
3. Every member of the GB and EC should attend LSO meetings regularly. In case of emergency, permission can be obtained from the President or General Secretary; otherwise the membership shall be terminated for absence from three consecutive meetings. In that case the member shall be informed in writing and in the absence of receipt of satisfactory explanation from the member or total refusal to submit the explanation its membership shall be terminated with the approval of the GB, and the concerned VO asked to nominate a replacement
4. The President shall be responsible for the overall performance of the LSO and to ensure that its operations are fair and are fully governed by its Bylaws. He/she shall
closely watch the performance of the LSO and in case of noticing any irregularity he/she shall call a meeting of the EC or the GB, as the case may be, and brief the concerned body about it and take corrective measures or disciplinary actions. If required, he/she shall formulate an investigation committee to deal with the matter in question.

5. The President shall be responsible for maintaining order in the meetings of the General and Executive body of the LSO. In order to ensure achieving the aims and objectives of the LSO, the President shall ensure that each member of the EC and GB and paid staff performs their roles and responsibilities in proper order at an acceptable standard.

6. The President shall be fully accountable to the GB and the EC. He/she shall not be allowed to take any decision that is not supported by a simple majority of the concerned body.

7. The EC, directly or through committees, shall be responsible for monitoring and evaluation of the programmes and projects of the LSO and to submit progress and monitoring reports to the GB and other stakeholders on agreed formats and schedules.

8. Each member of the EC shall report official matters to the President and the EC in the monthly meetings as well as through special reports and briefings as and when required.

9. In case of complaint against the President minimum three members of the EC shall submit a written complaint to the General Secretary under their signatures. The General Secretary shall call a meeting of the General Body within 15 days after receiving the written complaint. The President shall leave the meeting to ensure consideration of the complaint impartially. The presence of ¾th members shall be necessary to attend the meetings convened for the consideration of complaints against the President. The decision about such complaints shall be through consensus or through majority votes. The same process shall be adopted in case of complaints against any other member of the GB or the EC.

10. In case of complaint of financial irregularity against any responsible person investigation shall be made according to point 7 above. An investigation committee could be formed which shall submit its report to the EC. The final decision shall be that of the EC.

11. Appeals can be filed against the decisions of the EC in the GB. For the purpose written complains shall be submitted to GB signed by at least three members. To consider the complaint the GB shall convene an urgent meeting within 15 days notice and decide the matter after due discussion. No appeal shall be filed against the decisions of the GB. However in view of new facts coming to the notice the application can be submitted for re-consideration of the decision.
5.13 Guidelines for Registration of LSO
The LSO should be registered under any of the registration laws of the country. There are five laws under which NGOs in Pakistan operate:

- The Societies Registration Act, 1860;
- Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961;
- The Cooperative Societies Act of 1925;
- Section 42 of the Companies Ordinance, 1984; and
- The Trust Act 1882.

The Societies Registration Act of 1860 mainly regulates charitable, educational, relief and rehabilitation and social organisation bodies. The Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961 regulates and assists the development of NGOs undertaking welfare activities. The Companies Ordinance of 1984 allows NGOs to set themselves up as non-profit companies. The Trust Act of 1882 provides legal cover to private acts of public charity. As evident from the title, the Social Welfare Act has been designed to regulate social welfare activities hence it provides very limited scope of operation for LSOs. The Companies Act provides both maximum autonomy and operational scope, but its regulatory requirements are relatively expensive. Registration under the Cooperative Societies Act 1925 is banned at the moment by all provinces of Pakistan; therefore, a special permission is required which is very difficult task in itself. The Trust Act 1882 generally does not suit LSOs. Therefore, the leaders can choose any one of the remaining three acts for registration of their LSO according to their specific needs and resources.

5.13.1 Benefits of Registration

Registered LSOs obtain legal status at the official level and among funding agencies and other organisations for a number of reasons, like; members are able to represent the LSO; the LSO can open account in its name; members can sign contracts in the name of the LSO; and offers personal indemnity to its members against the liabilities of the LSO. A registered LSO can qualify for financial assistance from certain government agencies and local, national and international funding agencies.

5.13.2 Registration Process

The registration requirements are quite different under each act. For full information, the detailed Acts should be consulted, or expert opinion sought. Generally speaking, the following procedures are required for registration:

1. The LSO GB had to decide the most suitable act for registration and pass a resolution to this effect
2. A committee should be set up by the LSO EC to facilitate the registration. The Committee should consist of able and active people. The Committee should
study the relevant registration acts and their statutory reporting requirements, registration fee and other obligations and recommend the most suitable one for approval of the GB

3. The committee should consult legal experts, if needed, to seek guidance and technical help

4. After obtaining written approval from the GB, the Committee should get the required information and procedural requirements in detail from the office of the registrar or from an expert legal firm. The Committee should also get a list of documents and all types of forms and formats for submission to the registration authority

5. The Committee should learn about the registration fee and estimated cost of other related expenses and put up a request to the LSO Executive Committee for their timely arrangement

6. The Committee should develop the bylaws of the LSO in the light of the registration act. In case of Companies Act, the Memorandum and Article of Association of the LSO has to be developed with great care in consultation with the Ex. Committee of the LSO and get them approved by the General Body

7. The LSO should decide the names of the applicants of the registration. Preferably, all members of the LSO GB should apply for registration. However, the LSO GB can also nominate names of selected persons in order for reducing the paper workload

8. The LSO should pay the required registration fee to the registration authority as per their instructions. Normally the fee is deposited into the National Bank of Pakistan on a prescribed challan form.

9. The following documents will be required for registration (1) Resolution passed by GB for registration and authorising the applicants for registration (2) Two copies of LSO bylaws signed by LSO President and General Secretary (3) List of applicants with full postal address and CNIC or NIC number (4) Photo copies of CNIC or NIC of all applicants (5) Original copy of challan/bank deposit slip for payment of registration fee (6) Due filled forms of the respective registration authority if required and other documents required by the registration authority.

10. Sometimes a no objection certificate will be required from the local police department. The LSO should use their personal contacts to speed up the process which otherwise may take months if it is left at the mercy of the authorities.

11. The LSO should keep photo copy of each document submitted to the registration authority for its record.

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5 Copy of the Societies registration Act 1860, Section 42 of Companies Ordinance, the Voluntary Social Welfare Act, and Cooperative Societies Act 1925 has been given in the annexes 17, 18, 19 and 20 respectively
Chapter 6: Management System

6.1 General
The management of the LSO consists of the Executive Committee and the paid staff. The General Body and Executive Committee can form special committees with clear mandate and ToR. Examples are Finance, Education, Health and Project committees. Such committees are also part of LSO management.

LSO management is responsible for coordinating activities to implement its Operational Plan approved by its General Body and to achieve its mission. Initially, the management of LSO oversees all aspects of the organisation with little need for formal systems and procedures. As the LSO grows and its operations increase and activities diversify, the reliance on formal systems and procedures increases. Therefore, the LSO has to adopt proper management systems and procedures.

Below is a set of guidelines to ensure efficient and effective management of the LSO:

6.2 Management System and Infrastructure
1. The LSO must have a formal organisational structure with clearly defined lines of authority and responsibility. Each one of the General Body, Executive Committee and special committees set up either by General Body or Executive Committee must have written roles and responsibilities.\(^6\)

2. Mechanisms and systems should exist to collect, analyze and disseminate data and information for planning and decision making. This entails that the LSO conducts annual planning in consultation with its member VO/COs. The member organisations submit their development plans and demands to the LSO in the form of written reports and resolutions. The LSO collects demographic and other socio-economic data of their constituencies on need basis. The LSO disseminate the planning results to its member VO/COs as well as other key stakeholders in written form or in any other accepted manner like published and electronic media.\(^7\)

3. The following policies and procedures should exist, regularly updated and should properly followed by the LSO: (1) Human Resource Management; (2) Financial management and control; (3) Gender Equality (4) Monitoring and Reporting\(^8\)

4. Adequate office space should be available for the current level of operations as well as future expansion of the LSO

5. Adequate furniture, computers and other equipment should be available for the current level of operation as well as future expansion of the LSO

\(^6\) The Roles and responsibilities of General Body and Executive Committee have been given in 5.9 and 5.10 and the roles and responsibilities of some of some common committees have been given in annex 8

\(^7\) For a detailed account of LSO planning please see Chapter 9

\(^8\) For Financial, HR and Gender policies please see annexes 10, 11 and 12 respectively. For Financial, HR and Monitoring and Reporting procedures and formats please see the relevant chapters
6. Furniture and equipments should be kept in a well-maintained condition for smooth running of operations of the LSO
7. Sufficient telephone lines and internet connections should be available to maintain smooth internal and external communication of the LSO
8. The LSO should have proper policies and procedures in place for weekly working days, holidays and office timings
9. The office environment must be conducive for women members and employees

6.3 Management Practices
1. The LSO should make all key decisions in formal meetings. These decisions should be properly written and witnessed by members’ signatures or thumb impressions in the minute book.
2. Difference of opinion should be appreciated and welcomed at all level of management.
3. Minutes of meetings should be properly recorded and shared with the participants as well as other concerned stakeholders
4. Team, not the individuals should be acknowledged for organisational achievements
5. Member VO/COs should be actively involved in planning, implementation, monitoring and reporting of LSO initiatives
6. Proper mechanism should be in place to find out community needs and incorporate them in programme planning but special care should be taken not to develop ‘wish lists’ which will lead to frustrations amongst LSO constituent members
7. Proper mechanism should be in place to share information freely among member VO/COs and other stakeholders
8. Resources should be planned and allocated on (1) merit, after exploring all possible options, (2) cost efficiently, and (3) effectively
9. Management should create especial committees and delegate responsibility and authority to them

6.4 Office Management

Office Management is about planning, organizing and administering the activities that normally occur in any day-to-day office environment. An office manager is one who has the administrative responsibilities of office management. In the case of LSO, General Secretary or any other person appointed by the Executive Committee will act as the office manager.

The LSO office should be in a central place of the UC which should be easily accessible to the majority of the villages. Ideally the LSO office should have at least one 12"*14 sized room to be used as the office of the President, General Secretary and Accountant and one hall where it can hold its meetings. Ideally there should be one wash room for men and one for women.

There should be a proper management system in place for the LSO office for running it smoothly and efficiently. Below are some guidelines in this respect:
1. Keeping in view the intensity of its operations and community needs, the LSO should fix working days on monthly or weekly basis. Since majority of the LSO activists will be volunteers, the working days could preferably be on weekly holidays and Fridays because people can make themselves available for LSO meetings relatively easily on holidays compared to working days.

2. The LSO should decide office timings that suit its office bearers, community members and other key stakeholders

3. There must be a safe or a box with lock to safe keep official cash, cheque book and other valuable items and documents

4. The official telephone should be used strictly for official matters. Personal calls should be charged in full. Moreover, calls should be answered in a professional manner

5. Organizing official records and files in the LSO office and keeping them up-to-date - both paper and electronic files is extremely important. In case of electronic files, they must be both organized and easily accessible. There should be proper anti virus systems to protect computer software. Back up of electronic files should be kept on CDs etc

6. In case of internet access, the official emails should be managed effectively

7. The office environment must be clean and safe and conducive for women volunteers and staff

8. In the case of rented space, the LSO must have proper agreements with the landlord on legal documents. The LSO must observe the terms and conditions of the rent agreement strictly

9. The LSO must pay electricity and other utility bills in full on time to prove that it is a responsible organization of responsible citizens

10. The LSO office and its furniture, computers and equipments should never be used for personal purpose. Personal use of LSO office and equipments must be on payment and with proper approval from the LSO authorities

11. The LSO office and its equipments and computers etc should never be used for illegal or unethical causes

12. The LSO should hire a paid accountant for proper record keeping of its financial records
Chapter 7: Human Resources Management

7.1 General

Human resource management (HRM) is the management of an organisation's most valued assets - the people working there who individually and collectively contribute to the achievement of its mission. Volunteers are a distinguishing human resource characteristic of LSO and the reason why they achieve their missions at relatively low cost. Volunteers serve on the governing body of LSO, act in management positions and often deliver services to members and clients.

As the LSO grows, its activities are increased and diversified, and its human resources requirements become complex. However, it should always remain a mix of majority of volunteers and a small number of competent and committed paid staff. As a guiding principle, volunteers must hold the leadership and key management positions of the LSO. The paid staff must always be accountable to the volunteers. Nevertheless, there should be cordial working relationships between volunteers and paid staff at all levels of the LSO. The paid staff would be technocrats and their expertises would be extremely useful for the efficiency and effectiveness of the LSO. In the early days of LSO, perhaps one part time position of an Accountant can be paid for by LSO.

LSO’s human resources need skills, motivation, and opportunities to make the best contribution they are capable of. It is necessary to organize volunteers and staff so they relate to each other in ways that are most conducive to productive outcomes. How these people make decisions, resolve conflicts, communicate, and conduct meetings is as important as how the work plan of LSO is designed and how roles and responsibilities different bodies and individuals are organized and allocated.

7.2 Guidelines for Human Resource Management

The following are the guidelines for the LSO in human resource management:

1. The LSO should have an HR Committee for focussed oversight of its HR matters. The HR Committee should be created and accountable to the General Body.
2. The following expertise should exist within the LSO: (1) Office management; (2) Financial management and record keeping; (3) Village and UC level Development Planning; (4) Project planning, management and monitoring; (5) Proposal writing; (6) Progress reporting; (7) Social mobilization; and (8) Arranging meetings and workshops and recording their minutes. The LSO should have a list of its members in each of the above expertises.
3. The activities that require considerable time and efforts and firm commitment, like financial record keeping should be assigned to partially or fully paid staff.
4. Recruitment, employment and personnel practices for the paid staff should be clearly defined and followed. These decisions should be properly recorded in the minute book or reports.
5. The minimum age for paid staff should be 18 years and above and the upper age limit should be decided by the HR committee.

6. Relaxation in appointment to candidates coming from the LSO area, especially to female candidates should be decided and approved by the HR Committee.

7. Preference should be given to local and indigenous candidates.

8. There should be no discrimination on gender basis. Subject to the local prevailing scenario equal job opportunities should be provided to both the sexes.

9. Written Job Descriptions should be made available for all volunteer and paid office bearers and staff of the LSO. The Job Descriptions should be regularly updated and respected.

10. Appointment, retirement and termination of office bearers and staff should be made purely on merit in a transparent manner.

11. A proper Human Resource Development Planning should be made available for voluntary office bearers and paid staff.

12. A system of sending the right people for the right training courses should exist in the LSO. The LSO should follow clear selection criteria for sending its volunteer members or paid employees for training and other capacity building events and activities.

13. The LSO should ensure utilization of trainings for organisational objectives. To ensure this, the LSO should develop a plan of utilisation of the acquired training in advance, share the plan with the potential trainee and sign an agreement with him/her to this effect. The LSO should play its own part of management role if needed, for example introduction of the trained person to the members and collection of service charge for his/her services.

14. In case of paid staff, there should be a reasonable level of staff continuity and stability. The LSO will never be able to compete with government and private firms in terms of salary and benefits, therefore the LSO should explore other motivational factors. For example recognition of their services by openly appreciating in public gatherings and giving certificates and shields in the LSO annual general meetings and on other such occasions. A tested method is to recruit retired yet active people living in the LSO area.

15. The LSO should have a written HR Policy duly approved by its General Body. The LSO management should take full responsibility for implementation of the HR Policy.

7.3 Human Resource Planning

Human Resource Planning is a process to determine future workforce needs by analyzing organisation’s future business plan and in consideration employee turnover within the organisation. Through planning process, the management strives to have right number of workforce and the right kinds of people at the right locations, at right time in order to fulfil the obligations for the benefit of organisation as well as individuals.

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5 Sample job descriptions of key LSO office bearers have been given in sample bylaws in annex 4. Also sample job description of LSO Accountant has been given in annex 5

10 A sample HR Policy has been given in the annex 11
HR planning has four basic aspects: (1) planning for future needs by deciding how many people with what skills the organisation will need (2) planning for future balance by comparing the number of needed people to the number of present people who can be expected to stay within the organisation, which leads to, (3) planning for recruiting or laying off employees and (4) planning for the development of employees, to be sure the organisation has a steady supply of experienced and capable workforce.

As stated earlier, the bulk of LSO workforce will be volunteers. So first, the main thrust of human resource planning of the LSO will be about volunteer development. Second, the main source of LSO’s human resource is its General Body members nominated by the member VOs. The members of Ex. Committee, the cabinet or office bearers and Special Committees are all drawn from the General Body. Therefore, care must be taken to nominate the best and the most capable and motivated people in the General Body at the outset. Third, once the LSO expands its scope of work it would require more able people. Only at that stage, the LSO should develop a proper human resource plan.

While developing an HR planning, the LSO must consider two major factors. The primary factor is the LSO’s human resource needs. For example, in case of internal growth, additional workforce or additional expertise will be needed. The second factor is the external environment of the future. For example booming external funding opportunities might encourage expansion of LSO workforce both volunteers and paid staff. On the contrary, in a situation where external funding sources are squeezing, it might consider to lay off some of the paid staff. There would be no need to reduce the number of volunteers as they might be engaged in low cost, self-help activities.

The HR Plan of the LSO should be based on its 3-5 year operational plan. The Operational Plan will guide the type of capacities and capabilities the LSO will require to implement, monitor and control it. Based on this analysis, the LSO should determine the roles and responsibilities of its General Body, Ex. Committee, cabinet members, special committees and paid staff. The analysis should also indicate how many job positions would require paid staff and with what level of capacities. The following template could be used to develop a simple HR plan of LSO:

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11 People working on behalf of others or a particular cause without payment for their time and services are called volunteers.
Table 7.1: LSO HR Planning Format

<table>
<thead>
<tr>
<th>Activity</th>
<th>Responsibility 1=President 2=G. Secretary 3=Finance Secretary 4=Accountant 5=CRP 6=Others (explain)</th>
<th>Required Capacity</th>
<th>Existing Capacity (Name of people with their level of capacity)</th>
<th>Capacity Gap</th>
<th>Proposed Capacity building activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Mobilisation</td>
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<tr>
<td>Village/UC Planning</td>
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<tr>
<td>Proposal writing</td>
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<tr>
<td>Project Planning &amp; management</td>
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<tr>
<td>Resource mobilisation</td>
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<tr>
<td>Linkage development</td>
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<tr>
<td>External relations (VO/CO/Donors etc)</td>
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<tr>
<td>LSO office management</td>
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<tr>
<td>Financial management</td>
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<tr>
<td>Financial record keeping</td>
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<tr>
<td>HR management</td>
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<tr>
<td>Monitoring of LSO projects/programmes</td>
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<tr>
<td>Reporting to management, Reg. Authority &amp; donors</td>
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<tr>
<td>Monitoring of VO/COs</td>
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<tr>
<td>Poverty targeting</td>
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<td></td>
</tr>
<tr>
<td>Gender mainstreaming</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Others (explain)</td>
<td></td>
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</tr>
</tbody>
</table>
Chapter 8: Financial Management and Record Keeping

8.1 General
Financial management is concerned with the planning and controlling of the organisation’s financial resources. It involves generation and effective and efficient utilization of financial resources. It needs financial planning, generation of sources of funds, timely and sufficient procurement of funds, and administration of surplus funds and savings. In the case of LSO, there are three important decisions involved in financial management:

1. Financing or where do the LSO get money from
2. Spending or where does the LSO allocate its funds and why
3. Investment or how much is to disburse now and what to retain for future in the form of reserved fund and endowment.

What an LSO can achieve depends to a certain extent on the financial resources it has available and how well they are managed. A viable LSO is a one that has systems and procedures in place to ensure it has the funds to meet its operational cost, purchase the goods and services needed to implement its planned programmes and is delivering services to constituents in a cost-effective manner.

At the same time, the LSO must adopt a proper financial policy describing its financial procedures and systems, appropriate accounting system, and financial control and reporting procedures.

However, the LSOs cannot be burdened with unnecessarily complicated financial procedures or systems. An LSO will be better served if it has simple mechanisms in place for organizing cash disbursements and receipts, maintaining cash/bank books and reconciling them, ledgers and bank accounts and meeting payroll, petty cash, and daily expenses. It is critical as well that the financial systems meet the requirements of donors, lenders, or clients who pay for the goods and services. Separate accounts probably will be needed for each significant donor, so that the funds can be tracked to assure money is spent in accordance with the conditions of the donation.

It is a mistake to rely on the goodness of LSO activists and ignore “internal control.” To avoid the misappropriation of cash and other assets, simple procedures such as requiring two signatures on cheques, keeping a lock box for petty cash, and authorizing expenditures based on budgets go a long way.

In addition to having adequate resources and necessary cash flow, the LSO should have a diverse resource base and long-term plans for meeting its financial needs. Reliance on one or a few funding sources may result in serious problems. An LSO is more financially sound if it can diversify its funding base, secure multiyear rather than short-term grants, and build up reserves to see the organisation through tough financial times. It is also helpful if the LSO can recover from constituents or clients some of its costs with fees and user charges, or if it can generate
other forms of support such as in-kind contributions or revenue from income-generating activities\footnote{For more details on resource mobilisation, please see Chapter 10}.

8.2 Guidelines for Financial Management

Below are the guidelines for financial management of the LSO:

1. The LSO should have adequate financial resources for the smooth running of operations at the current level through its own resources. For this, the LSO can develop a system of annual membership fee from its member COs. If possible, the LSO should create an endowment fund.

2. The LSO should develop a process for preparing annual work plans and budget and it should be properly followed. The annual plan and budget should be prepared in consultation with its key stakeholders and its copies should be shared with them.

3. The LSO should have appropriate and adequate financial procedures and reporting systems in place and it should strictly follow them. The Executive Committee of the LSO is responsible for developing financial procedures and getting them approved by the General Body. The Executive Committee is also responsible for developing monthly, quarterly and annual financial reports and submitting them to the LSO management, donors and other stakeholders. The annual report should be approved by the General Body and its approved copies should be submitted to the registration authority once the LSO is got registered.

4. The LSO should adopt an accounting system appropriate to its functions and maintain them properly. There must be a trained book keeper with the LSO. The book keeper should be paid a modest honorarium so that he/she maintains the financial records in a responsible manner. The book keeper should be directly accountable to the LSO President in particular and the Executive Committee in general.

5. The LSO should have a purchase and procurement policy and an appropriate system of receiving and recording procured items. It should maintain fixed assets records and should have a policy on disposal of fixed assets. If the LSO has an endowment fund, it should have an investment policy.

6. In case the LSO operates CIF, micro credit or internal lending, appropriate lending system should be in place and the LSO should follow it properly. The lending system should be approved by the General Body. The lending system should include lending policy, service charge regime, record keeping systems and monitoring and reporting procedures\footnote{The Operational Manual for CIF published by RSPN contains comprehensive systems and procedures to this effect. The LSO can adopt the manual with the approval of its General Body}.

7. The accounting records of LSO should be maintained in a ready retrieval system either in printed or electronic form. The books of accounts and their supporting documents must be kept safely at the official premises of the LSO. All members should be allowed to see them on request.

8. Authorities to incur expenditures of the LSO should be clearly defined and strictly observed. The General Body will approve the annual plan and budget and any major change in them.
The LSO should have a joint signatory system duly approved by its General Body. The President of the LSO or his/her nominee and the Finance Secretary will jointly approve the LSO expenditures unless their authority has been restricted by the GB or the EC, in which case approval of the concerned body will be required for the expenditures beyond their limit.

9. The financial reporting of the LSO should be accurate and timely as stipulated in its financial policy and donor agreements. The monthly, quarterly and annual reports must be prepared on time, checked and verified by the relevant members and presented, discussed and approved by the EC and GB. In case of joint projects and programmes, donor reports must be prepared on the agreed standard and formats and submitted on time according to the donor agreement. The annual financial report of the LSO should be submitted to the registration authority well on time.

10. The financial reports should contribute towards building confidence of donors and constituent community. To ensure that, the financial reports should be widely shared on time both with the donors and its member VO/COs. The LSO can publish its annual audited accounts along with annual activity progress report if resources allow, because published items carry more weight. Otherwise photocopy of these reports could be circulated to the stakeholders.

11. The LSO should keep as many bank accounts as required. The bank accounts should be opened with the approval of the authorised body. Ideally it should maintain separate bank accounts for funds received from different donors or for different programme. There should be separate bank account for CIF and micro credit operations. Time bound project accounts should be formally closed on completion of the project to avoid unnecessary management time and cost of non-operational bank accounts.

12. The LSO should carry out internal and external financial audits of its accounts with regular and appropriate frequency. The LSO should establish an audit committee with properly trained people. The audit committee should be accountable to the General Body. The committee should regularly check the financial records of the LSO to verify their accuracy and authenticity. The internal audit reports should be shared with the external auditor. The external auditors should be appointed by the LSO General Body to carry annual audit. The audit report should be approved by the General Body and should be widely circulated amongst its stakeholders. A copy of the audited report should be submitted to the registration authority if the LSO is registered³⁴.

13. The annual work plan and budget of the LSO should be reviewed by the management on quarterly basis. Variances should be analyzed and changes should be made on need basis. In case these changes need approval of the General Body, then they should be submitted to it for timely approval.

14. The programme expenditures of the LSO should be modified on the basis of findings presented by internal and external financial reports.

³⁴ See annex 8 for the ToR of Audit & Finance Committee
15. The LSO should have a written Financial Policy approved by its General Body. The LSO management should take full responsibility of implementing the Financial Policy\textsuperscript{15}.

8.3 Cash and Bank Management Procedures

The LSO must have a proper procedure for cash and bank management. The purpose of cash and bank procedures is to ensure that:

- All cash received is properly accounted for
- All cash received is deposited in the respective bank accounts. Ideally, a separate bank account should be opened for each donor. If this is not possible, then a separate cost code within the general ledger should be maintained
- There is separation of responsibility of handling the cash/cheques and that of recording
- All cash transactions are properly captured by the general ledger system
- All payments are properly verified and approved prior to payment
- All loan payments are made by cheque
- All vouchers and supporting documentation are properly stamped “paid” before cheques are paid/dispatched and cash is paid
- Proper and timely bank reconciliations are prepared and independently reviewed

Below is a simple cash and bank procedure for LSOs.

8.3.1 General

The LSO shall choose a financial institution which provides the most appropriate services for the lowest cost. The location of the financial institution should be taken into account. All bank accounts shall be profit earning. There shall be as many bank accounts as required to keep funds from different sources separately.

8.3.2. Deposits

- Deposits are to be made on the same day. In case of late receipt, the amounts should be deposited latest by the next business day.
- All cheques, cash, etc. will be sent to the accountant for recording.
- All cheques, cash, etc. will be placed in a locked box until deposited.
- If possible, the person receiving the mail should be different than the person recording the amounts in the cash receipts book.
- All deposit records are to be initialed by a signing authority designated by the Executive Body/Board.
- All funds will be deposited in the assigned financial institution.

\textsuperscript{15} Financial Policy of LSO ICDP Chitral has been given in annex 10 as a sample. Samples of financial record keeping and reporting formats are also given in the annexe 9
8.3.3. Payments

Accounts payable should be paid early enough to take advantage of any discounts or before late penalty charges apply.

No payments shall be made without prior signature of two signatories designated by the Executive Body/Board.

Before a payment is made the invoice should be reviewed to ensure:
- the goods were received or services rendered,
- the invoice was approved by the appropriate person,
- the proper general ledger account is identified.

When the cheque is written the invoice should be stamped paid and the check number written on the invoice to ensure the cheque is not paid twice.

All invoices shall be listed on a monthly basis and presented to the Finance Committee or any other authority designated by the Executive Body/Board for acknowledgment.

Payments should always be made by cheques except for some small rupee amounts. In this case the staff must utilize petty cash. [See petty cash section for the petty cash policies]

8.3.4. Cheque Signing

The Executive Body/Board shall appoint the signing officers. The Treasurer/Secretary will be in group B while the Chair person of the Executive Committee/Board will sign in group A. One other person shall also be appointed as signing officer in each group, in case one of the first two signing officers is absent.

The two signing officers will never be staff persons. It is unfair to them and the Board.

The relevant invoice or back-up should accompany the cheque for the signing officer’s review.

The cheque stub shall be used to ensure a record of the cheque is maintained, for future recording in the accounting records.

Sequentially numbered personalised cheques would be used to maintain a proper control over the cheques.

Voided cheques shall be kept and clearly marked “VOID”.
8.3.5. Bank Reconciliation

Bank reconciliations shall be prepared and balanced on a monthly basis. The bank Reconciliations shall be reviewed by a signing officer on a regular basis.

8.3.6. Petty Cash

The LSO will have a petty cash limit of not more than Rs 5,000. (or as decided by the Executive Committee/Board)

The Petty Cash account will be managed by the Treasurer. The Cash will be kept in a locked box/safe.

The treasurer has to submit all bills paid via petty cash to the President/Chair person for verification and approval before another request for funds is approved. For this purpose, the treasurer will prepare a journal voucher to account for the expenditures from petty cash account and a payment voucher for reimbursing the petty cash fund from the bank account and get them approved by the President/Chair person.

8.4 Stock and Stores

The purpose of the Stock and Store management is to ensure
- proper record of stock and store
- that the stock and stores are properly procured and kept safely
- that the stock and store items issued are properly authorized

8.4.1 General

Stock is goods and materials held by a business or organisation in order to manage timely supply to its own operations, customers or projects. LSOs will need stock register to record office supplies and supplies related to programmes and projects. The LSO should maintain separate stock registers for different programmes and projects. It shall be maintained by the designated stores in-charge to record all the receipts and issues of the stock items.

8.4.2 Activities

The following activities will be performed:

1. The stock and stores purchased are properly identified by the store keeper or the person responsible for the stores, and verified that they have been delivered in the right quantity and quality
2. The stock and stores are recorded in the stock register
3. The stock and stores are properly stored in the specified store room
4. Stock and stores issued are properly authorized by the competent authority and are accounted for on daily basis
5. List of stock and stores are prepared on monthly basis
6. Physical verification of stock and stores is conducted by a designated person of the Finance Committee or the Chair person on quarterly or need basis

8.5 Micro Credit/CIF Management

If the LSO operates a loan or CIF project, it must have proper loan management procedures. The purpose of the loan procedure is to:
1. ensure that all loan transactions are properly accounted for
2. ensure timely recovery of loans with service charge
3. ascertain overdue amounts of loans well on time to follow up
4. keep a historical record and status of individual borrowers for future reference

Below is a precise procedure for loan management:

8.5.1 General

The LSO shall maintain the following records for loan management:
1. Loan Register: that is the subsidiary ledger of the CIF or other internal lending operations managed by the LSO. There should be separate Loan Registers for each type of credit operation managed by the LSO, like CIF, internal lending from member savings and line of credit from RSP or a commercial bank.
2. Loan files: to keep the approved loan applications along with identification, guarantee and other relevant documents about the individual borrowers
3. Receipt Book: to record loan recoveries.
4. Loan statement: to report loan status on weekly/monthly basis to the LSO management and donors

8.5.2 Activities

The following activities will be carried out to record the loan transactions:
1. Loan requests of individual borrowers will be approved by the competent authority before payment
2. Each borrower will be given a special code and will be recorded on a separate page in the printed loan ledger
3. Each installment will be recorded in the loan ledger specifying the principle and service charge amounts in separate columns
4. Recoveries of loan will be entered on daily basis
5. Loan recovery amount will be deposited into bank on daily basis. In case of late recovery, the amount will be deposited into the bank on the next business day
6. A statement of overdue loans will be prepared on weekly/monthly basis
7. A statement of amount due, recovered and overdue will be prepared on monthly basis and presented and approved by the designated competent official\textsuperscript{16}

8.6 Financial Record Keeping

8.6.1 General

Complete and accurate financial record keeping is crucial for the successful operation of the LSO for a number of reasons:

- Good records provide the financial data that help the LSO operate more efficiently.
- Accurate and complete records enable the LSO to identify all its assets, liabilities, income and expenses. That information, when compared to previous year data helps the management pinpoint both the strong and weak areas of LSO operations and measure its success and failures.
- Good records are essential for the preparation of current financial statements, such as the income statement (profit and loss) and cash-flow projection. These statements present a complete picture of the LSO operations and are essential for planning a sound cash flow planning.
- Good records are essential for transparency and accountability of the LSO towards its members as well as other stakeholders.
- Good records are essential to control misappropriation of LSO resources.
- Good records are crucial for resolving financial disputes at all level of LSO.
- When the LSO is needed to complete a financial audit, it could get in a lot of trouble for not having proper financial records.

So keeping records of all financial transactions (money in and out) is called financial record keeping, whether it is done on a day to day, monthly or even on quarterly basis. The LSO will need proper written records of all payments made and all money received. More over receipts, invoices, bank statements, proof of purchase of assets etc will be required with as much detail as possible.

8.6.2 Guidelines for Financial Record Keeping

Below is a simple step by step guide for financial record keeping:

1. The LSO should adopt a double entry accounting system suitable to its operational requirements. The accounting system should be as simple as possible.
2. There should be a safe or box with a lock to keep cash, cheque books and other valuable documents of LSO. The LSO treasurer should be responsible for the safe. The Accountant will not be allowed to handle with cash.

\textsuperscript{16} For detailed operational guidelines of CIF/Loan the readers should consult the CIF Operational Manual, published by RSPN
3. The LSO should print its receipt book. The receipt book should be printed in duplicate in different colours and they must be pre numbered. The original copy should be given out to the cash payee while the carbon copy will be kept for LSO record. No amount should be received on behalf of the LSO without issuing a receipt. The LSO treasurer will keep and manage the receipt book and will receive all cash and cheques. The treasurer will also be responsible for depositing cash and cheques in bank and also withdrawing cash from LSO bank account.

4. The voucher is used to record details of payment transactions and accounting adjustments. The LSO either should print its own voucher or buy blank voucher books from market. No payment should be made without a voucher. The LSO Accountant or Book Keeper will write the voucher, attach the supporting bills/invoices with it, sign it himself, and then get its approval for payment from the President or any other designated person. The authorised person will sign the voucher as token of his/her approval. The Treasurer will then pay cash to the concerned party/parties. In the case of bank payment, the Accountant or the Treasurer will write a cheque and get it signed by the disbursement authority before its payment. The accountant will safe keep these vouchers in a proper file. Cash, bank and journal vouchers should be filed separately with proper numbering.

5. The LSO will have to either print its own cash and bank book or buy printed cash and bank books from market. The cash book is used to record all cash receipt and payments while the bank book is to record all receipt and payments through LSO bank account. The Accountant will write the cash and bank book on daily basis or immediately after a transaction is taken place. For the sake of simplicity both books should be designed in self balancing format.

6. The Accountant then will obtain the bank statement on monthly basis and reconcile the bank book with the bank statement and record the missing transactions in the bank book. In case of discrepancies a Bank Reconciliation Statement will have to be produced on monthly basis.

7. The LSO should buy a ledger book from market. The ledger is used to record transactions details of individual accounts of the LSO. All daily transactions made in cash and bank books of the LSO regarding revenue, grants received, expenditure on LSO activity and other transactions relating to assets and liabilities of LSO will be posted to their respective heads of accounts in the general ledger. The Accountant will extract monthly Trial Balance from the general ledger, cash book and bank book.

8. The Accountant will prepare Profit and Loss Account and Balance Sheet of the LSO on monthly basis or as per the requirement of the LSO management. These statements must be signed by the LSO Treasurer and President. The Financial Statements should be regularly shared with the Executive Committee and General Body\(^7\).

\(^7\) For formats of accounting records and financial statements please see Annex 9
8.7 Financial Audit

8.7.1 General

Financial Audit is an independent review and examination of financial records and activities to assess the adequacy of financial system controls, to ensure compliance with established policies and operational procedures, and to recommend necessary changes in financial controls, policies, or procedures. The objectives of financial audit are to:

1. verify that all assets and liabilities proper to the period are entered in the accounting records
2. verify that the asset or liability is disclosed, classified and described in accordance with the applicable financial reporting framework
3. assess the level of compliance of the financial records with the LSO policies and guidelines
4. identify potential gaps and weaknesses in the financial records and systems
5. verify that the financial system actually works and is effective

8.7.2 Internal and external audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Auditors’ roles include monitoring, assessing, and analyzing organisational risk and controls; and reviewing and confirming information and compliance with policies, procedures, and laws. Working in partnership with management, internal auditors provide the general body/board, the audit and finance committee, and executive management assurance that risks are mitigated and that the organisation’s governance is strong and effective. And, when there is room for improvement, internal auditors make recommendations for enhancing processes, policies, and procedures.

The LSO either can hire some external expert or establish a two to three member committee to conduct internal audit. The internal auditors will report to the LSO General Body by working closely with the Audit and Finance Committee.

The external auditors can be government auditors representing the registration authority of the LSO or independent public accounting firms that the LSO hires. Government auditors focus primarily on compliance with government regulations under the registration law and award terms. In case of government funding to LSO, they want to make sure the LSO use their money as they intended.

Independent public accounting firms review the organisation’s annual financial statements to ensure the information presented accurately portrays the LSO’s financial condition.
Internal auditors sometimes look at the same data or perform some of the same steps as external auditors. If there is a problem, it's better to find it and fix it before external auditors review our practices.

8.7.3 Procedures

1. The audit will follow a documented audit procedure
2. The outcome will be documented in an Audit Report.
3. The accounts of the organisation will be audited by an external auditing firm on annual basis. The audit will cover the fiscal year of the LSO (Fiscal year can vary from one LSO to another)
4. The General Body of the LSO will appoint the auditor and fix their remuneration.
5. The audited accounts shall be approved by the General Body of the LSO.
6. The General Secretary, Treasurer and the Accountant will be involved in the annual audit. If the LSO has an Audit and Finance Committee, then the General Body should make the committee to study the audit report and recommend the General Body its approval.
7. Presentation to the General Body of the audit will be done by the auditing firm with assistance from the Secretary/Treasurer and accountant.
8. The approved audit report shall be submitted to the registrar of the LSO within the specified time.

In both cases of internal and external audit, the General Body of the LSO has to decide the audit activity, appoint the auditors, approve audit fee and TOP, and approve the audit report. In case of a management letter from the auditors, the General Body should seek clarification from the LSO management and ensure course corrections and implementation of additional check and balance measures if any.

8.7.4 Audit Preparation

As stated earlier, audits come in different shapes and forms. Regardless of the type, however, audits are conducted by independent audit staff reviewing processes and receipts, looking for unauthorized transactions and trying to avoid fraud and mistakes. Audit preparation is the process of readying for such a review.

The primary preparatory functions involve complete documentation of all financial transactions, preparation of financial statements after incorporating all adjustments. The supporting documents of financial statements should be fully complete in all sense, and properly filed.

Auditors follow audit programs, and audit preparation is usually recurring, with similar items from prior years. Organisations that need to be audited, usually receive audit questionnaires or listings requesting schedules and other pertinent information to assist in the audit process and
preparation. These schedules are commonly known as "prepared by client" (PBC) documentation.

Audit team members utilize PBCs to analyze financial statements and to test the numbers. The point is to use documentation from audit preparation to make the audit process faster and cheaper. The better the documentation, the smoother the audit should be.

An account payable schedule is often part of audit preparation. Another schedule often part of audit preparation is a listing of accounts receivables. This list shows who owes the LSO and how much they owe, similar to accounts payable. The schedules of accounts payable and receivable should agree with financial statements in totals.

In case of CIF or internal lending, schedule of loan receivable with over due loans should be prepared and tallied with the financial statements.

Bank reconciliations are popular PBCs and often are required for the last month of the fiscal year and the following month. Bank reconciliation describes differences between cash balance per the banks and per the books, what the LSO shows in its financial statements for cash. Other popular items in audit preparations include a listing of fixed assets, depreciation, investment listings, and bank confirmations letters, where banks confirms cash and investment balances with auditors.

8.8 Other types of audit

Beside financial audit, social and gender audit are also increasingly becoming popular measures of public accountability. However, they are beyond the capacity and mandate of this manual. 18

18 **Social Audit:** review of the public-interest, nonprofit, and social activities of a business. These audits usually are performed primarily for internal benefit and typically are not released to the public. The social audit may be performed routinely by internal or external consulting groups, as part of regular internal audits. These evaluations consider social and environmental impacts of business activities.

**Gender Audit:** a "gender audit" is one aspect of what is referred to as "mainstreaming"—analyzing mainstream public policy, including legislation, regulations, allocations, taxation and social projects, from the point of view of their effect on the status of women in a given society. The variance stems from the different roles of women and men in the family and from the lower economic status of women. The purpose of gender audits is to lead to changes in public policy that contribute to an increase in gender equality.
Chapter 9: Operational Plan and Budget

9.1 General
Development programs are the strongest signal of the success and value of LSO. An LSO may have excellent governance, effective administrative procedures, and a cadre of highly skilled volunteers and staff, but it must use these resources to deliver quality services to its target population. A well-run LSO ensures that its programs are sustained in addition to being appropriate quality services delivered in cost-effective ways.

To deliver relevant development programmes efficiently and effectively, the LSO must have Operational Plans. Operational Plan describes how, or what portion of, a long/medium term plan of the LSO will be put into operation during a given operational period, normally during a fiscal year or another given budgetary term.

Generally speaking, LSOs rarely undertake a detailed planning process. As such, their planning remains short term and ad-hoc. To overcome this weakness, the LSO must have a 3-5 year Operational Plans drawn from its objectives. The Operational Plans should establish the activities and budgets for both the operating and programme parts of the LSO for the next 3-5 years. As a next step, the LSO should develop an annual Operational Plan directly drawn from the 3-5 year plans.

The Operational Plan is both the first and the last step in preparing an operating budget. As the first step, the Operational Plan provides a plan for resource allocation; as the last step, it may be modified to reflect policy decisions or financial changes made during the budget development process.

9.2 Guidelines for Operational Planning
Below are the guidelines for the LSO in operational planning:
1. The LSO operation plans should be developed, reviewed and updated regularly on annual and quarterly basis by the Ex. Community and General Body.
2. The operation plans should be developed in a manner that they reflect LSO objectives and strategies
3. Programme priorities and services of the LSO should be defined in collaboration with member VO/COs. Similarly member organisations should be involved in programme designing, implementation, monitoring and evaluation
4. The LSO should be capable of adapting its programmes to the changing needs of constituent communities.
5. The LSO should follow a proper M&E system that allows for programme modification during implementation
6. The LSO should routinely use result-based indicators to track progress in achieving objectives of the programs and projects
7. As a result of its transparency and effective service delivery, the community members should perceive that the LSO is of good quality and that the its programmes are being managed cost effectively.

8. The LSO should regularly report on activities and results of evaluations, if any, to its member organisations, donors and other stakeholders.

### 9.3 How to develop LSO Operational Plan

The territory of a Union Council is usually part of a Tehsil which is a sub division of a district. Union Council is the fifth tier of government (Union Council – Tehsil - District – Province – Federal Government). There is an elected local government body consisting of 21 councillors, and headed by a UC Nazim and a Naib Nazim. Apart from the elected members, there are several government employees and functionaries in every union council, who report to the Secretary of the Union Council. The last one is a civil servant appointed by the state. Development resources are given at the disposal of the UC government. This situation may change in the future as the Provincial governments are considering to introduce changes in to the local government system.

Formation of LSO at UC level is partially due to the reason that ultimately the LSO would establish development partnership with the local government and be able to complement and supplement each other’s activities. Therefore the local government should be invited to actively participate in LSO Operational Plan. Moreover, the operational plans should be prepared by the people who will be involved in implementation. In the case of LSO, it should be developed by the LSO management in consultation with its member VO/COs and other its key stakeholders.

The following steps are recommended for LSO development planning:

#### 9.3.1. Training of LSO leaders

After formation of the LSO, the members of the General Body of the LSO will be trained in LSO Operational Planning. At the end of the training, the participants will agree upon a Plan for LSO planning as per the following format:
Table 9.1: Format to develop LSO Operational Planning

<table>
<thead>
<tr>
<th>S. No</th>
<th>Activity</th>
<th>Starting date</th>
<th>Completion date</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Develop a UC profile</td>
<td></td>
<td></td>
<td>LSO Executive Committee + VO Management Committee + SMT</td>
</tr>
<tr>
<td>2</td>
<td>Develop VDP of member VO’s (if not yet done)</td>
<td></td>
<td></td>
<td>LSO Executive Committee + VO Management Committee + SMT</td>
</tr>
<tr>
<td>3</td>
<td>Collect VDPs</td>
<td></td>
<td></td>
<td>LSO Executive Committee + VO Management Committee</td>
</tr>
<tr>
<td>4</td>
<td>Prepare LSO OP through a workshop</td>
<td></td>
<td></td>
<td>LSO Executive Committee + General Body + Management Committees of member VO’s + SMT</td>
</tr>
<tr>
<td>5</td>
<td>Review LSO OP</td>
<td></td>
<td></td>
<td>LSO Ex. Committee + GB + Management Committees of member VO’s + SMT</td>
</tr>
</tbody>
</table>

9.3.2 UC Profile:
Consolidate the village wise data into a worksheet Sheet. If additional data and information is available about the UC, other than complied through VDP formats, they should also be incorporated in the worksheet.

9.3.3 LSO development planning
The actual planning will be conducted through a workshop in which the GB of the LSO and the Management Committee of the member VO’s and other important personalities who are not part of the LSO are invited. The G. Secretary of the LSO will first present the UC profile on charts. The charts will then be displayed on the walls.

Then the workshop Facilitator will set the workshop objectives and divide the participants into groups for a visioning exercise. In a joint workshop, men and women should be divided into separate groups to allow women express their opinions freely. The development planning exercise will take around 1:30 to 2:00 hours.

Table 9.2: Visioning Exercise

<table>
<thead>
<tr>
<th>Development Planning Visioning Exercise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each group will be asked to appoint a secretary to take notes of the discussion and to present the results in the plenary session later. They will be asked to answer the following questions:</td>
</tr>
<tr>
<td>Q. 1. In the next 15 to 20 years where you see your Union Council in terms of development The facilitator should. Ask them to dream their UC level development in a realistic manner.</td>
</tr>
<tr>
<td>Note down their answers both in the form of complete sentences as well in phases like well off, clean and healthy etc. With the help of their development dreams, draw up their vision about their village development. Write the vision clearly and have them all agree upon it.</td>
</tr>
<tr>
<td>Q. 2 Now ask them what are the problems or hurdles that they face to achieve their development</td>
</tr>
</tbody>
</table>
vision. Ask them to think of their problems in sectors like income generation, education, health, social mobilisation, marginalization and lack of opportunities for women and extremely poor, destitute and disabled. Draw the following on charts and ask them to first write their thoughts on them in a systematic manner:

<table>
<thead>
<tr>
<th>Issues</th>
<th>Main Causes</th>
<th>Solutions</th>
<th>Self-help</th>
<th>External Support Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

It is possible that certain issues have more than one cause and each cause may require more than one solution. So ask them to note all of them. Similarly some solutions may require both self-help and external support, and there could be more than one external support organisation in each case, so let them note down these things and mention the names of each support organisation.

Each group presents its group work in the plenary session. After thorough discussion, they prepare a final list by taking out less important and irrelevant issues. The final list is then brought into a prioritised order putting the most important one on top followed by others. This list of solutions will become the long-term objectives of the LSO.

**9.3.4 Three year LSO Development Plan:**

On completing the visioning exercise display the results on charts in the training hall. Then ask them to split in groups for the next round of the planning workshop. This time each group will be asked to develop their next three year plan around a selected number of prioritised issues agreed by them in the following order. Emphasis should be given to start with self help activities, especially the one that require no cash expense.

**Table 9.3: Three year LSO Development Plan 2010-2012**

<table>
<thead>
<tr>
<th>Issues</th>
<th>Main causes</th>
<th>Solution</th>
<th>Required Activities</th>
<th>Responsibility</th>
<th>Completion date</th>
<th>Required Resources</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

The group work will be presented into the plenary session for discussion and debate. A final version will be developed at the end of the session. More over, issues will be selected for the first year through discussion or via a formal ranking exercise.
9.3.5 First year LSO Development Plan:
It is advised to carry out the 1st year development planning in groups. Each group will be given one or more than one issue and will be asked to develop annual plan for each one of them in the following order:

Table 9.4: First Year Development Plan of LSO

<table>
<thead>
<tr>
<th>First Year LSO Development Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The issue: describe the issue in one or more sentences or in a short paragraph</td>
</tr>
<tr>
<td>2. The main cause/causes: describe each identified cause in brief and show their relationship with the issue</td>
</tr>
<tr>
<td>3. The solution/solutions: describe each identified solution in brief</td>
</tr>
<tr>
<td>4. Activities: Identify specific activities under each solution. A solution is usually a major task and to achieve that task several smaller actions would be required.</td>
</tr>
<tr>
<td>5. Time frame: now think about the time in number of days and months to complete each activity and note it down here.</td>
</tr>
<tr>
<td>6. Total Cost: calculate the cost of each activity. Try to evaluate the cost of non cash items like free labour, time of volunteers and cost of local material etc realistically and note them down as well.</td>
</tr>
<tr>
<td>7. Sources of fund: then group the total cost in two sub-heads: Self-help and External Support. The total sum of these two sub-heads must be equal to the total cost.</td>
</tr>
<tr>
<td>8. Beneficiaries: list down number of households who will benefit from this plan. The beneficiary households must be classified according to their poverty score.</td>
</tr>
<tr>
<td>9. Responsibility: note the responsible person/persons against each activity</td>
</tr>
<tr>
<td>10. Possible risks: think of possible threats and risks and measures to avoid and minimize them</td>
</tr>
</tbody>
</table>

Once each group developed first year plans for the given issues in this manner, let them present them to the plenary for discussion, debate and approval.

The plans will then be presented into the following tabulation form to develop the annual budget:

<table>
<thead>
<tr>
<th>Annual Plan and Budget for the period ______ to ______</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Issue No 1</td>
</tr>
<tr>
<td>Solution No 1</td>
</tr>
<tr>
<td>Activity No 1</td>
</tr>
<tr>
<td>Activity No 2</td>
</tr>
<tr>
<td>Time Period From___ to___</td>
</tr>
<tr>
<td>Cost</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Sub total Issue NO 1</td>
</tr>
<tr>
<td>Issue No 2</td>
</tr>
<tr>
<td>Solution No 1</td>
</tr>
<tr>
<td>Activity No 1</td>
</tr>
<tr>
<td>Activity No 2</td>
</tr>
<tr>
<td>Sub total Issue NO 2</td>
</tr>
<tr>
<td>Grant Total</td>
</tr>
</tbody>
</table>
### Section 9.3.6 Three year LSO Plan of Operation

After development of the 3 year LSO Development Plan, the operational activities and their cost of implementation will have to be worked out for each year. Generally speaking, the LSO will require to pay salary/honorarium to some selected people, office rent, utilities, stationery and entertainment. The LSO should also plan for purchase of fixed assets items like table, cupboards, safe, computers etc. and floor covering items to furnish its office especially in the first year. If the LSO has CIF or any other revolving fund, it will have to develop an independent plan for operation of the loan programme.

Now the LSO should develop its 3 year Operational Plan and budget on the following format:

#### Table 9.5: Three Year LSO Plan of Operation from ______ to ______

<table>
<thead>
<tr>
<th>S. No</th>
<th>Descriptions</th>
<th>Year 1 Budget</th>
<th>Year 2 Budget</th>
<th>Year 3 Budget</th>
<th>Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Capital Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Furniture for office</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Computers and Printers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Equipments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Total Furniture and Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Operational Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Office Rent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Meeting Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Stationary</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Telephone Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Electricity Bills</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Salary/Honorarium</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Miscellaneous Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Total Operational Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Programme Cost (from 3 year plan)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Total Cost (A+B+C)</td>
<td></td>
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</tr>
</tbody>
</table>
9.3.7 First year LSO Plan of Operation

Now the LSO should develop the first year Plan of Operation using the following or any other suitable format:

Table 9.6: LSO Annual Plan of Operation for the period _____ to ______

<table>
<thead>
<tr>
<th>S. No</th>
<th>Descriptions</th>
<th>Qtr 1 Budget</th>
<th>Qtr 2 Budget</th>
<th>Qtr 3 Budget</th>
<th>Qtr 4 Budget</th>
<th>Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Furniture for office</td>
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<td></td>
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<td></td>
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<tr>
<td>2</td>
<td>Computers and Printers</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3</td>
<td>Equipments</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Total Furniture and Equipment</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Operational Cost</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Office Rent</td>
<td></td>
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</tr>
<tr>
<td>2</td>
<td>Meeting Expenses</td>
<td></td>
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<tr>
<td>3</td>
<td>Travel</td>
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<td>4</td>
<td>Stationary</td>
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<tr>
<td>5</td>
<td>Telephone Charges</td>
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<tr>
<td>6</td>
<td>Electricity Bills</td>
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<td>7</td>
<td>Salary/Honorarium</td>
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<tr>
<td>8</td>
<td>Miscellaneous Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Total Operational Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Programme Cost (from 1st year Operational Plan)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Total Cost (A+B+C)</td>
<td></td>
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</table>

9.3.8 Progress Review of LSO Annual Plan of Operation

After the annual Operational Plan is put into operation, the LSO should review its progress on monthly/quarterly/yearly basis, analyse the variances and adjust the it according to the latest situation. The LSO can use the below format both for progress review of its Operational Plan, analyse variances, adding new items, amending and deleting existing items and adjusting it according to the latest realities of its organisational life.
Table 9.7: Progress Review of LSO Annual Plan for the Month/Quarter/Year ______

<table>
<thead>
<tr>
<th>S. No</th>
<th>Activity</th>
<th>Budget</th>
<th>Actual</th>
<th>Variance</th>
<th>Reasons/Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Qty/No</td>
<td>Amount</td>
<td>Qty/No</td>
<td>Amount</td>
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</table>

Notes:________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________

9.4 Budget Procedures

9.4.1 Definition and rationale of Budget
Budget is a detailed plan of income and expenses expected over a certain period of time. In other words, a budget is the organisational plan of LSO stated in monetary terms. The budget can provide guidelines for managing future revenues and expenditures of the LSO.

The purpose of budgeting and budgetary control procedures is to:
- prepare annual and/or operational budgets of LSO
- record monthly expenditure against each budget code
- record cumulative expenditure to date by budget code
- compare and monitor cumulative expenditure by budget code to the original (or revised) budget allocations from donors.
The budget procedures should satisfy the requirements of the LSO management, registration authority and donors funding.

Ideally, the LSO should maintain its budget book on a computer spreadsheet. This makes it easy to update and amend. However, the budget book may be maintained and updated manually.

9.4.2 Guiding Principles
The LSO budget shall be developed under the following principles:
1. **Transparency** - the budget process should be transparent. Transparency implies openness, communication, and accountability
2. **Allocative efficiency** - allocation of resources, and consequently expenditures, should be based on explicit priorities and program effectiveness; and
3. **Operational efficiency** - delivery of goods and services should be cost efficient and of high quality.

9.4.3 Participation
Transparency and participation are the cornerstones of the LSO budget process. Generally, the opportunity for effective participation in the budget process does not always exist for women and the poorest members. Moreover, technical capacity of LSOs management for incorporating their views are normally weak and limited. Therefore, concentrated measures should be developed to assess and reflect their aspirations and needs in the LSO budget.

9.4.4 Budget Cycle
The budget cycle usually has five stages:
1. **Budget formulation**, when the budget plan is put together by the Executive/Finance Committee of the LSO;
2. **Enactment**, when the budget plan is debated, altered, and approved by the General Body/Board of the LSO;
3. **Execution**, when the policies of the budget are carried out by the LSO management body;
4. **Monitoring**, when the actual expenditures of the budget are compared and analyzed with the projected figures on monthly/quarterly basis for necessary adjustment and alteration by the Executive and General Body of the LSO
5. **Auditing and assessment**, when the actual expenditures of the budget are accounted for and assessed for effectiveness by internal/external auditors.

9.4.5 Operational procedures
Principal activities that should be performed for budget development are:
1. Prepare annual work plan and budget in consultation with the beneficiary members (VO/CDs).
2. Prepare operational plans and budgets. The operational plan and the budget should be sub-divided on monthly/quarterly basis.
3. Present the operational plan and the budget to the General Body/Board and obtain its approval.
4. Obtain donor approval in advance for the original as well as revisions of budgets where required.
5. Post monthly expenditure to the budget book, record cumulative expenditure and monitor remaining budget.

9.4.6 Variance Analysis
The planned and actual performance shall be compared and the variance shall be analyzed on monthly/quarterly and annual basis. The reason for the variance in the performance at both extremes shall be determined.\(^{19}\)

The Executive Committee shall be authorized to approve up to 10% change in the line items as well as in the net worth of the budget subject to the agreement of the donor. Over and above this limit shall be approved by the General Body/Board.

\(^{19}\) See Table 9.7
Chapter 10: Resource Mobilisation

10.1 General

Resource mobilisation means generation of enough financial and non-financial resources to meet the operational and programme cost of the organisation. In the case of LSO, it is a process involving planning for operational and programme funding of the LSO, close communication and effective negotiation with its members and donors, sound management of resources, improving image and credibility of the LSO and ensuring good coordination among all partners. The real goal of resource mobilisation is to secure a sustained access to internal and external resources necessary for the smooth operations of the LSO. Ideally, LSO’s basic cost of essential operations should be internally mobilised from within the UC, and for programme costs external resources will need to be mobilised. If this can be achieved, then the issue of LSO sustainability is answered.

The resource mobilisation plan of LSO should be based on its Operational Plan and budget. It is advisable that in the initial stage, the LSO should concentrate on cash less activities or activities that require minimum cash. More over the LSO should keep its operational cost to the minimum even if it has resources at hand.

The LSO should try to diversify its resource generation basis. It should have separate sections and strategies for raising resources from internal and external sources. It should also have separate sections on cash and in kind resources.

10.2 Guidelines for Resource Mobilisation

Below are the guidelines for the LSO in resource mobilisation:

1. The LSO should develop a resource mobilisation plan based on its medium-term and annual plans of operations
2. The resource mobilisation plan should have separate sections for operational cost and programme cost and for internal resources and external resources
3. The resource mobilisation plan should be reviewed and updated quarterly, annually and on need basis
4. The LSO should develop enough capacity for pursuing the resource mobilisation plan and generate resources cost effectively
5. The Executive Committee, under the leadership of its President should take lead role in implementing the resource mobilisation plan of the LSO
6. For internal resource mobilisation, emphasis should be put on collection of donations in kind, like wheat, rice, dry fruits and locally available building materials etc.
7. The LSO should charge a modest fee on services it provides to the communities
8. The LSO can put up a resolution requesting the Zakat department to transfer back the zakat money deducted from its account and from the accounts of its member CO/VOs into the LSO account so that the LSO distribute it amongst the poorest
families identified through Poverty Score Card and verified by their COs. This could be a permanent source of fund for the LSO.

9. The LSO should seek technical as well as advocacy support from the RSP in developing proposals for donors.

10.3 Resource Mobilisation Plan
After developing the three year development plan and budget, the LSO leaders should sit together and develop resource mobilisation plan to finance their development plan using the following steps:
- Identify Constituency and Potential Donors
- Matching Potential Donors to Organisational Needs
- Reviewing/Selecting resource mobilisation methods
- Resource mobilization planning

The LSO should select the resource mobilisation methods carefully. Ideally, the LSO should select different methods for different types of resources. Below is a list of some tested methods with their advantages and disadvantages.

10.3.1 Individual Giving
In this method, the LSO collects funds from individual people, both from its beneficiary members or non-members. This would be an effective fund raising method for relief operations in the events of natural or man made disaster, medical support for injured, sick and disabled people. The method is also widely used to collect funds for implementation of social projects like hospital, school, library etc. The LSO would require trained, committed and honest volunteers. The LSO can make this a permanent source of fund by paying commission to the volunteers. The religious institutions pay up to 30% commission. However, such commissioned fund raisers must be selected carefully.

Table 10.1: Advantages and disadvantages of Individual Givings

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| - Large potential market  
- Source of unrestricted funds  
- Increases awareness  
- Increases political legitimacy, transparency, and accountability | - Least developed  
- Time and labour intensive |

10.3.2 Grants from government and donors
The LSO should develop a list of potential donors in government and national and international foundations, Embassy funds etc. The LSO should study their eligibility requirements and conditions and match them with the legal status and managerial capacity and other conditions of the LSO. The LSO should then select the fund raising method and approach the donor.
Most of the large donors have their websites, which contain useful information including telephone and fax numbers and email address, and formats for application or project proposal. For detailed information and clarification, the LSO should either visit the donor personally or communicate with them via telephone, fax or email.

Table 10.2: Advantages/disadvantages of Grants from government and donors

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Working partnership between a grant agency and the LSO</td>
<td>• Tendency to be fully dependent on one funding source</td>
</tr>
<tr>
<td>• Substantial amount of resources to see the program/project through</td>
<td>• Inclined to being donor-driven vs. mission-driven</td>
</tr>
</tbody>
</table>

10.3.3 Special Events

The LSO can use its Annual General Body meeting as a special event for fund raising. Moreover, the inaugural ceremony of a completed project would be another effective event for fund raising. The LSO can invite government officials, local elites and dignitaries and donor agencies, specially the ones who had funded the LSO. On such occasions, besides presenting its progress report and past achievements with audio visual aids, the LSO should invite some of the beneficiaries of its projects and let them share their experience and express their feelings. Use of posters, banners and leaflets highlighting LSO achievements and future plans would be effective communication tools at such events.

Table 10.3: Advantages and disadvantages of Special Events

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Generates awareness</td>
<td>• Cost-, time-, and labor-intensive</td>
</tr>
<tr>
<td>• Good for acquiring new donors</td>
<td>• Presence of factors beyond control (e.g. weather, political rallies)</td>
</tr>
<tr>
<td>• Enhances teamwork</td>
<td></td>
</tr>
</tbody>
</table>

10.3.4 Direct Mail

In this method, the LSO develops a data base of potential donors. Then the LSO drafts fund raising letters and dispatch to donors. This method will be effective only if the LSO has a clearly written plan or project in hand and attach the same with the letter. The LSO can also attach copies of its latest progress or annual report and audited accounts. The letter must be drafted by an expert. Moreover, the letter should be drafted in personalized manner. For this the LSO should have a fair understanding about the donor and its areas of interest.
Table 10.4: Advantages and disadvantages of Direct Mail

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Targeted</td>
<td>• Costly</td>
</tr>
<tr>
<td>• Measurable</td>
<td>• Modest returns</td>
</tr>
<tr>
<td>• Room for testing</td>
<td></td>
</tr>
<tr>
<td>• Room for advocacy</td>
<td></td>
</tr>
</tbody>
</table>

10.3.5 Corporate Partnerships
Increasingly, private corporations are earmarking donation funds as part of their social responsibility concerns. However, in Pakistan, these corporations tend to give funds to only those communities who are either directly or indirectly adversely effect with their operations or those who are their supplier. For example, sugar factories give funds to sugar cane suppliers. So the LSO whose constituency falls in such areas can easily approach such funds or push the corporations to create such funds.

Table 10.5: Advantages and disadvantages of Corporate Partnerships

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Good publicity for the company</td>
<td>• Difficult to sell the idea to the company</td>
</tr>
<tr>
<td>• At minimal or zero expense for the LSO</td>
<td>• Small returns</td>
</tr>
<tr>
<td>• Able to reach an alternative audience</td>
<td>• Risk of being associated with the company</td>
</tr>
</tbody>
</table>

10.3.6 Major Gifts
The trend of making major gifts is not rare in Pakistan. People donate land, property and money for various social and religious causes in almost all societies of Pakistan. However, most of these gifts are made for religious causes as according to Islamic teachings, that is considered an investment in the day hereafter. The LSO can think of a trust fund for supporting the needy and destitute, sick and disabled people and approach potential donors for larger gifts. The trust could be named after the donor or his/her family if the gift comes from a single person or family. More over, the LSO should approach donors and government for endowment fund.

Table 10.6: Advantages and disadvantages of Major Gifts

| Advantages                                            | Disadvantages               |
|                                                     | Takes time to mature        |
| • Results in substantial donation/s                  |                              |
| • For the long term                                  |                              |
| • Can be unrestricted                                |                              |
| • Highly-involved and personalized partnership       |                              |
| • Efficient                                          |                              |
After careful study of the above mentioned facts the LSO should decide which sources of funds are most suitable for it and then prepare three year resource mobilisation plan on the below format.

<table>
<thead>
<tr>
<th>S. No</th>
<th>Descriptions</th>
<th>Year 1 Budget</th>
<th>Year 2 Budget</th>
<th>Year 3 Budget</th>
<th>Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Capital Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Furniture for office</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Computers and Printers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Equipments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Total Furniture and Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Operational Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Office Rent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Meeting Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Stationary</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Telephone Charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Electricity Bills</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Salary/Honorarium</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Miscellaneous Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Total Operational Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Programme Cost (from 3 year plan)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td><strong>Total Cost (A+B+C)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Potential Sources of Funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Internal : In Cash</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Membership Fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Service Charge income from internal lending</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Service Charge from other operations (Specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Donation from members</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Fitrana</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Others (Specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Total Cash Income from Internal Sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Internal : In Kind</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Local Material</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Free Labour</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Qurbani hide</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### External: In Cash

<table>
<thead>
<tr>
<th>1</th>
<th>RSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Local Government</td>
</tr>
<tr>
<td>3</td>
<td>Donors/NGOs</td>
</tr>
<tr>
<td>4</td>
<td>Companies/Factories in the area</td>
</tr>
<tr>
<td>5</td>
<td>Other sources (Specify)</td>
</tr>
<tr>
<td>G</td>
<td>Total External Donations in Cash</td>
</tr>
</tbody>
</table>

### External: In Kind

<table>
<thead>
<tr>
<th>1</th>
<th>RSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Local Government</td>
</tr>
<tr>
<td>3</td>
<td>Donors/NGOs</td>
</tr>
<tr>
<td>4</td>
<td>Companies/Private</td>
</tr>
<tr>
<td>5</td>
<td>Other sources (Specify)</td>
</tr>
<tr>
<td>H</td>
<td>Total External Donations in Kind</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>I</th>
<th>Total Resources (E+F+G+H)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net Surplus/(Deficit) – (D-1)</td>
</tr>
</tbody>
</table>

### 10.4 Fund Raising Plan

After carefully developing the above matrix, the LSO should develop a fund raising plan using the following format:

**Table 10.8: Fund Raising Plan for the years ____ to ____**

<table>
<thead>
<tr>
<th>S. No</th>
<th>Source of Fund</th>
<th>Action Plan</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Date</td>
<td>Activity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Name of LSO President____________________ Signature_________ Date_________

Name of LSO G. Secretary____________________ Signature____________ Date_______
10.5 Project Proposal

A project proposal is a detailed description of a series of activities aimed at solving a certain problem. It is designed to present a plan of action, the reasons why the action is necessary, and convince the reader to agree with and approve the implementation of the recommended actions. To secure funds and services from external agencies in government, non-government and private sector, the LSO will need to develop proper project proposals.

Generally speaking, different donors will have different formats for project proposals. The demand for data and information will also be different according to the needs of the individual projects. However, most of the project proposals will also have some common factors. Therefore, if the LSO leaders are trained in developing a generic project proposal, then they would be able to follow the specific formats of donors easily.

10.5.1 Project proposal development and implementation process

The demand for the project must come from member VO/COs of the LSO. Ideally speaking, the member VOs of the LSO should develop their Village Development Plans (VDPs) in consultation with their member male/female COs. The project should be identified at that point in time. The demand for the project should be submitted to the LSO through a resolution signed by the General Body members of the concerned VO/COs. The Executive Body of the LSO should formulate a Project Committee comprised of members both from Executive Committee and General Body and headed by the LSO Chairperson. The LSO Project Committee should review such demand resolutions in the light of the agreed guidelines and submit the qualifying demand resolutions to the LSO Ex. Committee for approval. The Ex. Committee should then review the selected demand resolutions and approve them using some agreed and established criteria. The approved demands resolutions will then should be made part of the Operational Plan of the LSO.

Moreover, the LSO leaders can also identify a funding avenue from any government or non-government agency. In that case, the matter should be discussed and approved by its Executive Committee, and if needed, by the General Body as well as potential partner VO/COs.

The approved demand resolutions that require external funding should be submitted to the Project Committee to search for potential donors and to develop project proposals.

Below is a matrix to describe the process of project proposal in a sequential order.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Target Date</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Request for the project from member communities with a resolution</td>
<td></td>
<td>VO President</td>
</tr>
<tr>
<td>signed by majority of VO members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. LSO leaders identify a potential donor to implement a felt need of</td>
<td></td>
<td>LSO leaders</td>
</tr>
<tr>
<td>its community</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Review and approval of proposed project</td>
<td></td>
<td>LSO Project Committee</td>
</tr>
<tr>
<td>4. Identify donor agencies for the project, collect information and</td>
<td></td>
<td>LSO Project Committee</td>
</tr>
<tr>
<td>profiles of donors and do initial contact with them</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Develop Project Proposal for donor/donors according to their</td>
<td></td>
<td>LSO Project Committee</td>
</tr>
<tr>
<td>specified formats and requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Review and LSO approval</td>
<td></td>
<td>LSO Ex. Committee</td>
</tr>
<tr>
<td>7. Submission of the Project Proposals to donor/donors</td>
<td></td>
<td>Chairperson/Project</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Committee</td>
</tr>
<tr>
<td>8. Follow up with donor/donors, respond their queries and provide</td>
<td></td>
<td>Chairperson/Project</td>
</tr>
<tr>
<td>further data/information if required</td>
<td></td>
<td>Committee</td>
</tr>
<tr>
<td>9. (If the Project Proposal is approved) Finalise the Project Proposal</td>
<td></td>
<td>Chairperson/Project</td>
</tr>
<tr>
<td>incorporating recommendations from the donor and get it approved from</td>
<td></td>
<td>Committee</td>
</tr>
<tr>
<td>Ex. Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Signing of contract with donors</td>
<td></td>
<td>Chairperson</td>
</tr>
<tr>
<td>11. Consultative meeting with member VO/COs to plan</td>
<td></td>
<td>Project Committee and</td>
</tr>
<tr>
<td>implementation of the Project</td>
<td></td>
<td>concerned VOs/COs</td>
</tr>
<tr>
<td>12. Implement the Project and formation of required set up for project</td>
<td></td>
<td>Project Committee and</td>
</tr>
<tr>
<td>implementation</td>
<td></td>
<td>concerned VOs/COs</td>
</tr>
<tr>
<td>13. Progress review and donor reporting</td>
<td></td>
<td>Project Committee</td>
</tr>
</tbody>
</table>
10.5.2 General Outline of a Project Proposal
Below is a general format for a project proposal.

Table 10.10: Format for Project Proposal

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Short profile of LSO</td>
</tr>
<tr>
<td>b</td>
<td>Description of project, main activities and objectives</td>
</tr>
<tr>
<td>c</td>
<td>Geographic area and profile of the target population/beneficiaries</td>
</tr>
<tr>
<td>d</td>
<td>Rationale of the project (why this project is necessary, important etc)</td>
</tr>
<tr>
<td>e</td>
<td>Key project activities with time frame</td>
</tr>
<tr>
<td>f</td>
<td>Implementation plan and methodology (describe how to implement the above listed activities)</td>
</tr>
<tr>
<td>g</td>
<td>Project budget (Activity, Unit of measure, Unit cost, Total cost, LSO share, Community share, and Donor share)</td>
</tr>
<tr>
<td>h</td>
<td>Sustainability (How the project will continue on its own after completion)</td>
</tr>
<tr>
<td>i</td>
<td>Expected Outputs and outcomes (i.e. immediate results and longer term impacts)</td>
</tr>
<tr>
<td>j</td>
<td>Monitoring and Evaluation and Progress Reporting</td>
</tr>
</tbody>
</table>

The narratives should be brief and to the point. The data must be authentic. The timeframe must be realistic. The monitoring part should be clear on what to be monitored by whom and at what frequency. Below is a general format for Activity wise Timeframe and Budget.

Table 10.11: Activity Sheet

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Outputs-Wise Activities</th>
<th>Unit of Measure</th>
<th>Unit Cost (Rs)</th>
<th>Time</th>
<th>Total</th>
<th>Responsibility/Focal person at LSO for coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1st QTR</td>
<td>2nd QTR</td>
<td>3rd QTR</td>
</tr>
</tbody>
</table>
Table 10.12: Project Budget

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Outputs-Wise Activities</th>
<th>Unit of Measure</th>
<th>Unit Cost (Rs)</th>
<th>Total Cost (Rs)</th>
<th>LSO Share</th>
<th>Community share</th>
<th>Donor’s share</th>
<th>Responsibility/Focal person at LSO for coordination</th>
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Prepared by ___________________  Date: __________

Signature of the Chairman/President __________  Date: __________
Chapter 11: External Relations

11.1 General
External relations are essential for an LSO to build links and supportive partnerships. These relationships depend on the LSO becoming known within pertinent communities and establishing an image and track record that reflects its achievements. Building these types of relationships will strengthen and widen its impact through partnerships and collaboration with government agencies, donors and other civil society organisations active in the same sectors and geographic areas.

The LSO’s primary relationship is with the community or constituency it serves, whether as an advocate or as a direct service provider. Additionally, the LSO will want to make contacts and enhance its reputation with government agencies and officials, with other civil society organisations, and with the for-profit business sector. Communities and the LSO’s constituents are best served when the government, business, and civil society sectors cooperate to deliver the goods and services citizens need and want.

The LSO must pay special attention to initiating and maintaining excellent relationships with local government, provincial authorities and line departments, particularly with departments whose functions can have a direct bearing on the activities of the LSO. Local, provincial and federal authorities can provide financial or in-kind support to the LSO, help reform or enact regulations or laws pertaining to its work, and help raise its public profile.

The LSO must maintain relationships with select fellow organisations and advocacy organisations/groups which have converging interests and are involved in similar work. Such relationships are important for the development of partnerships and collaborative projects, and the securing community support for advocacy or lobbying efforts.

11.2 Guidelines for External Relations
Below are the LSO guideless in External Relations

1. The most important stakeholders of the LSO are its member VOs and COs. Therefore, it should develop strong functional relationships with them. The mission and core objectives of the LSO and its member organisations must be common. The operational plan of the LSO must be based on the operational plans of VOs drawn from the Micro Investment Plans (MIPs) of their member COs. The LSO should be seen as a valuable resource by its member VO/COs to achieve their missions and objectives.

2. The relationship of the LSO with its member VO/COs should be that of equal partner.

3. The LSO should be able to attract volunteers’ support for its activities both from its member VO/COs as well as from other civil society organisations

4. To optimize its services to its beneficiaries, and in general help improve beneficiaries’ lives, the LSO should engage in advocacy and lobbying efforts, at both
the public and government levels. The LSO should play a leading role in promoting coalitions, networks and fora for advocacy. The LSO should have contacts with policy makers and routinely engage them in dialogues and discussions.

5. Similarly the LSO should network and share resources with local, national and international civil society organisations to achieve common objectives.

6. There will be local, national and international NGOs and donor agencies who share common objectives with the LSO and who have services and resources at their hand to support the LSO in implementing its planned projects. The LSO should be able to network with them and share their services and resources. The LSO should have diversified contacts within the donor community. The donors should regard the LSO as a credible and valuable partner.

7. Fostering external relations is a sensitive and tricky job. Therefore, the LSO should have requisite knowledge and skills to conduct and engage in public relations. The image and identity of the LSO should be clear to its stakeholders and public at large. To this end, information about the LSO and its programmes should be easily available and mechanisms should exist for their dissemination.

8. Where possible, the LSO should have enough capacity to effectively use IT services for promotion of its image.

11.3 How to Develop and Strengthen External Relationships
Communication is necessary for developing external relations since it offers the LSO the opportunity to increase its audience, gain more knowledge and experience. Communication and networking go together. Networking is the fact of establishing contacts, keeping contacts and using those contacts. This is a very important tool to improve the communication between the LSO and its stakeholders and potential supporters.

The external communication is the exchange of information which occurs between the LSO and external parties such as community members, donors, media and general public. However, the internal communication is an exchange of information which occurs within the organisation itself. For the LSO, knowing who to communicate to, what, why, when and how is extremely vital. Ideally, the LSO first should develop and implement a communication strategy using technology to economically increase and improve both internal and external communication. And second it should establish a public relations committee for internal and external promotion and marketing of the LSO.

Some of the most used methods of external communication in Pakistan today are:
- Telephone calls
- Fax
- Letters
- Emails
- News letters
- Brochures
- Blogspot
- Social events, workshops and seminars
Below are some brief guidelines on some of the tools and techniques of communication:

**11.3.1 Database**
The LSO should have a data base of its important contacts. The data base is a vital way to improve the networking, and have the contact of all stakeholders available readily. The data base should have full name of the organisations and individuals, their full postal addresses, telephone/cell/fax numbers and other important facts and figures about them like their area of interest for the LSO.

**11.3.2 Annual Report**
The LSO should produce an annual report that should be public. The annual report can be exchanged between different LSOs and also sent to the relevant stakeholders and donors.

**11.3.3 Newsletter**
This is a good tool to inform the outside world about who we are and what we are doing, and why we are doing it and where we are doing and how well we are doing it. It should be the primary voice of the organisation in order to create awareness. The LSO can have a quarterly newsletter. It can be electronic in order to save the printing costs and can be sent to everyone.

**11.3.4 Posters, Pamphlets and Brochures**
If resources allow, the use of posters, pamphlets and brochures is also essential point of communication and propagation. The LSO can also use its name and logo to publicise important messages of other organisations to save printing cost of posters etc.

**11.3.5 E-mails**
Creating a mailing list is the primary need to communicate via e-mails. By building a mailing list and mailing regularly, using e-mail and news group or website, the LSO will be able to keep all its stakeholders who have email access updated and aware of its activities and events.

**11.3.6 Use of Faxes**
It is an expensive method and time consuming compared to the use of emails, but it can be highly recommended in some cases. Faxes can not be deleted, and the receiver is obliged to read it before it can be destroyed.

**11.3.7 Use of SMS’s**
This is an effective and rapid method to keep everyone updated and to communicate fast. If most members have access to cell phones they can answer quickly. However, it would be costly if the number of members is large.

**11.3.8 Special Events, Conferences, Seminars and Walks**
The LSO can celebrate important days recognised both at of national and international level. The LSO can hold conferences, seminars or walks on important social and cultural issues. It can arrange sports tournaments. Besides the electronic ways of communication, there is no better than the interaction face to face, that’s why conference, seminars or social gathering is important to build
good network. The LSO can organise workshops and conferences for its members in order to share their experiences and knowledge and also to discuss each others concerns to find common solutions. Key government officials, elected local government, Provincial and National Assembly members and donor representatives could be invited to attend them as guest of honour.

11.3.9 Website or Blogspot
The use of blogs and website is becoming now very famous and everyone is tending to create their own space. This new tool can highlight LSO work on a global scale. However, having a website or a blog requires some work. Someone should update it continuously in order to ensure that the information is fresh as possible. It is not professional to have a website or a blog with information that dates back to more than 5 months, and this might create a bad impression on the people checking it out.

Websites can be expensive to maintain, that is why it requires a professional to do it, however a blogspot is easy to maintain and can be a substitute for a website. This is free service on the internet and requires no domain fee. Additionally space can be unlimited. Another new phenomenon is the use of facebook.

11.3.10 Word of Mouth
This is the most traditional and powerful means of media and all the members of LSO should be involved in this. Everyone should be well informed to talk about a specific issue anytime anywhere.

11.3.11 Media Strategy
Media, both print and electronic has become powerful today. The LSO therefore, should design a media strategy in order to create visibility about its work among its members and public opinion.

11.3.12 Media Relations
The LSO needs to get in touch with press in order to frontline its public relations. Writing to local magazines, news papers or website is very powerful tool of creating awareness about the LSO and its activities amongst the masses as well as publicising the cause of the LSO.

11.3.13 Data Base of Donors
One of the main purposes of fostering and maintaining external relations is resource mobilisation. The LSO, therefore, must have a data base of potential donors in government, non-government and private sectors who have resources in cash, kind and services. The data base should have basic information about the donors, like full postal address, telephone and fax numbers, development sectors for funding, type of resource (cash, kind and services), funding conditions etc.20

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20 The Donor Directory published by RSPN is a valuable source for this purpose. The LSO can download it from RSPN website: www.rspn.org
Chapter 12: Sustainability

12.1 General

Sustainability refers to the long-term continuation of an organisation, program or project. The LSO has been conceived as a permanent institution. Therefore, sustainability of its very existence as well its operations to an acceptable level is a key capacity consideration. To this end, capacity building, especially concerning fundraising and strengthening their sustainability, should be a strategic priority of the LSO. The LSO should seek to build new models of institutional management and mobilization of resources that will reduce dependence on funds from traditional sources - RSP and national and international donor agencies and that will contribute for the LSOs to grow roots in their communities. Currently the majority of the LSOs are dependent on financial resources provided by the RSPs. They also present a number of weaknesses concerning their management, which means that the sustainability of their operations is at risk. The LSOs need to develop proper fund raising plans and implement them strictly. This warrants proper capacity within the LSO management.

12.2 External Environment and Sustainability

The LSO must take into account prevailing trends in development and in public spending when planning for the future. Increasingly, government and semi-government organisations in Pakistan are willing to channel their funds through civil society organisations. However, accessing their funds directly will be difficult for LSOs in the beginning. Therefore, the LSOs should form Tehsil and District level networks to influence government policies as well as strengthening its own standing.

Moreover, funding for LSOs is heavily linked to new public spending trends. LSOs either may directly receive funding from government departments and foreign government agencies or receive funding from multilaterals and larger NGOs that are influenced by government spending trends. Either way, LSOs cannot afford to ignore these changes. LSOs should lobby with government for framing policies that are in their favour.

Both the NGO community and the donor community in Pakistan are susceptible to any number of economic and political pressures occurring everywhere from the organisational level all the way up to macro variations in national and international economies. Donors are subject to funding constraints of their own that can limit their capacity to fund purely based on the quality of a project or the good record of the LSO. The LSOs must be aware of these possibilities and diversify their sources of funding accordingly.
12.3 Guidelines for Improving Sustainability

Below are some guidelines to ensure sustainability of LSO existence and effective operations:

1. The LSO should develop plans for short and long-term continuity of its operations
2. The resource base of the LSO should be sufficiently diversified. It should adopt a system of membership fee. It should collect both cash and commodities as donation from its members and outsiders. It should built fee for services and other cost recovery mechanism into its programmes
3. The LSO should try to establish its endowment fund. Once it is created, the LSO should adopt measures to ensure that it remains growing
4. The LSO should have proposal writing and fund raising capacity internally. Otherwise the LSO should have contacts with organisations or individuals who could extend their support on terms and conditions affordable to the LSO
5. The LSO should actively foster Tehsil and District level LSO Networks and become their active members
6. The LSO should develop partners with NGOs, government and private sector to access their services and funds
7. The LSO should carry out technical, financial, social and environmental feasibility of its projects in the planning stage

12.4 Financial Sustainability

Financial sustainability refers to the assessment that an organisation will have sufficient funds to meet all its resources and financing obligations, and will be able to respond to adverse changes in financial conditions.

A financial sustainability plan is a document that assesses the key financing challenges facing the organisation, and describes the organisation’s approach to mobilizing and effectively using financial resources to support medium and long-term programme objectives.

Working toward financial sustainability is essential for LSOs. Each LSO must develop a model responsive to its development plan. While the details vary, such financial models generally include two components: non financial resources and predictable sources of revenue.

12.4.1: Non Financial Resources

These are skilled or unskilled volunteers, and one-time or recurring in-kind donations that enable the LSO to increase the sustainability of its initiatives. This is a tested method in programmes and projects implemented by the LSO through its member VO/COs. The beneficiary members contribute in the form of free labour, cash and local material.
12.4.2: Predictable Revenue Sources

These are long-term, repeat, and performance-based funding sources - foundation, individual, government, corporate, and fee-based - that will provide predictable funding, despite conditions of general economic recession. Which type of predictable revenue sources a financial sustainability model contains will depend on the LSO’s approach to resource mobilisation, as well as the development and social problems being addressed by it.

The most predictable source of income for the LSO would be membership fee from CO members. If the member VOs have independent sources of income, then they can also pay part of it to the LSO as fee or management charges for monitoring and supervision. Audit fee from member VOs and COs could be another venue where the LSO routinely conducts audit of their accounts on annual basis. Moreover, the LSO should start collecting a portion of its costs from the beneficiaries of their services through user charges.

12.5 Sustainability Plan

In the light of the above discussion, it is clear that planning a perfect sustainability plan for the LSO would be impossible. On the other hand, having no sustainability plan would also be unacceptable. Therefore, the LSO should develop a long-term sustainability plan, because in the short time, achieving financial sustainability would be difficult if not impossible. The LSO should follow the format given below or any other format suitable to its situations.

| Table 12.1: Three Year Financial Sustainability Plan of LSO in Operational Cost |
|-------------------------------|-------------------------------|-------------------------------|
| Y1                           | Y2                           | Y3                           |
| 100                          |                              | 100                          |
| 90                           |                              | 90                           |
| 80                           |                              | 80                           |
| 70                           |                              | 70                           |
| 60                           |                              | 60                           |
| 50                           |                              | 50                           |
| 40                           |                              | 40                           |
| 30                           |                              | 30                           |
| 20                           |                              | 20                           |
| 10                           |                              | 10                           |
| 0                            |                              | 0                            |

As per the above plan, the LSO is expecting to achieve 30% self-sufficiency in its operational cost by the end of year 1, 60% in year 2 and 99% in year 3.
Table 12.2: Ten Year Financial Sustainability Plan of LSO in Operational + Programme Cost

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According to the given plan, the LSO is aiming to achieve up to 80% financial sustainability of both its operational and programme costs by the end of year 10.

The following strategies should be followed by the LSO to achieve maximum self-sufficiency.

1. Keep its operational cost at minimum level
2. Foster volunteerism
3. Adopt membership fee
4. Collect in kind donation from beneficiary community
5. Create endowment fund
6. Adopt user fee policy
7. Foster external relationships with all stakeholders
8. Be active members of LSO Network and other national and international civil society forums and associations
9. Be fully accountable to member communities
10. Build capacity of member VO/COs to make them maximum self-sufficient
Chapter 13: Gender and Development

13.1 General
The GAD approach to development recognizes that women, poor men and other disadvantaged groups are the victims of social structures that impact them negatively. The ultimate goal of such an approach is to create equitable and sustainable development with women and men as decision-makers through empowering these groups to create social transformation with a gender perspective. It proposes taking into account the different practical and strategic needs of women and men at all stages of a project cycle, this involves gender mainstreaming.  

As a policy decision, RSPs have agreed that in the case of a mixed LSO, at least 33% of its CO members should be women, and that 33% of both the General Body and Executive Committee of the LSO should represent women. However, the ratio of women membership in COs and their representation in the LSO GB and EC should gradually increase to 50% over time. Efforts should also be made to form women only LSOs.

13.2 Guidelines for Gender and Development
Below are the guidelines for the LSO in Gender and Development:
1. The LSO management and staff should be trained in gender awareness and planning and analysis.
2. The LSO should have a written gender policy duly approved by its General Body
3. Gender mainstreaming should be ensured in all programmes and projects
4. The LSO management should take responsibility for development and implementation of the gender policy. A gender committee should be formed with clear ToRs
5. Adequate financial resources should be budgeted for gender integration in LSO programmes
6. Gender monitoring of projects and programmes should be carried out regularly
7. The LSO should routinely collect gender segregated data for monitoring and evaluation of its programmes
8. Where socio-cultural conditions permits, there should be 50% representation of women in the Executive Body and General Body of the LSO.
9. At least one of the bank signatory of the LSO should be a woman

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21 See Gender mainstreaming checklist in annex 13
22 A sample Gender Policy has been given in annex 12


Chapter 14: Poverty Targeting

14.1 General
Poverty has various manifestations, including lack of income and productive resources to ensure sustainable livelihoods; hunger and malnutrition; ill-health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. It is also characterized by lack of participation in decision-making in civil, social and cultural life.

It occurs in all countries; as mass poverty in many developing countries, pockets of poverty amid wealth in developed countries, loss of livelihoods as a result of economic recession, sudden poverty as a result of disaster or conflict, the poverty of low-wage workers, and the utter destitution of people who fall outside family support systems, institutions and safety nets.

People may be poor because:
- They belong to poor country, group or family.
- Lack of income and assets to attain basic necessities — food, shelter, clothing, and acceptable levels of health and education.
- Sense of voicelessness and powerlessness in the institutions of state and society.
- Vulnerability to adverse shocks, linked to an inability to cope with them.

The main objective of the RSP fostered social mobilisation programme is reducing poverty of the rural communities of Pakistan. It is an established fact that targeted programmes and projects are the most effective mechanisms for reducing poverty. Therefore, poverty targeting will remain a key strategy of the LSOs.

14.2 Guidelines for Poverty Targeting
The LSO should adopt a two pronged strategy for poverty targeting:
1. All its programmes and projects should be pro poor. In other words, poverty would be mainstreamed in its programmes and projects
2. Targeted projects for core poor and destitute, because mainstream programmes and projects, even if they are pro poor, seldom reach them

14.2.1 Mainstreaming Poverty in LSO Programmes and Projects
The following steps should be taken by the LSO to mainstreaming poverty in its programmes and projects:

1. The LSO should identify the poorest and poor HHs in its area of operation using poverty scorecard method\(^\text{23}\)

\(^{23}\) For details on Poverty Score Card method, the reader should consult the relevant sections in the Social Mobilisation Manual 2009
2. The LSO should actively involve the poorest in conducting needs assessment, and ask for their opinion on their problems and needs during planning
3. The project objectives of LSO should make clear that project benefits are intended mainly for the poor and the poorest members
4. The LSO should have continuous and sustainable plans and projects for poverty alleviation of its poorest members
5. In case of availability of CIF, the LSO should allow it to only the poorest households through women members, identified through poverty scorecard
6. The beneficiary members of poverty targeted projects of LSO should report visible benefits
7. There should be around 30% representation of poorest members in the Executive Body and General Body of the LSO
8. The LSO should routinely collect poverty segregated data for monitoring and evaluation of its programmes and projects

14.2.2 Targeted Projects for the Poorest and Destitute
From project management perspective, poverty targeted projects are both expensive and difficult because they require micro-management. The key success elements of a poverty targeted project are (1) proper identification of the poorest families (2) developing the household level MIP with active participation of all economically active men and women members (3) arranging the required financial and technical inputs to implement the MIP (4) close monitoring by CO/VO and ensure timely provision of additional inputs.

The following procedures are recommended to LSOs for development and management of poverty targeted projects.
1. Identify the poorest families using the poverty score card method and validate its results by the concerned CO/VO
2. Organise 100% poorest households in men and women COs. If required relax the membership conditions of savings and CNIC at least for the time being
3. Train VO leaders in MIP development and ask the trained people to develop household level MIPs of the poorest households. Care must be taken to involve each and every economically active members of the household in the MIP process. The development plans of men and women should also be arranged separately if needed. 24
4. The CO should discuss these MIPs in its meeting, approve them and submit the workable MIPs to its VO for further action
5. The VO should consolidate all MIPs submitted by its member COs and discuss them in its meeting. If possible, the VO should arrange financial and technical inputs to the MIPs and implement them through the concerned COs
6. Otherwise the VO should submit the MIPs to the LSO for arrangement of required inputs
7. The LSO should consolidate all MIPs, categorise them in different sectors and develop projects. The poverty targeted project should have clear and measurable monitoring

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24 A detailed MIP format has been given in annex 16
indicators at each level of activities, inputs, outputs and immediate results or outcomes. Monitoring formats should be part of the project. The concerned VO/COs should be made responsible for collecting monitoring data and submit them to the LSO on regular basis.

8. If the LSO has resources in hand or it can arrange resources through internal sources, it should do the needful.

9. Otherwise the LSO should submit the project to a potential donor or RSP to arrange necessary inputs.

10. After arrangement of resources, the LSO should implement the project through the member VO/COs and collect monitoring data through them.

11. The LSO should prepare progress reports and submit to its management and governing bodies, VO/COs, donors and other stakeholders.

12. The major lesson learn from the project should be properly recorded and incorporated in future similar projects by the LSO.
Chapter 15: Monitoring and Evaluation

15.1 General
Monitoring is seen as an integral part of good routine management that enables managers to gain first hand insights and updates on key project management questions, such as:

- Are the development activities (infrastructure, services, training, etc.) being implemented as planned, on schedule and within budget?
- Are these activities leading to expected outputs/results (utilization of infrastructure and services by beneficiaries, increased capabilities through training, changes in behaviour patterns, etc.)?
- What is causing delays or unexpected results? Is there anything happening which would lead the management to revise/modify the original plans?

Evaluation on the other hand seeks to measure as accurately as possible the impacts of development interventions and to understand the functioning of the processes bringing about these changes in order to improve them.

15.2 Monitoring Framework for LSO Programmes and Projects
To become and remain an efficient and effective organisation, the LSO must develop monitoring frameworks and formats for collection and analysis of monitoring data to interpret the results of its programmes and projects. For donor funded programmes and projects, the LSO will have to follow the monitoring frameworks and approaches agreed under the TOP.

For the sake of internal learning, improved decision making and accountability, the LSO will have to develop participatory monitoring approaches by including a wider range of stakeholders at every stage of the programme process. In the case of LSO, it should involve its partner VO/COs in monitoring of activities carried out through them. The LSO should collect the monitoring data from the partner organisations, verify their accuracy and develop a consolidated monitoring report of the project.

Naturally monitoring indicators will be different for each and every project. Therefore, monitoring indicators could be developed only in the context of actual or proposed project. However, sample monitoring frameworks can be designed to serve as guideline.
Below is a monitoring framework LSOs.

### Table 15.1: LSO Monitoring Framework for Programmes and Projects

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<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 15.3 Monitoring Format to Measure Overall Performance of LSOs

Besides reviewing the progress on programmes and projects, the LSO will have periodically review its over all performance in the light of its core objectives on the below or any other suitable format and share with its governing body, the Tehsil/District Network and other stakeholders.

### Table 15.2: LSO Monitoring Format

**Reporting Period:** _______ to _______

<table>
<thead>
<tr>
<th>Profile of the LSO</th>
<th>Name of RSP</th>
<th>Region</th>
<th>District</th>
<th>UC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Name of LSO</td>
<td>Formation date</td>
<td>Total HHs in UC</td>
<td>Organised HHs</td>
</tr>
<tr>
<td></td>
<td>Total member CDs</td>
<td>Men</td>
<td>Women</td>
<td>Mix</td>
</tr>
<tr>
<td></td>
<td>Total member VDOs</td>
<td>Men</td>
<td>Women</td>
<td>Mix</td>
</tr>
<tr>
<td></td>
<td>LSO Fund: Total</td>
<td>Internal Sources</td>
<td>External Sources</td>
<td>Date of LSO Visit</td>
</tr>
<tr>
<td>S. No</td>
<td>Indicators</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Around 70% households in the UC are organised into COs and are member of LSO:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total HHs in the UC:</strong> __________</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Organised HHs in the UC on the previous reporting date:**

<table>
<thead>
<tr>
<th>By Men members</th>
<th>%age of men members</th>
<th>By Women members</th>
<th>%age of women members</th>
<th>By Total members</th>
<th>%age of total members</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**No of COs on the previous reporting date:**

<table>
<thead>
<tr>
<th>Men COs</th>
<th>Women COs</th>
<th>Mix COs</th>
<th>Total COs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Organised HHs in the UC on the current reporting date:**

<table>
<thead>
<tr>
<th>By Men members</th>
<th>%age of men members</th>
<th>By Women members</th>
<th>%age of women members</th>
<th>By Total members</th>
<th>%age of total members</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**No of COs on the current reporting date:**

<table>
<thead>
<tr>
<th>Men COs</th>
<th>Women COs</th>
<th>Mix COs</th>
<th>Total COs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comments: ____________________________________________________________

---

**The LSO has identified poorest HHs through Poverty Scorecard and around 100% poorest households in the UC are organised into COs and are member of LSO**

**On the previous reporting date:**

<table>
<thead>
<tr>
<th># Poorest HHs</th>
<th># organized Poorest HHs</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**On the current reporting date:**

<table>
<thead>
<tr>
<th># Poorest HHs</th>
<th># organized Poorest HHs</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comments: ____________________________________________________________
At least 33% women represent in the LSO General Body

On the previous reporting date:

<table>
<thead>
<tr>
<th>Total</th>
<th>Men</th>
<th>Women</th>
<th>%age of Women</th>
</tr>
</thead>
</table>

On the current reporting date:

<table>
<thead>
<tr>
<th>Total</th>
<th>Men</th>
<th>Women</th>
<th>%age of Women</th>
</tr>
</thead>
</table>

Comments:__________________________________________________________________________

At least 33% women represent in the LSO Executive Committee

On the previous reporting date:

<table>
<thead>
<tr>
<th>Total</th>
<th>Men</th>
<th>Women</th>
<th>%age of Women</th>
</tr>
</thead>
</table>

On the current reporting date:

<table>
<thead>
<tr>
<th>Total</th>
<th>Men</th>
<th>Women</th>
<th>%age of Women</th>
</tr>
</thead>
</table>

Comments:__________________________________________________________________________

The LSO has written by laws approved by its General Body

Date of approval of the bylaws______________

Comments:__________________________________________________________________________

The LSO bank account has at least one women signatory:

No of women signatories: _____

Comments:__________________________________________________________________________

The LSO properly maintains the following records

<table>
<thead>
<tr>
<th>Receipt Book</th>
<th>Paid bills</th>
<th>Cash Book</th>
<th>General Ledger</th>
<th>Bank Reconciliation Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit &amp; Loss A/C</th>
<th>Balance Sheet</th>
<th>Minutes Book</th>
<th>Agreements</th>
<th>Loan appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loan Register</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>
The General Body and Executive Committee/BoD of the LSO meet regularly on scheduled meetings with full quorum

<table>
<thead>
<tr>
<th># Planned General Body Meetings:</th>
<th># Planned Exe. Committee Meetings:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th># Actual General Body Meetings:</th>
<th># Actual Exe. Committee Meetings:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>%age of Total Attendance</th>
<th>%age of Total Attendance</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>%age of Men’s Attendance</th>
<th>%age of Men’s Attendance</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>%age of Women’s attendance</th>
<th>%age of Women’s attendance</th>
</tr>
</thead>
</table>

Comments:
________________________________________________________________________

The LSO has developed a 3 year UC Development Plan and an annual plan and budget in a participatory manner

Date of UC Development Plan__________________________

Comments:
________________________________________________________________________

The LSO has planned and implemented activities on self-help basis

Self help activities during the reporting period:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
<th>Cost</th>
<th># Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>

Comments:
________________________________________________________________________

The LSO has raised funds through internal and external sources:

Fund raising during the reporting period:

From Internal Sources:

<table>
<thead>
<tr>
<th>Membership fee</th>
<th>Service Charge</th>
<th>Cash Donation</th>
<th>Donation in kind</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## From external sources:

<table>
<thead>
<tr>
<th>Name of Donor</th>
<th>Cash Donation</th>
<th>Donation in kind</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

Total

Total previous LSO fund Rs.__________ Funds raided during the reporting period Rs._____

Total LSO Funds Rs__________

Comments:____________________________________________________________________________________

## The LSO has developed linkages with organisations other than the RSP

### Linkages developed during the reporting period:

<table>
<thead>
<tr>
<th>Donor</th>
<th>Activity</th>
<th>Date</th>
<th>Cost</th>
<th># Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comments:____________________________________________________________________________________

## The LSO monitors the activities of its member VDO/COs

13 No of VDOs monitored by the LSO during the reporting period: Planned ______ Actual ______

No of COs monitored by the LSO during the reporting period: Planned ______ Actual ______

Comments:____________________________________________________________________________________
### The LSO supports the VDO/COs in their capacity building

<table>
<thead>
<tr>
<th>Activity</th>
<th>Indicator</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase membership</td>
<td>1. Increase in member HHs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Increase in member COs</td>
<td></td>
</tr>
<tr>
<td>2. Improve record keeping</td>
<td>1. Record keeping of COs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Record keeping of VOs</td>
<td></td>
</tr>
<tr>
<td>3. Enhance savings</td>
<td>1. Increase in total savings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Increase in average savings per member</td>
<td></td>
</tr>
<tr>
<td>4. Improved transparency</td>
<td>Improved visitors to:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. COs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. VOs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. LSO</td>
<td></td>
</tr>
<tr>
<td>5. Improved accountability</td>
<td>1. CO records presented in CO meetings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. CO records are shared with VO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. VO records are presented into VO meetings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. VO records are shared with LSO</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Yes/No</td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### The LSO supports the VO/COs to implement their activities

No of support initiatives during the reporting period: _______

Comments: ____________________________________________________________

### The LSO pays the VO/CO their share of funds (if any) on time

Amount of VO share due Rs_______

Amount paid to VO Rs_______

Comments: ____________________________________________________________

Name of LSO President_________________________ Signature_________________________

Name of LSO General Secretary_________________________ Signature_________________________

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25 Formats for LSO profiling and performance measurement have been given in annexes 15 and 14
Chapter 16: Reporting

16.1 General
Once it is registered, the LSO will be a formal legal entity. Each registration law will have its own sets of statutory reporting regulations and formats, hence the LSO will have to make statutory reporting to the registration authority on the prescribed formats. More over, the LSO will have to make progress reporting of its achievements against quarterly and annual operational plans and targets to its management and governing bodies. If the LSO implements donor funded programmes and projects, it will have to make progress reporting to the donor agency regularly. If the format and timings of the donor reports are pre-determined in the project agreement or MoU, then the LSO must follow them. Otherwise the LSO should produce a generally acceptable progress report and submit to the donor on time.

The prime stakeholder of the LSO is its member VO/CO members. Therefore, the LSO must share its annual plans and progress reports with them on regular basis.

Regular progress reporting creates a valuable written record of the life of completed projects as well as the LSO. Therefore, the LSO should keep copies of all types of reports safely filed in its office.

The Executive committee of LSO will be responsible for developing all types of progress reports. The statutory reports must be approved by the LSO General Body before submission to the concerned regulatory body. The routine management reports and donor reports must also be shared with the General Body even if they are not required its approval.

16.2 Types of LSO Reports
As stated above, the LSO will have to make different types of reports to satisfy different stakeholders. Below is a list of some common LSO reports.

| Table 16.1: List of Common Types of LSO Reports with their Key Target Stakeholders |
|---|---|
| S. No | What to report? | Whom to report? |
| 1 | Annual Plan of Operations with Budget | LSO EC/GB; member VO/COs; Registration authority; Donors |
| 2 | Annual Progress Report | LSO EC/GB; member VO/COs; Registration authority; Donors |
| 3 | Annual Financial Progress Report | LSO EC/GB; member VO/COs; Registration authority; Donors |
| 4 | Annual Audit Report | LSO EC/GB; member VO/COs; Registration authority |
| 5 | Quarterly Progress Reports | LSO EC/GB; Donors |
| 6 | Quarterly Financial Reports | LSO EC/GB; Donors |
| 7 | Progress Reports of donor funded projects | LSO EC/GB; Concerned donor |
| 8 | Minutes of Annual GB meeting | Participants; LSO GB; member VC/COs |
| 9 | Minutes of Special meetings | Participants; LSO GB; member VC/COs |

---

Statutory means regulatory requirements that mandate reporting of financial and non-financial information to varied government agencies is called statutory reporting.

Progress report is a report of work accomplished during a specified time period.
LSO reports may be prepared monthly, quarterly, semi-annually and/or annually depending on the needs of each category of users.

16.3 Annual Reports and Audit Requirements
The LSO should comply with statutory audit requirements. Furthermore, the LSO is responsible to fulfil the audit requirements as indicated in the grant agreements with donors.

For the audit to be carried out, the LSO will be required to prepare annual accounts of the entire organisation. The LSO should select an independent auditor. The audit shall be a financial audit performed in accordance with Generally Accepted Auditing Standards of Pakistan and shall determine whether the grant and other funds received and earned by the LSO have been used in accordance with the LSO bylaws and grant agreements with individual donors.

The audit report should be submitted to the General Body/BOD within 21 days after the completion of the audit, but the audit should be completed no later than 3 months after the close of the fiscal year. The General Body/Board will review the audit report to determine whether it complies with the audit requirements of the LSO bylaws as well as grant agreement/agreements.

The LSO should prepare annual financial statements within 30 days after the end of the financial year.

Below is a format for Annual Progress Report of LSO:

Table 16.2: LSO Annual Progress Reporting Format

<table>
<thead>
<tr>
<th>Reporting Period: _______ to ________</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Title of the Progress Report</td>
</tr>
<tr>
<td>ii. Table of contents</td>
</tr>
<tr>
<td>iii. Abbreviations</td>
</tr>
<tr>
<td>iv. LSO Profile</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profile of the LSO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of RSP</td>
</tr>
<tr>
<td>Region</td>
</tr>
<tr>
<td>District</td>
</tr>
<tr>
<td>UC</td>
</tr>
<tr>
<td>Name of LSO</td>
</tr>
<tr>
<td>Formation date</td>
</tr>
<tr>
<td>Total HHs in UC</td>
</tr>
<tr>
<td>Organised HHs</td>
</tr>
<tr>
<td>Total member COs</td>
</tr>
<tr>
<td>Men</td>
</tr>
<tr>
<td>Women</td>
</tr>
<tr>
<td>Mix</td>
</tr>
<tr>
<td>Total member VOs</td>
</tr>
<tr>
<td>Men</td>
</tr>
<tr>
<td>Women</td>
</tr>
<tr>
<td>Mix</td>
</tr>
<tr>
<td>LSO Fund: Total</td>
</tr>
<tr>
<td>Internal Sources</td>
</tr>
<tr>
<td>External Sources</td>
</tr>
</tbody>
</table>
iv. Executive Summary

A: LSO achievements in the reporting period
   - Summary of Achievements

Activity wise Achievements

<table>
<thead>
<tr>
<th>Activity</th>
<th>Targets</th>
<th>Achievements</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social mobilization (CO formation, reactivation)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-help activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Women focused activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Poverty focused activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Youth focused activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Capacity building of member VO/COs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Other activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Externally supported activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Women focused activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Poverty focused activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Youth focused activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Capacity building of member VO/COs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Other activities</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B: Activity wise details of Achievements (what, how much/how many, how, when etc)

C: Lessons learnt

Name of LSO President________________________ Signature________________________

Name of LSO General Secretary______________ Signature________________________

16.4 Performance Monitoring Reports
The LSO is responsible for monitoring the performance of its programmes and projects on quarterly basis or as per the grant agreements with donors and, where appropriate, ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved. This review shall be made for each programme, function or activity of each grant as set forth in the grant agreements with individual donors.
Annual reports will be due in 60 calendar days after the fiscal/grant year. Quarterly reports should be due in 30 days after the reporting period. The final performance reports are due in 90 calendar days after the expiration or termination of the grant or as specified in the grant agreement.

Performance reports shall generally contain, for each grant or project, brief information on each of the following:

- A comparison of actual accomplishments with the goals and objectives established for the period. Whenever appropriate, and the output of programmes or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs
- Data should be segregated for men and women
- Beneficiary data should be segregated for the poorest, poor and non-poor
- Reasons why established goals were not met
- Other pertinent information including when appropriate, analysis and explanation of cost overruns or high unit costs
- Lessons learnt during the reporting period

The LSO should immediately notify donors of developments that have a significant impact on the donation-supported activities. Also, notification should be given in the case of problems, delays, or adverse conditions which materially impair the ability to meet the objectives of the grant. This notification should include a statement of the action taken or contemplated, to resolve the situation immediately.
16.5 Project Report Format
Below is format for a detailed project progress report for LSOs:

Table 16.3: Project Progress Report format
i. Title of the Progress Report
ii. Table of contents
iii. Abbreviations
iv. Executive Summary

A: General Details of the Project
- Reporting period
- Title of the Project
- Geographical coverage/Location of the Project
- Total Project duration
- Objectives of the Project (overall/sector wise)
- Beneficiaries of the Project

B: Project background/rationale

C: Project achievements in the reporting period
- Summary of Achievements

<table>
<thead>
<tr>
<th>Activity wise Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Activity wise details of Achievements (what, how much/how many, how, when etc)

D: Lessons learnt

E: Planning for next reporting period

<table>
<thead>
<tr>
<th>Activity</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
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<tr>
<td></td>
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</tr>
</tbody>
</table>
16.6 Reporting requirements to LSO Management

The LSO shall prepare and submit the following reports to the Executive Committee on quarterly basis:

1. Financial Statements (Trial Balance, Balance Sheet, Income and Expenditure Account, Bank Reconciliation statement)\(^{28}\)
2. Budget variance analysis\(^{29}\)
3. Schedule of Micro Credit (in case of CIF or other loan operations)\(^{30}\)

The LSO shall prepare the above reports to submit to the General Body for discussion and approval on annual basis.

\(^{28}\) See annex 9 for formats of financial statements
\(^{29}\) See Table 9.7
\(^{30}\) See annex 9
## List of Annexes

<table>
<thead>
<tr>
<th>S. No</th>
<th>Title</th>
<th>Page No</th>
</tr>
</thead>
<tbody>
<tr>
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Annex 1

LSO Formation Procedures
(Adapted from Social Mobilisation Manual 2009)

After an appropriate time when the VDOs in the Union Council have matured, they should be consulted as to whether they would want to be federated at the Union Council level in the form of a LSO. Signs of mature VDOs are:

- Suitable household coverage in the village
- By-laws are approved by the General Body
- Regular meetings in the last six months
- Records (financial/non financial) are up to date
- Inclusion of 50% women members into the General and Executive Bodies
- Carried out at least two self-help initiatives
- Presence of mature COs in the VDO, demonstrating the VDO’s support and initiative in strengthening its COs

If the VDOs are mature, the DM should hold dialogues with the VDO to inform them of what a LSO is and its benefits (preferably the RSP should arrange for an exposure visit to a nearby LSO for some of the VDO members, in order to better demonstrate what a LSO is and what benefits it can bring to communities). If the VDOs are interested, only then should a LSO be formed. VDOs should not be pushed into this stage; rather they should be ready and willing to federate themselves. Sustainable and durable LSOs are those which have been formed because of their own natural need.

The first step for forming a LSO is the Union Council level dialogue with the VDOs:

- **Dialogue with VDOs Regarding LSO:** The dialogue should be held at a central location in the Union Council with all VDOs and their member COs present. The dialogue should be led by a senior RSP staff member, such as the District Manager or Senior SO.
- **Introducing the LSO Concept:** The participants should be introduced to the concept of LSOs and be explained what a LSO is and why the need for an LSO arises. LSOs are the highest tier in the three-tier structure of social mobilisation. It is a federation of VDOs at the Union Council. The benefits of LSOs are numerous; the chief benefit being that it allows organisations of the poorest to have a unified voice strong enough to be able to interact effectively with larger organisations such as local government, donor agencies and organisations in the private sector. This is because the LSO represents all the VDOs, COs and member households in the entire Union Council.
- **Explanation of Structure of LSO:** The participants should also be briefed on what the structure of the LSO is; namely that it is a representative
organisation of the VDOs and COs of the Union Council. The LSO is made up of a General Body and an Executive Body. The Executive Body is elected from the General Body of the LSO. The Executive Body of the LSO consists of the office-bearers and of General Body members.

- **Briefing on Responsibilities of LSO Office-Bearers:** Next the VDO members are briefly told of the responsibilities of the office-bearers of the LSO, stressing on the fact that a lot of time and commitment is required at the Union Council level.

- **Description of the LSO Formation Process:** Finally the participants are told of how a LSO is formed. In a similar fashion to forming a VDO, resolutions have to be written from VDOs wishing to become a part of the LSO (of course after consulting their member COs). In these resolutions, VDOs should also nominate 2 of their members to be a part of the LSO General Body.

- **Judging of Community Interest:** By this time, the senior staff member should have an idea of whether the VDOs are interested in federating at the Union Council level or not. If the VDOs agree, a few people should be nominated who would be assigned the duty of collecting VDO resolutions\(^{31}\) and giving them to the SMT. The dialogue should end with a date, time and venue being fixed for the LSO Formation Workshop.

**LSO Formation Workshop**

The LSO formation workshop should be attended by all member VDOs and their COs at the assigned venue, date and time. The workshop should be facilitated by the SMT but not to the extent of controlling all discussion in the workshop. The SMT should be there merely to assist the VDOs. The following steps should be followed when forming a LSO:

- **Introduction and Requirements of LSO General Body Nominees:** Participants at the workshop should be welcomed and introductions made. The SMT should make a list of the nominated General Body members of the LSO, with details such as their age, PSC, VDO/CO name, status within the VDO/CO, education level, etc\(^{32}\). It should be stressed upon and noted by the participants, that there should be around 50% representation of women in the General Body and around 25% representation of the poorest.

- **Visioning Exercise:** Next the participants should be asked to carry out a visioning exercise (similar to that in the VDO formation workshop) where they should set a vision or goal as to how they would like to see their Union Council in, for example, 15 years. Having carried out the visioning exercise, the LSO should have its vision and objectives set out (which should be voted on by the General Body of the LSO).

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\(^{31}\) See Annex 19 for sample VDO resolution for joining a LSO and nomination of its members into LSO General Body

\(^{32}\) See Annex 20 for list of LSO General Body members
The By-laws\textsuperscript{33} of the LSO would have to be agreed by the General Body; however these would be developed after the LSO receives its Management training.

- **Election of LSO Executive Body:** The next step in forming the LSO is to hold its elections for its Executive Body. The Executive Body consists of members and office-bearers; it usually consists of 7 or 11 members. The office-bearing posts in the LSO Executive Body include that of President, Vice-President, Treasurer and General Secretary. However the number of office-bearers can be increased, according to the wishes of the General Body.

- **LSO’s ToPs:** The newly formed LSO should then sign a ToP\textsuperscript{34} with its member VDOs, which would state the roles and responsibilities of the VDOs and the LSO. The ToP would be signed by the VDOs’ Presidents and Secretaries, while the LSO’s President and General Secretary would sign the ToP from the LSO’s side.

  The LSO should also sign a ToP\textsuperscript{35} between itself and the RSP, again which would define the roles and responsibilities of each organisation.

- **LSO Registers:** The newly formed LSO should also be given registers for their records by the SMT; registers such as:
  - *Karwai* register
  - Cash book\textsuperscript{36}
  - Ledger
  - Receipt book

- **Importance of LSO Internal Funds:** Next the participants should be briefed on the importance of collecting funds for the LSO at the Union Council level, in order for the LSO to effectively carry out its duties. Therefore, to this effect, the General Body should decide on a way of collecting funds (by membership fees, or otherwise) and to state this in the form of a resolution.

- **Resolution for Opening of LSO Bank Account:** Lastly, the LSO General Body should also write a resolution stating that a bank account in the name of the LSO should be opened; along with nominated bank signatories.

\textsuperscript{33} See Annex 21 for sample LSO By-laws  
\textsuperscript{34} See Annex 15 for sample ToP between LSO and member VDO  
\textsuperscript{35} See Annex 15 for sample ToP between LSO and RSP  
\textsuperscript{36} For formats of cash book and ledger, please see the Training manual for LSO book-keeping training.
Annex 2

LSO Management Training

(Adapted from Social Mobilisation Manual 2009)

In order to enable the LSO to work to its maximum potential, the SMT should provide trainings in different aspects of LSO Management. This training would be for the Executive Body members of the LSO. The training should include the following aspects:

- The what and why of LSO
- Roles and responsibilities of member VDOs/COs
- Roles and responsibilities of the General Body
- Roles and responsibilities of the Executive Body
- Roles and responsibilities of the office-bearers
- Accountability of LSO towards member VDOs/COs
- Accountability of LSO towards RSP, donors and other stakeholders
- How to conduct effective LSO meetings
- Basic progress reporting
- Fund raising through internal and external sources
- Social mobilisation planning for the Union Council
- Developing social mobilisation plans for CRPs
- Individual work-plans for VDOs
- Monitoring of member VDOs
- Registration of LSO with the government

In addition to this, the Secretary and Treasurer of the LSO should receive record-keeping training in the following areas:

- Receipt book
- Payment vouchers/invoices
- Cash book
- Bank book
- Bank reconciliation statement
- Ledger
- Financial statements

What is to be noticed is that some parts of the LSO Management training are those areas which have already been taught in the VDO Management training. This repetition is desirable as it would refresh the concepts and techniques of the participants.\(^\text{37}\)

Having formed the LSO, the SMT should not just abandon the Union Council level organisation; instead it should try and facilitate it in any way possible. This is so that the capacities of the LSO and its members are strengthened on a day-to-day basis. The LSO should always feel that should it require some support or guidance that the SMT would always be there for them.

---

\(^{37}\) Please refer to the Training manual, for details on LSO Management training.
In addition to this guidance, the SMT should also carry out monitoring of the LSO and its activities, to ensure that the LSO is heading on the right track towards carrying out sustainable development of its communities. The SMT should also maintain a link with VDOs and COs, to ensure that there is no hijacking.\textsuperscript{38}

\textsuperscript{38} See Annex 22, 22.1 and 22.2 for monitoring of COs, VDOs and LSO formats by SMT
Annex 3

THE RURAL SUPPORT PROGRAMMES NETWORK
(Licensed under Section 42 of Companies Ordinance 1984)

Format for

Organisational Capacity Assessment of

Local Support Organisation

By

Mohammad Ali Azizi
Specialist Social Mobilisation

June 2008
Check List:

Date of filling the format ____________

Name and designation of the Respondents

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Section A: Organisational Profile

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<td>No of member organisations (Total):</td>
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<tr>
<td></td>
<td>5.1 No of VDOs</td>
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<td></td>
<td>5.2 No of men COs</td>
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<td></td>
<td>5.3 No of women COs</td>
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<td></td>
<td>5.4 No of Mixed COs</td>
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<td>6</td>
<td>No of General Body members (Total)</td>
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<td></td>
<td>6.1 Men</td>
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<td>6.2 Women</td>
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<td></td>
<td>%age of women members</td>
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<td>7</td>
<td>Household Coverage of the UC</td>
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<tr>
<td></td>
<td>7.1 Total No of households in the UC</td>
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<td>7.2 No of organised households</td>
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<td></td>
<td>7.3 No of unorganized households</td>
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<td></td>
<td>7.4 No of new COs to be formed</td>
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<td>Endowment Fund (Total)</td>
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<td>8.1 From own sources</td>
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<td>8.2 From RSPN</td>
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<td>8.3 From RSP/other sources</td>
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<td>8.3 Average monthly income from Endowment</td>
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<td>9.1 Copy of latest progress report</td>
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<td></td>
<td>9.2 List of major achievements with name of projects, cost, and beneficiary members</td>
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<td></td>
<td>9.3 List of Record: Tick Yes or No</td>
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<tr>
<td>1</td>
<td>Minutes Book</td>
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<td>2</td>
<td>Receipt Book</td>
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<td>3</td>
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<td>4</td>
<td>Cash Book</td>
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<td>5</td>
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<td>Bank Reconciliation Statement</td>
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<td>Profiles of member VOs</td>
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<td>Annual Plan/Budget</td>
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<td>Quarterly/Annual Progress Report</td>
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<tbody>
<tr>
<td>1.1 The LSO has clearly articulated its vision, mission and objectives in writing</td>
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<td>The vision, mission and objectives are understood by;</td>
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<td>1.2 Executive Committee and Gen. Body members</td>
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<td>1.3 Member communities</td>
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<td>1.4 Benefactors and donors</td>
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<tr>
<td>1.5 Strategies are aligned with our mission and activities are closely related with our objectives</td>
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<tr>
<td>There is a well-defined constituency base in terms of;</td>
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<td>1.6 Geographical boundaries, and</td>
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<td>1.7 Sectoral focus</td>
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#### Capacity gaps in Clarity of Objectives

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#### Improvement Measures

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<tr>
<td><strong>2. Representation and Governance</strong></td>
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<tr>
<td>2.1 85% of Total HHs of the LSO programme area are organised under members COs</td>
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<td>2.2 100% poorest HHs in the area are organised under member COs</td>
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<td>2.3 85% HHs of the area have female members in women COs</td>
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<tr>
<td><strong>General Body</strong></td>
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<td>2.4 GB is represented by 100% member men/women COs</td>
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<tr>
<td>2.5 GB represents the varied interests of the constituent communities</td>
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<td>2.6 GB respects by-laws concerning office terms, quorum, fair elections etc</td>
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<td>2.7 GB holds its meetings regularly and effectively and the attendance in the meetings is more than 85%</td>
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<td>2.8 GB is fully accountable to member COs</td>
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<tr>
<td>2.9 GB has a proper system in place to share minutes of its meetings and other information with member COs</td>
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<td><strong>GB has the following powers</strong></td>
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<td>2.10 Approve and amend the bylaws of the LSO</td>
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<td>2.11 Appointment and removal of Executive Body members</td>
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<td>2.12 Approval of annual plan of operation and budget</td>
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<td>2.13 Approval of annual progress report of the LSO</td>
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<td>2.14 Approval of audit report and appointment of external auditors</td>
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<tr>
<td><strong>Executive Body</strong></td>
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<td>2.15 Our Executive Body is composed of committed members</td>
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<tr>
<td>2.16 Ex. Body has enough active and educated members to run its functions</td>
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<td>2.17 Ex. Body represents the varied interests of the constituent communities</td>
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<td>2.18 Ex. Body is fully accountable to the General Body</td>
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<td>2.19 Ex. Body members work in voluntary (unpaid) capacity.</td>
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<td>2.20 Ex. Body conducts its elections regularly and timely</td>
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<tr>
<td><strong>Executive Body contributes competently in carrying out the following functions:</strong></td>
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<td>2.21 Policy formation and strategic direction setting;</td>
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<td>2.22 Financial oversight and accountability;</td>
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<td>2.23 Programme oversight</td>
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<td>2.24 Public relation and advocacy</td>
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<td>2.25 Resource generation; and</td>
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<td>2.26 Technical support and guidance in programme.</td>
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Capacity gaps in Representation and Governance


Improvement Measures


3. Management Practices

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<td>3.1 Key decisions are made by the Ex. Body in formal meetings</td>
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<td>3.2 Minutes of meetings are properly recorded and shared with all key stakeholders</td>
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<td>3.3 Difference of opinion is appreciated and welcomed at all levels</td>
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<td>3.4 Team—not the individuals are acknowledged for organization’s achievements</td>
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</tr>
<tr>
<td>3.5 Member VDOs and COs are actively involved in planning</td>
<td></td>
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<tr>
<td>3.6 Mechanism to find out community needs and incorporate them in program planning are in place</td>
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<tr>
<td>Resources are planned and allocated</td>
<td></td>
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<tr>
<td>3.7 On merit after exploring all possible options</td>
<td></td>
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<tr>
<td>3.8 Cost Efficiently</td>
<td></td>
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<tr>
<td>3.9 Effectively</td>
<td></td>
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<tr>
<td>3.10 Ex. Body delegates responsibility and authority to especial committees</td>
<td></td>
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</tr>
<tr>
<td>3.11 Proper mechanisms are in place to share information freely among all member VDOs and COs</td>
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| Sub Total |   |   |   |   |
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**Capacity gaps in Management Practices**

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**Improvement Measures**

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<table>
<thead>
<tr>
<th>4. Management Systems and Infrastructure</th>
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<th>1</th>
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</tr>
</thead>
<tbody>
<tr>
<td>4.1 The organisational structure of the LSO has clearly defined lines of authority and responsibility.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4.2 Mechanisms and systems exist to collect, analyze and disseminate data and information for planning and decision making</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>The following procedures and operating manuals exist, regularly updated and are properly followed:</td>
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<tr>
<td>4.3 Administrative and HR</td>
<td></td>
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<tr>
<td>4.4 Financial management and control</td>
<td></td>
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<tr>
<td>4.5 Monitoring and reporting</td>
<td></td>
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<tr>
<td>4.6 Adequate office space is available for the current level of operations as well as future expansion.</td>
<td></td>
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<tr>
<td>4.7 Adequate furniture, computers and other equipment is available for the current level of operation as well as future expansion</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4.8 Furniture and equipments are kept in a well-maintained condition for smooth running of operations</td>
<td></td>
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<tr>
<td>4.9 Sufficient telephone lines and internet connections are available to maintain smooth internal and external communication</td>
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**Sub Total**

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Capacity gaps in Management Systems and Infrastructure

Improvement Measures

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<tr>
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<tbody>
<tr>
<td>The following expertise exists within the LSO</td>
<td></td>
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<tr>
<td>5.1 Office management</td>
<td></td>
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<tr>
<td>5.2 Financial management and record keeping</td>
<td></td>
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<tr>
<td>5.3 UC level development planning</td>
<td></td>
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<tr>
<td>5.4 Project planning, management and monitoring</td>
<td></td>
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<tr>
<td>5.5 Proposal writing</td>
<td></td>
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<tr>
<td>5.6 Progress reporting</td>
<td></td>
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<tr>
<td>5.7 Social mobilization</td>
<td></td>
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<tr>
<td>5.8 Recruitment, employment and personnel practices are clearly defined and followed</td>
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<tr>
<td>5.9 Written Job Descriptions are available for all office bearers and staff. The Job Descriptions are regularly updated and respected</td>
<td></td>
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<tr>
<td>5.10 Appointment, retirement and termination of office bearers and staff are made purely on merit in a transparent manner.</td>
<td></td>
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<tr>
<td>5.11 A proper Human Resource Development Planning is available for voluntary office bearers and paid staff</td>
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<tr>
<td>5.12 A system of sending the right people for the right training courses is available</td>
<td></td>
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</tbody>
</table>
5.13 The LSO ensures utilization of trainings for organisational objectives

5.14 There is a reasonable level of staff continuity and stability.

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Capacity gaps in Human Resources Management

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Improvement Measures

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6. Financial Management

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</thead>
<tbody>
<tr>
<td>6.1 Adequate financial resources are available for the smooth running of operations at the current level through LSOs own resources</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>6.2 Process for preparing annual work plans and budget has been developed and is followed</td>
<td></td>
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<tr>
<td>6.3 Appropriate and adequate financial procedures and reporting systems are in place and are strictly observed</td>
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<tr>
<td>6.4 An accounting system appropriate to the LSO functions exists and maintained properly</td>
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<tr>
<td>6.5 Adequate financial and inventory controls and procurement procedures exist and are implemented</td>
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<tr>
<td>6.6 Appropriate and adequate micro credit system is in place and properly followed</td>
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<tr>
<td>6.7 Accounting records are maintained in a ready retrieval</td>
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<tr>
<td>System</td>
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<tr>
<td>6.8 Authorities to incur expenditures are clearly defined at all levels and are observed</td>
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<tr>
<td>6.9 Financial reporting is accurate and timely</td>
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<tr>
<td>6.10 Financial reports contribute towards building confidence of donors and beneficiary community</td>
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<tr>
<td>6.11 The LSO keeps as many bank accounts as required.</td>
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<tr>
<td>6.12 Internal and external financial audits are performed with regular and appropriate frequency</td>
<td></td>
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<tr>
<td>6.13 Annual work plan and budget are reviewed by the management on quarterly basis; variances are analyzed and changes are made on need basis</td>
<td></td>
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<tr>
<td>6.14 Programme expenditures are modified on the basis of findings presented by internal and external financial reports</td>
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<tr>
<td><strong>Sub Total</strong></td>
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**Capacity gaps in Financial Management**

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**Improvement Measures**

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### 7. Planning & Monitoring

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<tr>
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<tbody>
<tr>
<td>7.1 The LSO operation plans are developed, reviewed and regularly updated</td>
<td></td>
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<tr>
<td>7.2 Operation plans reflect LSO objectives and strategies</td>
<td></td>
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<tr>
<td>7.3 Programme priorities and services are defined in collaboration with member VDO/COs</td>
<td></td>
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</tr>
<tr>
<td>Member VDO/COs are involved in programme</td>
<td></td>
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<tr>
<td>7.4 Designing and implementation</td>
<td></td>
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<tr>
<td>7.5 Monitoring &amp; evaluation</td>
<td></td>
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<tr>
<td>7.6 LSO is capable of adapting program to the changing needs of member communities</td>
<td></td>
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<tr>
<td>7.7 The LSO follows a proper M&amp;E system that allows for programme modification during implementation</td>
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<tr>
<td>7.8 Result-based indicators are routinely used to track progress in achieving objectives of the programs and projects</td>
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<tr>
<td>7.9 Community members perceive that the LSO is of good quality.</td>
<td></td>
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<tr>
<td>7.10 Community members perceive that the LSO programmes are being managed cost effectively</td>
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<tr>
<td>The LSO regularly reports on activities and results of evaluations to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.11 Member VDO/COs, and</td>
<td></td>
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<tr>
<td>7.12 Donors and other stakeholders</td>
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#### Sub Total

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**Capacity gaps in Planning and Monitoring**

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**Improvement Measures**

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## 8. External Relations

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<tbody>
<tr>
<td>8.1 The LSO is recognized as a valuable resource by its member</td>
<td></td>
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<tr>
<td>communities</td>
<td></td>
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<tr>
<td>8.2 The LSO is always able to attract adequate volunteer</td>
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<tr>
<td>support and cash contribution for its activities.</td>
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<tr>
<td>8.3 The LSO has contacts with policy makers (politicians,</td>
<td></td>
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<tr>
<td>government officials, senior officials in donor community) and</td>
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<tr>
<td>routinely engage them in dialogues</td>
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<tr>
<td>8.4 The LSO networks and shares resources with national and</td>
<td></td>
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<tr>
<td>international civil society organisations to pursue objectives</td>
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<tr>
<td>of common interest</td>
<td></td>
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<tr>
<td>8.5 The LSO has contacts with local government and engage</td>
<td></td>
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<td></td>
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<tr>
<td>them in its development programs</td>
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<tr>
<td>8.6 The LSO has the requisite knowledge and skills to contact</td>
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<tr>
<td>and engage in public relations</td>
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<tr>
<td>8.7 Information about the LSO and its programs is easily</td>
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<tr>
<td>available and mechanism exists for its dissemination.</td>
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<tr>
<td>8.8 The LSO has relations with private business sector for</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>technical expertise, material and human resources</td>
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### Capacity gaps in External Relations

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### 9. Sustainability

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<tbody>
<tr>
<td>9.1 The LSO’s programme activities are supported by the beneficiary community by contributing in cash, labor and local material</td>
<td></td>
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</tr>
<tr>
<td>9.2 The LSO has developed plans for short and long-term continuity.</td>
<td></td>
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<tr>
<td>9.3 The LSO has developed partners with NGOs, Government and others</td>
<td></td>
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<tr>
<td>9.4 The resource base of the LSO is sufficiently diversified</td>
<td></td>
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<tr>
<td>9.5 The LSO has built fee for services and other cost recovery mechanism into its programmes</td>
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<tr>
<td>9.6 Provisions for additional resources to finance activities exist and plans are being developed</td>
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<tr>
<td>9.7 The LSO has established its endowment fund and it is growing</td>
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<tr>
<td>9.8 Proposal writing and fund raising capacity exists in the LSO</td>
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**Capacity gaps in Sustainability**

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**Improvement Measures**

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### 10. Gender Equality

<table>
<thead>
<tr>
<th>10.1 The LSO management and staff is trained in gender planning and analysis</th>
<th>0</th>
<th>1</th>
<th>2</th>
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</thead>
<tbody>
<tr>
<td>10.2 The LSO has a written gender policy</td>
<td>0</td>
<td>1</td>
<td>2</td>
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</tr>
<tr>
<td>10.3 The LSO Ex. Body takes responsibility for development and implementation of gender policy</td>
<td>0</td>
<td>1</td>
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</tr>
<tr>
<td>10.4 Adequate financial resources are budgeted for gender integration in LSO programmes</td>
<td>0</td>
<td>1</td>
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</tr>
<tr>
<td>10.5 Gender impact of projects and programmes is monitored and evaluated</td>
<td>0</td>
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</tr>
<tr>
<td>10.6 The LSO routinely collects gender segregated data for monitoring and evaluation of its programmes.</td>
<td>0</td>
<td>1</td>
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</tr>
<tr>
<td>10.7 There has been a 50% representation of women in the Executive Body and General Body of the LSO</td>
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**Capacity gaps in Gender Equality**

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**Improvement Measures**

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## 11. Poverty Targeting

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<tbody>
<tr>
<td>11.1 The LSO has identified the poorest and poor HHs in its</td>
<td></td>
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<tr>
<td>area of operation using poverty scorecard method or any other</td>
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<tr>
<td>proper wealth ranking method</td>
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<tr>
<td>11.2 The LSO has continuous and sustainable plans and projects</td>
<td></td>
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<tr>
<td>for poverty alleviation of its poorest members</td>
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<tr>
<td>11.3 the LSO has successfully been implementing CIF programme</td>
<td></td>
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<tr>
<td>through women members</td>
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<tr>
<td>11.4 Member beneficiaries report sustained benefits from the</td>
<td></td>
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<tr>
<td>poverty alleviation projects</td>
<td></td>
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<tr>
<td>11.5 There has been a 30% representation of poorest members</td>
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<tr>
<td>in the Executive Body and General Body of the LSO</td>
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<tr>
<td>11.6 The LSO routinely collects poverty segregated data for</td>
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<tr>
<td>monitoring and evaluation of its programmes.</td>
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### Improvement Measures

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## Summary of overall capacity Profile of the LSO

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<td>2. Governance System</td>
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<td>3. Management Practices</td>
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<td>7. Planning and Monitoring</td>
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<td>8. External Relation</td>
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<td>9. Sustainability</td>
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<td>10. Gender Equality</td>
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<td>11. Poverty Targeting</td>
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Annex 4

RURAL SUPPORT PROGRAMMES NETWORK

SAMPLE BYLAWS

FOR

LOCAL SUPPORT ORGANISATION

BY

MOHAMMAD ALI AZIZI
SPECIALIST SOCIAL MOBILISATION
July 2010
Preface

Bylaws are rules and regulations adopted by any organisation to govern its internal administration and management. Bylaws generally outline the vision, mission and objectives of the organisation, its administrative structure, its general and financial rules, the roles and responsibilities of its leaders and members and rules for its dissolution. Local Support Organisation (LSO) is a formal and legal entity. Therefore, it must be governed by formal Bylaws. Without a set of written Bylaws, the LSO would have no clear direction and focused objectives; they would end up operating on haphazard lines. Thus the LSO would not be able to manage its undertakings to the satisfaction of its members and other important stakeholders.

Bylaws are an important document and therefore they must be developed with great care. Care must be taken to incorporate the views of the beneficiary members as well as other important stakeholders in the Bylaws.

For registration of the LSO, the Bylaws must be drawn in line with the legal requirement of a registration act. Most LSOs are registered under the Social Welfare or Societies Act 1925. The legal formats designed for these acts are outdated. Therefore, a new format was needed for LSOs and VDOs but on similar lines. That is the rationale for developing this format. The format can be used both by LSOs and VDOs to develop their Bylaws in a coherent manner. The vision, mission and objectives parts of the format Bylaws were originally developed in consultation with a LSO in AKRSP in the year 2005. However, they have been modified to suit LSOs in other parts of the country.

The LSO should first select a team of experts to develop its Bylaws. The team should collect basic profiles of the UC and then hold a workshop to discuss and decide the vision, mission and objectives and the administrative, financial and monitoring mechanisms etc. The team should then develop the draft Bylaws and share with member VDOs who then should share it with their member COs and give their feedback. The final draft should be developed by the team incorporating the feedback received from the member organisations. The LSO should formally approve the Bylaws in its General Body meeting. Similar steps should be followed by the VDO to develop its Bylaws in consultation with its member COs both male and female.
1. Full name of the LSO

The name of the LSO will be_______________________________ with its abbreviation____________.

2. Complete Address of the LSO, phone number & E-mail address:

Head office of the LSO will be at ______________________ and the sources of contact with Head office and complete address will be_____________________________

_______________________________ (Give full postal address, telephone number and E-mail addresses).

3. Jurisdiction of the LSO

This organization will work for the collective and individual welfare and development of the members of all the existing male and female COs of the union council _____________ Tehsil________________________ District___________________________.

4. LSO Values

1. Self help.
2. To provide equal opportunities of development to everyone.
3. Transparency i.e. the entire decisions and record of the LSO will be transparent.
4. Sense of responsibility i.e. all the members and the departments of the community organization will be accountable to their members in providing cooperation and assistance to the people of the Community.

5. The Vision

To establish a civilised and prosperous society in the LSO area where all men and women enjoy civic, cultural, economic and political rights and where peace, justice and Islamic values prevail.

6. The Mission

To organise all poor households of the UC for their own development and eradication of absolute forms of poverty and socio-economic differences from the area in order for providing peace, justice, employment, and proper health and education facilities to each of its man and woman citizen.

7. The Objectives

To achieve its supreme motives, following shall be the objectives of the LSO:

1. Scaling up social mobilisation through low cost measures
2. Foster male and female COs and VDOs and nurture their serviceability and sustainability.
3. Find ways and means to do development planning in accordance with the needs and priorities of the community and ensuring their proper implementation in close coordination with member VDOs and COs and other stakeholders
4. Foster development linkages between the local community and governmental and non-governmental institutions
5. Promote equitable development at local level on the basis of equality between men and women and rich and poor.

8. The Important Activities of the LSO:

To achieve its objectives the LSO shall under take following activities.

1. To promote social mobilisation at local level

   • To organize 100% willing households into men and women organisations
   • To re-activate the non functional organizations through various ways and means
   • To set administrative, financial and monitoring standards for the member organisations and bound them to follow these standards.
   • To train the member organisations to follow the minimum standards and to do development planning and raise development resources.
   • To carry out Gender Audit of LSO periodically
   • To link member organisations with the governmental and non governmental organizations and private institutions who provide resources and services on permanent basis.

1. Identification of development opportunities at local level, conduct development planning and raise resources (Human, financial, social etc) for their exploitation.

   • Identify development issues, opportunities and local resources in participatory manner and develop a prioritized list for the first 2 to 3 years
   • Carry out local development planning in consultation with member organisations and other stakeholders in government, non-government and private sectors
   • Develop project proposals for the selected plans and projects
   • Develop a resource mobilisation plan and establish linkages with the relevant institutions for obtaining resources and services.

2. To support member COs to establish permanent and sustainable savings and credit programmes.

   • To motivate the COs and WCOs for individual and collective savings.
   • To assist member VDOs/COs to organize credit programmes through external and internal financial sources
   • To audit the savings and credit records of the member organisations on reasonable fee.
3. **To provide assistance to member organisations for sustainable management of natural resources of the community**

- To document the inventory of natural resources in the Community.
- With assistance and cooperation of member organisations, prepare plans to exploit the benefits from the natural resources on sustainable and equitable basis.
- To link the member organisations with the relevant governmental and non-governmental institutions so that by utilizing their technical, human, and financial resources they can manage to benefit from their natural resources.

4. **To cooperate with the Governmental, Non Governmental and Private sector institutions for making their developmental policies in accordance with the required and real needs of the people.**

- To hold multi stake holder’s forum at UC level to provide opportunities to the development partners in government and private sectors to discuss and formulate coordinated developmental plans for the Community.
- To assist the Union, Tehsil and District council to make their developmental projects according to the priorities and wishes of the people.
- Interaction with the National and Provincial political representatives from their area and use their contacts and influence to access resources from government, non-government and private sector organisations
- Join hand with national and international organisations to strive for the basic human rights for the poor men and women

5. **To formulate special programs for alleviation of poverty in community.**

- In association with member organisations, identify the poorest and destitute and female headed households using poverty mapping tools and collect facts and figures for their developmental needs and priorities.
- Develop special plans to include 100% poorest households in male and female COs
- To plan development projects in such a way that the poorest section of the society may benefit from them.
- Coordinate and interact with the departments like Bait-ul-Maal for provision of assistance to the poorest people of the area.
- To collect poverty segregated data for monitoring of the running projects

6. **Provide equal share to women in the developmental matters.**

- Organize at least 80% households in the UC including 100% poorest households in female COs
- Provide equal representation of women in the General and Executive bodies of the VDOs and LSOs
• Provide information on gender Equality to ensure that both men and women members understand their responsibilities
• Organize separate consultation with women on important issues and ensure their active participation.
• To collect gender segregated data for monitoring of the running projects

7. **Involvce notable religious, social and political personalities and organisations of the community in developmental matters.**

• To arrange regular consultations with them on all important matters.
• To keep them practically functional by assigning specific responsibilities of the institutions to them.

8. **To provide avenues for the youth for active participation in community development.**

• To plan special programs for youth development for both girls and boys.
• To provide special avenues to girls and boys for voluntarily tasks and to train them for the same.
• To assign reasonable positions to educated girls and boys in the LSO’s.

9. **To take steps for Promotion of Health & Education.**

• To setup adult literacy centers for men and women for promotion of literacy.
• To ensure enrolment of 100% girl and boy children of school going age in schools.
• To arrange special programs for removal of current hindrances in the way of female education.
• To take steps to raise the standards of education.
• To take coordinated efforts with health department against contagious diseases.
• To do efforts to establish maternity centers at village level for the care of health of mother and child and ensure provision of basic health facilities in these centers.
• To take steps for education of members in hygiene and health and ensure men’s participation in those activities.
• To take steps for provision of clean drinking water to the members.

The organisational structure of the LSO shall be as follows:

- **General Body**
  (Equal representation from all VOs)

- **Special Committee-1**
  (Members from GB&EC)

- **Executive Committee**
  (Elected by/amongst GB)

- **Special Committee-2**
  (Members from GB&EC)

- **Special Committee -1**
  (Members from EC)

- **Paid Staff**
  (Appointed by EC)

- **Special Committee-2**
  (Members from EC)

10. The General Body.

- Every member VDO shall elect through majority resolution at least two members for the General Body of the LSO. At least 33% members must be women.
- The President and the General Secretary of the Executive Committee shall also be the President and General Secretary of the General Body.
- The General Body shall convene at least one meeting annually which shall be called Annual General Meeting. Moreover it may convene as many meetings as required which shall be called a Meeting.
- The quorum for every meeting of the General Body shall be 51% of its members. In case of lack of quorum the meeting shall be again convened with a notice of 15 days.


- It shall approve the proceedings of the last meeting after due consideration.
- It shall consider and decide the current matters on the agenda.
- It shall formulate and approve the Bylaws of the LSO.
- It shall amend or cancel the amendments according to requirement in the Bylaws of the LSO.
- It shall approve the Annual Plan and Annual Budget of the LSO.
- It shall approve changes exceeding 10% in the annual plan and budget of the LSO.
• It shall approve the Annual Progress Report and Audit Report of the LSO.
• It shall elect the members of Executive Committee and accept their resignation.
• It shall consider and decide the no confidence motion against any office bearer of the Executive Committee.
• It shall elect new member of Executive Committee vacated due to resignation or any other reason.
• In conformity with the aims and objectives of the LSO, it shall formulate the methodology for cooperation with other institutions and shall approve the membership of these institutions.
• It shall debate on the resolutions presented by the members and approve or reject the same.

12. Meetings of General Body

As mentioned earlier, there shall be two kinds of meetings of the General Body i.e. Annual General Meeting and Ordinary Meeting. The procedures of these meetings shall be as per following:

Annual General Meeting (AGM):
The General Secretary in consultation with the President shall decide of the Date, Time, and Place of the Annual General Meeting and shall inform all the members at least one week before the actual date of the Annual General Meeting. Following matters shall be considered in the Annual General Meeting;

1. To approve the Annual Progress Report and Financial Report for the previous year presented by the Executive Committee.
2. To approve the Annual Work plan and Budget of the LSO
3. To approve the audit report of the LSO
4. To approve the auditor of the LSO for the next year
5. To elect the members of General Body and Executive Committee
6. To approve the Bylaws of LSO and amendments in it

Ordinary Meetings:
Apart from the Annual General Meeting the General Body can decide to hold quarterly or monthly meetings on regular basis or any time on need basis. The General Secretary in consultation with the President shall inform all the members at least a week earlier. The quorum shall be participation and presence of 51% of the members. The following matters shall be discussed in the Ordinary Meetings:

1. Change in the Bylaws of the LSO
2. Election of new members of the Executive Committee
3. Approval of the resignation of the member of the General Body and Executive Committee
4. Amendments in the Annual Work plan and Budget exceeding 10%
5. Investigation of malpractices in the administrative and financial matters of the LSO and decision on them
6. Any other matter of importance in the line of the LSO objectives

13. The Executive Committee

To execute the decisions made by the General Body and to deal with the administrative matters of the LSO, an Executive Committee shall be formed for a period of _____ year/years with _____members. The Executive Committee shall choose its office bearers according to their requirements. Their offices shall be President, Vice President, General Secretary, Finance Secretary, and Joint Secretary, while others shall be ordinary members. The LSO can have as many office bearers as is required to execute specific jobs. The Executive Committee shall remain functional till the election of new members.

14. Election of the Executive Committee

On the occasion of Annual General Meeting or in any other ordinary meeting the General Body shall elect all members of Executive Body with consensus or through elections. In case of equality of votes the President shall have an additional vote.

15. The resignation of any member of Executive Committee or Office Bearer

If any member of the Executive Committee or Office Bearer wants to resign he/she shall submit his/her resignation with the President. In case the office of the President is vacant due to resignation the member shall submit the resignation to the Vice President or General Secretary. In both the cases, General Secretary in consultation with the President shall convene a meeting of the General Body with a notice of one week. Wherein decision shall be taken for acceptance or rejection of resignation of the member. In case of acceptance of their resignation the new member can be elected in the same meeting or it shall be elected in any other meeting. Where as in case of resignation of any member of the Executive Body the decision shall be taken in the next meeting of General Body and a new member shall be elected.

16. Meetings of Executive Committee

1. The Executive Committee shall hold its meetings each month.
2. The Committee shall maintain the minutes of its meetings in written form.
3. The President of the LSO shall preside over the meeting. In the absence of the President the Vice President and in the absence of Vice President the General Secretary shall preside over the meeting.
4. In monthly meetings every sort of programmatic, administrative, financial and social matters shall be discussed and decided upon. Quarterly and monthly targets shall be set out to execute the Annual Work plan and responsibilities shall be fixed. Then progress and monitoring reports about the planned activities shall be discussed and revisions will be made in them as and when required.
5. Presence of 51% members shall be compulsory for the quorum. More over, presence of any one of the President, Vice President and General Secretary shall be compulsory in the meeting.

17. The Roles and Responsibilities of the Executive Committee

Following shall be the roles and responsibilities of the Executive Committee
- Elect its Office Bearers from among its members
- Approve the minutes of the last meeting.
- Create Special Committees for the promotion of aims and objectives of the LSO.
- Frame rules for the good governance of the LSO
- Propose appropriate actions to implement the Annual Plan and utilize the approved budget.
- Submit to the General Body, the Annual Progress Report and the Audit Report of the LSO and obtain their approval.
- Appoint paid staff to run the projects of the LSO on need basis.
- Monitor the performance of paid staff, arrange training for them, accept their resignation and terminate them.

18. The Roles and Responsibilities of the Office Bearers of the Executive Committee

The President:

1) Shall be the Constitutional Head of the LSO.
2) Shall be responsible to call for the meeting directly or through the General Secretary.
3) Shall preside over the meetings of General Body and Executive Committee
4) Approve the minutes of the last meeting
5) After ensuring to have the quorum, order to start meeting proceedings.
6) Together with Secretary Finance shall sign the cheques of the LSO and shall approve the income and expenditures.
7) Can sanction up to Rs 5,000/-, as emergency expenditures which shall afterwards be got approved from the Executive Committee
8) Shall ensure the supremacy of the Bylaws of the LSO and shall watch all its matters.
9) Shall issue instructions to the other Office Bearers related to their official duties
10) Shall be accountable to General Body and the Executive Committee
11) Shall appoint and discharge staff for the projects of the LSO in consultation with the Executive Committee
12) Shall appoint staff for LSO Projects with the approval of the Executive Committee
13) Shall take steps to raise funds for the LSO
The Vice President:

1) Shall assist the President in his/her duties.
2) Shall exercise the powers of the President during his/her absence.

General Secretary:

1) Shall preside over the meetings in the absence of the President and the Vice President.
2) On the advice of the President, shall call for the meetings of General Body and Executive Committee and issue agenda for the meetings.
3) Shall note down the proceedings of the meetings of General Body and Executive Committee and submit to the relevant body for approval in its next meeting.
4) Prepare the annual report and submit it to the Executive Committee and after approval of the Executive Committee submit it to the General Body for their approval.
5) With the permission of the Executive Committee shall coordinate with government, non-government and private sector organisations and individuals to promote the causes of the LSO.
6) Shall be the spokesperson of the LSO and shall issue written or verbal policy statements on behalf of the LSO.
7) Shall keep records of the LSO in his/her custody.
8) Shall be guardian of the property of the LSO.
9) Shall be responsible for the financial management of the LSO.
10) Shall be responsible to keep the Executive Committee informed on all financial matters.
11) Shall be fully responsible for office matters and shall keep all stakeholders informed about them.
12) Shall perform any function assigned by the President or Executive Committee and General Body.

Secretary Finance.

1) Shall be responsible for receiving income and making payments on behalf of the LSO and keep financial records of the LSO.
2) Shall prepare financial reports of LSO on monthly, quarterly and annual basis and report to the Executive Committee.
3) Shall be responsible for financial audit of the LSO accounts and submit the audit report to the Executive Committee and General Body for approval.
4) Shall prepare the annual budget in consultation with the President and the General Secretary and obtain its approval from both the Executive Committee and the General Body.
5) Shall be bound to consult the President and General Secretary in financial matters and shall get approval of the President or his/her representative for all income and expenditures of the LSO.

6) With the approval of the Executive Committee, shall open bank account/s in the name of the LSO in any commercial bank and operate this account jointly with the President or his/her representative.

7) Shall be allowed to keep a petty cash of Rs 1,000/- for urgent expenditures.

8) Shall deposit all cash in the bank account latest by the next working day.

Joint Secretary.

1) Shall assist the General Secretary in office matters and in holdings of the meetings of the LSO

2) Perform all duties in the absence of General Secretary.

3) Shall perform any function assigned to him/her by the President or Executive Committee

19. Paid Staff

1. The LSO can hire permanent or temporary paid staff to run its administrative and financial matters on accepted professional standards.

2. The positions of the paid staff shall be approved by the General Body on the recommendation of the Executive Committee.

3. The salary and benefits, job description and job specification of each position shall be approved by the Executive Committee.

4. A transparent procedure shall be followed to recruit the paid staff and all decisions shall be taken on merit.

5. Policies and procedures for their promotion and salary raise based on their performance and shall be prepared in written form.

20. Special Committees

1. The LSO may appoint Special Committees on need basis, to perform special functions assigned to them by the Executive Committee.

2. Such committee shall be created by a resolution that outlines their duties and powers.

3. The committee expires on completion of its assigned duties unless it is a permanent committee.

4. The committee shall submit its recommendations to the Executive Committee. The Executive Committee shall have the power to take decision on these recommendations.

5. If the special committee has been formed on the recommendations of General Body the findings and recommendations of that committee shall be represented to General Body who shall take the final decision on the recommendations.
21. Sources of funds

1) For the achievement of its aims and objectives the LSO may raise funds and earn income from all legal sources.
2) The main sources of income of the LSO shall be membership fee, monthly contribution from members, donations and fee on services rendered.
3) The LSO can take money, goods and services from government, non-government and private organizations.
4) The LSO can undertake for profit activities, like doing a business and investment in stocks etc. However, the income thereof shall be spend only for the attainment of aims and objective of the LSO and never be distributed as dividend among its members.

22. Expenditure of the LSO

The LSO shall spend its earnings on following matters.
1) For the attainment of its stated aims and objectives
2) With the approval of its General Body for any noble and just cause compatible with its aims and objectives

23. Financial Management

1) The entire financial income of the LSO shall be deposited in its bank account which shall be operated by nominated members of the LSO with their joint signatures.
2) The expenditure of the LSO shall be made on the basis of annual approved budget. In case of additional expenditure up to 10% approval of the Executive Committee shall be required. Beyond that the approval of the General Body shall be necessary.
3) No expenditure shall be made without the approval signature of the President or his/her nominee and the General Secretary or the Finance Secretary.
4) The LSO shall maintain its financial records under a standard accounting manner and keep intact all kinds of agreements, receipts, bills and their related documents in original.
5) The LSO shall get its annual accounts audited from any approved auditing firm. The approval of the auditor shall be given by the General Body

24. The Assets of the LSO

All transferable and non-transferable assets of the LSO shall be owned by its member male and female COs. In case of termination of the LSO, they will be transferred to its member COs, and on termination of all member COs these assets shall be transferred to an institution whose aims and objectives shall conform the aims and objectives of the LSO.

25. The terms and conditions for becoming member of LSO

Following shall be the terms and conditions for the membership of the LSO:
1) A Village Development Organization (VDO) that represents majority of male and female COs in its jurisdiction on the condition that it agrees with the aims and objectives of the LSO
2) It pays the agreed membership fee and is willing to fulfill its responsibilities as a member
3) Accepts the decisions of the General Body and Executive Committee of the LSO
4) Submit an application for membership and nominate its representatives in the LSO via a resolution signed by majority of its members.

26. Termination of the Membership.

The membership of the LSO can be terminated on following grounds.

1) On the choice of the member organisation. For this the member organisation LSO shall submit a written resolution signed by majority of the members to the LSO
2) In case of clear violation of rules and regulations and Bylaws of the LSO, willful default of LSO dues and purposely harming the LSO or its aims and objectives. In that case the Executive Committee should verify such violation via a written statement to the General Body who shall approve the termination order.

27. Discipline.

1) It shall be binding on the members to pay regularly the agreed membership fee etc. Otherwise their membership shall be suspended and finally be terminated.
2) It shall be binding on every member to attend the LSO meetings regularly. In case of emergency, permission can be obtained from the President or General Secretary; otherwise the membership shall be terminated for absence from three consecutive meetings. In that case the member shall be informed in writing and in the absence of receipt of satisfactory explanation from the member or total refusal to submit the explanation its membership shall be terminated with the approval of the General Body.

28. Monitoring and Control.

1) The President shall be responsible for the overall performance of the LSO and to ensure that the LSO operations are fair and are fully governed by its Bylaws. He/she shall closely watch the performance of the LSO and in case of noticing any irregularity he/she shall call a meeting of the Executive Committee or the General Body, as the case may be, and brief the concerned body about it and take corrective measures or disciplinary actions. If required, he/she shall formulate an investigation committee to deal with the matter in question.
2) The President shall be responsible for maintaining order in the meetings of the General and Executive body of the LSO. In order to ensure achieving the aims and objectives of the LSO, the President shall ensure that each member of the Executive
Committee and General Body and paid staff performs their roles and responsibilities in proper order at a minimum standard.

3) The President shall be fully accountable to the General Body and the Executive Committee. He/she shall not be allowed to take any decision that is not supported by a simple majority of the concerned body.

4) The Executive Committee shall be responsible for monitoring and evaluation of the programmes and projects of the LSO and to submit progress and monitoring reports to the General Body and other stake holders.

5) Each member of the Executive Committee shall report official matters to the President and the Executive Committee in the monthly meetings as well as through special reports and briefings as and when required.

6) The General Body shall be the supreme and sovereign organ of the LSO. All other organs of the LSO shall be answerable to it.

7) In case of complaint against the President minimum three members of the Executive Committee shall submit a written complaint to the General Secretary under their signatures. The General Secretary shall call a meeting of the General Body within 15 days after receiving the written complaint. The President shall leave the meeting to ensure consideration of the complaint impartially. The presence of ¾th members shall be necessary to attend the meetings convened for the consideration of complain against the President. The decision about such complains shall be through consensus or through majority votes. The same process shall be adopted in case of complains against any other member of the General Body or the Executive Committee.

8) In case of complain of financial irregularity against any responsible person investigation shall be made according to point 7 above. An investigation committee could be formed which shall submit its report to the Executive Committee. The final decision shall be that of the Executive Committee.

9) Appeals can be lodged against the decisions of the Executive Committee in the General Body. For the purpose written complains shall be submitted to General Body signed by at least three members. To consider the complaint the General Body shall convene an special meeting on 15days notice and decide the matter after due discussion. No appeal shall be filed against the decisions of the General Body. However in view of new facts coming to the notice the application can be submitted for re-consideration of the decision.
Annex 5

TOR for LSO Accountant

Appointment and Remuneration of LSO Accountant
1. As the LSO requires maintaining transparent financial records, an accountant shall be appointed by its Executive Committee to help in managing financial records keeping and reporting.

2. The accountant shall be appointed following the HR policy of the LSO. In case the LSO has no formal HR policy, than the Accountant should be hired on merit through competitive procedures.

3. The accountant shall report to the President of the LSO.

4. The accountant shall be remunerated by the LSO through collection of membership fee or through other sources of LSO income.

Roles and Responsibilities of LSO Accountant
1. Maintaining and updating financial records and other relevant records of the LSO.

2. Assist LSO leaders in preparing LSO budget and annual plan.

3. Train the VO accountants in financial literacy and accounting on need basis.

4. Obtain bank statements and prepare bank reconciliation statements on monthly basis.

5. Prepare cash receipts.

6. Prepare vouchers and cheque and sign on them.

7. Maintain the Cash Book and Bank Book

8. Maintain CIF/loan documents and loan register on need basis.

9. Post the transactions into the respective ledgers and records.

10. Prepare financial statements and reports and submit to the President on time

11. Audit financial records of member VO's on need basis

12. Prepare financial records of LSO for internal and external audit
13. Coordinate with internal and external auditors and provide supporting documents and statements to them

**Job Specification of LSO Accountant**

1. A literate person, preferably up to matriculate level

2. Permanent local resident

3. Preference should be given to people with job experience in the relevant fields
Annex 6

Training Plan for LSO Accountant

Selection Criteria

- Permanent resident of the area
- Will be identified by the LSO
- Literate with know how of basic numeracy
- Can spare time

Process

- Development of training module
- Identification of trainees by LSO and submit to SMU through resolution
- TOP between the Accountant and the LSO
- Field Unit to prepare a list of potential accountants on the prescribed format and submit to District Team Leader under the signatures of concerned SMU in charge
- Assessment and selection of the trainees by HRD Assessment team
- Delivery of training
- Post training follow ups and refresher training
- The HRD to keep MIS of trained people with their contact information.
- Field Unit to ensure on monthly basis that the accountants are maintaining the record as per training

Formats:

- Registration forms
- Attendance Sheet
- Evaluation forms of training, trainer and trainees.
- Identification list from Field Unit to HRD
- HRD MIS
Annex 7

Training Outline for
Community Resource Person

Selection Criteria
- President or Manager of an “A” category CO
- Basic skills in literacy and numeracy
- Can spare time
- Willing to work

Training Contents

1. CO Formation
- The What and Why of Soc Mob
- How to do programme introduction – video documentary on prog. Introduction, de-briefing by pax
- How to organise the members into COs
- How to find out the poorest families (PSC 0-24) and organise them into COs
- Define roles and responsibilities of President and Manager of CO
- Define roles and responsibilities of CO general members
- How to share and explain the ToP to CO members to get their consensus
- How to open a bank account
- How to answer the frequently asked questions
- Minimum requirements for a CO (format)
- Qualities of a good CO (format)

2. Conduct effective CO meeting
- Agenda setting
- Review of last meeting’s minutes
- Discussion and decision on new agenda
- Write minutes of meetings

3. Savings management
- Why savings, how to collect and safe keep savings into a bank,
- How to record meetings proceedings (minutes)
- How to record savings into register and member’s passbooks

4. Reactivation of dormant COs
- Situation analysis and fact finding
- Conflict resolution
• Record keeping
• Re-election of President/Manager

5. Poverty Score Card
• The what and why of PSC
• How to fill the PSC form

6. Micro Investment Plan
• The What and Why of MIP
• How to develop HH MIP
• How to develop CO level MIP (format)
• How to implement HH/CO level MIP (format)

7. Introduction to VO/LSO programme
• The what and why of VO and LSO
• How to form a VO

8. Monthly Progress reporting (format)
• Importance of correct and timely reporting
• How to obtain and produce figures and data
• How to produce narrative reports

9. Basic development concepts
• Participatory development
• Self help
• Transparency and accountability
• Role of women and men in development
(Develop statements related to concepts and display at training place)

10. Soft skills
• Communication and presentation
• Conflict management
• Motivation skills
Annex 8

TORs for LSO Special Committees

1. Audit & Finance Committee

i. General
The Objectives of the committee shall be to assist the General Body of the LSO in streamlining the financial management of the LSO. This shall be a permanent committee and it shall function in accordance with the Financial Policy of the LSO. The committee shall be created and be accountable to the General Body. The Committee shall have an advisory role. The recommendations and suggestions presented by the committee shall be discussed and decided upon by the General Body in its formal meetings.

ii. Structure
The committee shall consist of 3 to 5 members. Each member shall continue as a member until a successor is appointed, unless the member resigns, or is removed by the General Body or otherwise ceases to be member of the General Body. All members of the committee shall be financially literate with at least one member having accounting or related financial expertise.

One member shall chair the committee. The chair person shall either be appointed by the General Body or be elected by the committee from its members through consensus or majority votes. If the Chair of the Committee is not present at any meeting of the Committee, the Chair of the meeting shall be chosen by the Committee from among the members present.

iii. Frequency of meetings
The committee shall meet as often as it considers necessary. Nevertheless, the Committee shall meet at least four times, preferably quarterly, each year.

iv. Reporting Channel
The committee shall be accountable to the General Body of the LSO.

v. Roles and Responsibilities
1. Review and recommend for approval of the General Body the annual budget of the LSO
2. Review and recommend for approval of the General Body budget of project proposals for submission to donors, with analyses of financial risks and recommend improvement measures
3. Review financial reports of LSO and suggest ways and means to improve the financial position of the LSO for the approval of the General Body
4. Review and recommend for approval the internal and external audit reports of the LSO
5. Recommend measures for fund raising for the LSO
6. Review and recommend to the General Body any changes in the financial and accounting policies of the LSO
7. Any other task assigned by the General Body

v. Information and communication
1. The committee may request such information as is considered necessary by the committee to discharge its responsibilities.
2. The committee may, with the concurrence of the LSO President, seek briefings from staff members concerned on relevant matters and request their participation at meetings.

2. HR Committee

i. General
The primary responsibility of the HR Committee shall include reviewing, monitoring and making recommendations to the General Body on LSO’s human resources strategy, policies and plans. The committee will be expected to satisfy itself that the LSO’s human resources management activities are adequate and effective. This shall be a permanent committee and it shall function in accordance with the HR Policy of the LSO. The committee shall be created and be accountable to the General Body. The Committee shall have an advisory role. The recommendations and suggestions presented by the committee shall be discussed and decided upon by the General Body in its meetings.

ii. Structure
The committee shall consist of 3 to 5 members. Each member shall continue as a member until a successor is appointed, unless the member resigns, or is removed by the General Body or otherwise ceases to be member of the General Body. All members of the committee shall be financially literate with at least one member having accounting or related financial expertise.

One member shall chair the committee. The chair person shall either be appointed by the General Body or be elected by the committee from its members through consensus or majority votes. If the Chair of the Committee is not present at any meeting of the Committee, the Chair of the meeting shall be chosen by the Committee from among the members present.

iii. Frequency of meetings
The committee shall meet as often as it considers necessary. Nevertheless, the Committee shall meet at least four times, preferably quarterly, each year.

iv. Reporting Channel
The committee shall be accountable to the General Body of the LSO.
v. Roles and Responsibilities

1. Review, monitor and make recommendations to the General Body on the LSO’s human resources strategy and policies
2. Review and recommend to the General Body for approval of compensation package and performance evaluation of the paid staff of the LSO
3. Review and recommend to the General Body for approval of the HR plan of the LSO
4. Consider other matters delegated to the Committee by the General Body
5. The Committee does not have the authority to appoint, reappoint, or dismiss any voluntary office bearer or employee of the LSO

v. Information and communication

1. The committee may request such information as is considered necessary by the committee to discharge its responsibilities.
2. The committee may, with the concurrence of the LSO President, seek briefings from staff members concerned on relevant matters and request their participation at meetings.

3. Project Committee

i. General
The objectives the committee shall be to assist the Executive Committee of the LSO in effective and efficient implementation of its projects. The committee shall be created with the approval of the Executive Committee. The Committee shall have an advisory role. The recommendations and suggestions presented by the committee shall be discussed and decided upon by the Executive Committee.

ii. Structure
The committee shall consist of 3 to 5 members. Two third members of the committee shall be the Executive committee and one third members shall be from the General Body of the LSO. One member shall chair the committee. The chair person shall be elected through consensus. The Executive Committee has the rights to change the members on need basis or on retirement of the existing members.

iii. Frequency of meetings
The committee shall meet as often as it considers necessary. Nevertheless, the Committee shall meet at least four times, preferably quarterly, each year.

iv. Reporting Channel
The committee shall be accountable to the Executive Committee of the LSO.
v. Roles and Responsibilities
1. Work within the boundaries of authorities given to it by the Ex. Committee
2. Be involved in project initiation, planning, execution, control and closing
3. Review and recommend for the approval of the Ex. Committee funding decisions on the LSO projects
4. Review and recommend for the approval of the Ex. Committee projects for submission to the donors
5. Ensure that the LSO projects are managed within the approved project scope, time, budget and quality
6. Resolves conflicts aroused on LSO projects
7. Address project related issues on time
8. Address changes in LSO projects on time and communicate to the Ex. Committee
9. Recommend post project management and maintenance system and procedures

v. Information and communication
1. The committee may request such information as is considered necessary by the committee to discharge its responsibilities.
2. The committee may, with the concurrence of the LSO President, seek briefings from staff members concerned on relevant matters and request their participation at meetings.

4. Education Committee

i. General
The main purpose of this committee shall be to provide technical support to the Executive Committee of the LSO on its education programmes and projects. The committee shall be created by and be accountable to the Executive Committee. The Committee shall have an advisory role. The recommendations and suggestions presented by the committee shall be discussed and decided upon by the Executive Committee.

ii. Structure
The committee shall consist of 3 to 5 members. Two third members of the committee shall be the Executive committee and one third members shall be from the General Body of the LSO. One member shall chair the committee. The chair person shall be elected through consensus. The Executive Committee has the rights to change the members on need basis or on retirement of the existing members.

iii. Frequency of meetings
The committee shall meet as often as it considers necessary. Nevertheless, the Committee shall meet at least four times, preferably quarterly, each year.

iv. Reporting Channel
The committee shall be accountable to the Executive Committee of the LSO.
v. Roles and Responsibilities

Identify current needs, anticipate emerging issues and propose education programmes for the maximum benefits of the member communities to the LSO Ex. Committee

Review LSO education programmes and projects and recommend actions for further improvement for the approval of the Ex. Committee

v. Information and communication

1. The committee may request such information as is considered necessary by the committee to discharge its responsibilities.
2. The committee may, with the concurrence of the LSO President, seek briefings from staff members concerned on relevant matters and request their participation at meetings.

5. Health Committee

i. General

The main purpose of this committee shall be to provide technical support to the Executive Committee of the LSO on its health programmes and projects. The committee shall be created by and be accountable to the Executive Committee. The Committee shall have an advisory role. The recommendations and suggestions presented by the committee shall be discussed and decided upon by the Executive Committee.

ii. Structure

The committee shall consist of 3 to 5 members. Two third members of the committee shall be the Executive committee and one third members shall be from the General Body of the LSO. One member shall chair the committee. The chair person shall be elected through consensus. The Executive Committee has the rights to change the members on need basis or on retirement of the existing members.

iii. Frequency of meetings

The committee shall meet as often as it considers necessary. Nevertheless, the Committee shall meet at least four times, preferably quarterly, each year.

iv. Reporting Channel

The committee shall be accountable to the Executive Committee of the LSO.

v. Roles and Responsibilities

1. Review and recommend to the Ex. Committee the approval of LSO’s policy in the areas of health, water and sanitation and environment and propose any amendments to existing policies for approval by the Ex. Committee
2. Advise the Ex. Committee on the promotion and monitoring of LSO health, water and sanitation and environment initiatives

3. Having regard to available resources, advise the Ex. Committee on programmes and projects that benefit to the health of the majority of beneficiary population, specially the poorest and destitute groups

Any other matters the Ex. Committee specifies by notice to the Committee.

v. Information and communication

1. The committee may request such information as is considered necessary by the committee to discharge its responsibilities.

2. The committee may, with the concurrence of the LSO President, seek briefings from staff members concerned on relevant matters and request their participation at meetings.
Annex 9

Financial Record Keeping and Reporting Formats of LSO

Following is a list of documents and reporting formats that should be generated and maintained at the LSO level:

1. Receipt Book
2. Vouchers
3. Bank Reconciliation Statement
4. Cash Book
5. Bank Book
6. General Ledger
7. Trial Balance
8. Balance Sheet
9. Transaction Details for LSO Accounting
10. Receipts and Payment Account at LSO
11. Monthly Income Statement
1. Receipt Book

Name of LSO: .................................................................
Address: ...........................................................................................................
Receipt Number: ......................... Date: .........................
Received a sum of Rs. _____________ (Rupees
................................................................................)
from_______________________________ Cash/Cheque

No________________________ on account of

........................................................................................................
........................................................................................................
........................................................................................................
Manager
Accountant

Purpose and Usage of Receipt Book

<table>
<thead>
<tr>
<th>Term</th>
<th>Usage</th>
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</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>To acknowledge receipt of cash amounts in the LSO</td>
</tr>
<tr>
<td>Responsibility</td>
<td>The accountant should prepare and issue the receipt after signing his/her own name and the Manager to the cash giver</td>
</tr>
<tr>
<td>Receipt Number</td>
<td>The receipt book must be pre-numbered in a sequence, must be in duplicate and printed in two colors. The original copy should be given to the cash giver after tearing, while the duplicate should retained in the book and should not be torn off</td>
</tr>
<tr>
<td>Transaction</td>
<td>The amounts received may include donation and grant received from individuals or organisations, repayment of loan/CIF from member organizations or advances settled.</td>
</tr>
</tbody>
</table>
2. Voucher

Name of LSO: ..............................................................
Address: ........................................................................

Voucher No: .............................................................. Date: ..............................................................

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Reference</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

Total – Rs.

Description:
........................................................................................................................................
........................................................................................................................................
........
........................................................................................................................................
........

President: .................................................. Accountant: ..................................................

Purpose and Usage of Voucher

<table>
<thead>
<tr>
<th>Term</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Voucher shall be used to record all accounting transactions i.e. payment, adjustments or receipt</td>
</tr>
<tr>
<td>Responsibility</td>
<td>The Accountant shall prepare the voucher and the President shall verify and approve the same before making the payment</td>
</tr>
<tr>
<td>Voucher Number</td>
<td>Every voucher shall be numbered sequentially and distinctly as cash voucher, bank voucher and general voucher.</td>
</tr>
<tr>
<td>Particulars</td>
<td>Detail of transaction being recorded</td>
</tr>
<tr>
<td>Reference</td>
<td>This can be cheque no, receipt no or any supporting number of the transaction</td>
</tr>
<tr>
<td>Debit and Credit</td>
<td>Amounts being debited or credited as per transaction details given in various forms</td>
</tr>
</tbody>
</table>
3. Bank Reconciliation Statement

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as per Bank Book</td>
<td>XXXXX.XX</td>
<td></td>
</tr>
<tr>
<td><strong>Add:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest credited in Bank Statement but not recorded in Bank Book</td>
<td>XXX.XX</td>
<td></td>
</tr>
<tr>
<td>Cheque issued by the WO but not presented for payment</td>
<td>XXX.XX</td>
<td>XXX.XX</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest debited in Bank Statement but not recorded in Bank Book</td>
<td>XXX.XX</td>
<td></td>
</tr>
<tr>
<td>Cheque deposited but not yet credited in Bank Statement</td>
<td>XXX.XX</td>
<td></td>
</tr>
<tr>
<td>Bank Charges debited in Bank Statement but not recorded in Bank Book</td>
<td>XXX.XX</td>
<td></td>
</tr>
<tr>
<td>Other Service Charges debited in Bank Statement but not recorded in Bank Book</td>
<td>XXX.XX</td>
<td>XXX.XX</td>
</tr>
<tr>
<td>Balance as per Bank Statement</td>
<td>XXXXX.XX</td>
<td></td>
</tr>
</tbody>
</table>

__________________________  _________________________
President                  Accountant

**Purpose and usage of Bank Reconciliation Statement**

<table>
<thead>
<tr>
<th>Term</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>The bank reconciliation statement is prepared to reconcile the differences between the bank balance as per Bank Book of the LSO and the Bank Statement</td>
</tr>
<tr>
<td>Responsibility</td>
<td>The Accountant shall prepare the Bank reconciliation statement and the President shall verify it</td>
</tr>
<tr>
<td>Frequency</td>
<td>Monthly</td>
</tr>
</tbody>
</table>
4. Cash Book

LSO__________________

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Document No.</th>
<th>Cash Received</th>
<th>Cash Paid</th>
<th>Cash Balance</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>
5. Bank Book

LSO_____________________

<table>
<thead>
<tr>
<th>Date</th>
<th>Particulars</th>
<th>Document No.</th>
<th>Deposits</th>
<th>Withdrawal</th>
<th>Bank Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>
6. General Ledger

LSO _______________________

Account Head and Title: ...........................................

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Reference</th>
<th>Debit</th>
<th>Credit</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

**Purpose and Usage of General Ledger**

<table>
<thead>
<tr>
<th>Term</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>General Ledger shall be used to record all accounting transactions made in the various records. This will help the accountant to prepare trial balance.</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Accountant shall prepare the General Ledger and the President shall verify the same</td>
</tr>
<tr>
<td>Description</td>
<td>Detail of transaction being recorded</td>
</tr>
<tr>
<td>Reference</td>
<td>Reference to the voucher number</td>
</tr>
<tr>
<td>Debit and Credit</td>
<td>Amounts being debited or credited as per transaction details</td>
</tr>
</tbody>
</table>
7. Trial Balance

Name of LSO ..................

Trial Balance for the Period Ending ............................

<table>
<thead>
<tr>
<th>Account Head</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

Total

President: .........................................................  Accountant:

.................................................................

**Purpose and Usage of Trial Balance**

<table>
<thead>
<tr>
<th>Term</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Trial balance is a listing of all accounts head recorded in the General Ledger.</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Accountant shall prepare the Trial balance and the President shall verify the same from the general ledger</td>
</tr>
<tr>
<td>Debit and Credit</td>
<td>Amounts being debited or credited as per transaction details</td>
</tr>
</tbody>
</table>
8. Balance Sheet

Name of the LSO

Balance Sheet

For the Period Ending

<table>
<thead>
<tr>
<th>Description</th>
<th>Period ended</th>
<th>Period ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advances for expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan payable to LSO or PO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings from Banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Income/(Loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Period’s Income/(Loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Manager: .......................................................... Accountant: ..........................................................
## 9. Receipt and Payment Account

### Receipts and Payment Account
As of ..............................................

<table>
<thead>
<tr>
<th>Description</th>
<th>Rs.</th>
<th>Description</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand – Opening balance</td>
<td></td>
<td>Donation given to VDOs</td>
<td></td>
</tr>
<tr>
<td>Bank balance – Opening</td>
<td></td>
<td>Donation given to others</td>
<td></td>
</tr>
<tr>
<td>Membership Fee collected from VDOs</td>
<td></td>
<td>MGF disbursed to VDOs</td>
<td></td>
</tr>
<tr>
<td>Donations collected from members</td>
<td></td>
<td>MRL disbursed to VDOs</td>
<td></td>
</tr>
<tr>
<td>Donations received from Others</td>
<td></td>
<td>Project expenditures</td>
<td></td>
</tr>
<tr>
<td>Loan installments collected from VDOs</td>
<td></td>
<td>Rent paid</td>
<td></td>
</tr>
<tr>
<td>– Principal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges collected from VDOs</td>
<td></td>
<td>Other expenses paid</td>
<td></td>
</tr>
<tr>
<td>MRL received from RSP</td>
<td></td>
<td>Salaries paid</td>
<td></td>
</tr>
<tr>
<td>MGF received from RSP</td>
<td></td>
<td>Fixed Assets purchased</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cash in hand – Closing</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bank Balance – Closing</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

President: ..........................................................  
Accountant: ..........................................................

### Purpose and Usage of Receipt and Payment Account

<table>
<thead>
<tr>
<th>Term</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>Receipt and Payment account is a summarized statement of all receipts and payment transactions occurring during a specific period. Both sides of the statement must balance and closing cash-in-hand should physically exist and bank balance should be verified from the bank statement.</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Accountant is responsible to prepare and the President should verify the statement.</td>
</tr>
<tr>
<td>Frequency</td>
<td>This statement should be prepared on a monthly calendar basis and presented in the LSO meeting for information of the members.</td>
</tr>
</tbody>
</table>
10. Monthly Income Statement

LSO_____________________

Income Statement for the month of __________

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month -Rs.</th>
<th>Previous Month - Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations from members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations from others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service charges received from VDOs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank profit earned</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stationery &amp; printing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Rent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entertainment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
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<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Manager: ...........................................  Accountant: ............................................

Purpose and Usage of LSO Monthly Reports

<table>
<thead>
<tr>
<th>Term</th>
<th>Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>To make available financial and non-financial information about the status of LSO affairs.</td>
</tr>
<tr>
<td>Responsibility</td>
<td>Accountant shall prepare these reports which should be verified by the Manager and approved in the VDO General Body meeting before submitting it to the PO.</td>
</tr>
<tr>
<td>Frequency</td>
<td>LSO shall prepare these reports on a monthly basis and submit to PO after retaining a copy for its own record</td>
</tr>
</tbody>
</table>
Annex 10

INTEGRATED CHITRAL DEVELOPMENT PROGRAM

FINANCIAL POLICY

For

INTEGRATED CHITRAL DEVELOPMENT PROGRAMME (ICDP)

April 2009
# LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>ABBREVIATION</th>
<th>WHAT IT STANDS FOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>BoD</td>
<td>Board of Directors</td>
</tr>
<tr>
<td>PCF</td>
<td>Petty Cash Fund</td>
</tr>
<tr>
<td>LSO</td>
<td>Local Support Organisation</td>
</tr>
<tr>
<td>FC BoD</td>
<td>Finance Committee of Board of Directors</td>
</tr>
<tr>
<td>PC</td>
<td>Purchase Committee</td>
</tr>
<tr>
<td>PO</td>
<td>Purchase Order</td>
</tr>
<tr>
<td>YoP</td>
<td>Year of Purchase</td>
</tr>
<tr>
<td>DoP</td>
<td>Date of Purchase</td>
</tr>
<tr>
<td>WDV</td>
<td>Written Down Value</td>
</tr>
</tbody>
</table>
Policy Statement
To enable and ensure cost effective and efficient financial management and an environment of trust, probity and transparency in financial operation which is well documented and authorities duly defined and responsibilities clearly identified.

Eligibility
This document and policies are eligible to all financial operation of the LSO.

Implementation
The finance committee of BoD, manager and incharge of finance are responsible for implementation of this policy but overall responsibility of maintaining the books of accounts and annual audit lies with each member of Board of Director

Review and Modification
This policy document shall be reviewed by the Board of Directors every two years unless required earlier and modification would be incorporated into a revised document after approval by the BoD

1. Financial Documents
The following document will be used for financial documentation and accounting:
   1.1.1 Acknowledgement for receipts
   1.1.2 Receipt voucher
   1.1.3 Payment voucher for payments through banks
   1.1.4 Journal voucher for adjustments and accruals
   1.1.5 Purchase requisition form for purchases
   1.1.6 Comparative statement of quotations for purchases
   1.1.7 Purchase order for purchases
   1.1.8 Travel claim form for travel of staff
   1.1.9 Claim/adjustment form for expenses and adjustments

2. Books of Accounts and Other Records
The following books of accounts, records and register will be maintained by the LSO.
   2.1 Petty cash register
   2.2 Bank book
   2.3 General ledger
   2.4 Trial balance
   2.5 Balance sheet
   2.6 Members register (register of members with detail of fee if any)
   2.7 Bank reconciliation statement – monthly of all bank accounts on excel sheet
2.8 Pay roll – monthly on excel sheet
2.9 Stock register
2.10 Fixed assets register

3. Advance Against Expenses and Adjustments

Cash advances will be kept to an absolute minimum. Priority will be given to direct payment to supplier/service provider through cheques/drafts after receipt of goods and services. Cash advances will be approved according to the authority matrix. Cash advance will be given only for LSO activities. Cash advance for Board Members is only allowed in case of official travel.

3.1 Request for advance – three days before the activity or travel
3.2 Adjustment of travel advance – within 7 days after travel
3.3 Adjustment of advance against activity – within 10 days after completion of the activity/assignment

4. Banking

LSO will open bank accounts in the name of LSO through a proper resolution passed by the Board of Directors mentioning the bank name and the exact detail of the signatories for category A and category B with their allowed limits. All the bank accounts of LSO will jointly be operated by two signatories one from each group. All cheque books of bank accounts will be kept under proper lock & key and LSO accountant will be responsible of their safe keeping.

Payment Voucher Check List:

- Printed invoice/bills
- Verification with budget heads
- Other relevant documentations
- Proper authorization according to authorities details
- Payment voucher must be signed by two signatories of cheque

Limits for Signatories:

<table>
<thead>
<tr>
<th>Limits</th>
<th>Signatory A</th>
<th>Signatory B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs.5,000/-</td>
<td>Manager</td>
<td>Accountant</td>
</tr>
<tr>
<td>Upto Rs.30,000/-</td>
<td>Authorized Board Member</td>
<td>Manager</td>
</tr>
<tr>
<td>Over Rs.30,000/-</td>
<td>Chairman</td>
<td>Manager</td>
</tr>
</tbody>
</table>
5. Petty Cash Fund Policy

Petty cash fund of Rs. 2,000/- is established with the approval of Chairman BoD to meet expenditures of minor amount which incur on daily basis.

Responsibility:
LSO accountant is responsible to maintain petty cash fund.

Obligation and Limitations:
1. PCF should be used to pay bills of small amounts and reimbursements to employees for authorized expenditure up to Rs.500/=.
2. Disbursements will only be made against the approved bills or invoices.
3. Petty cash expenses will not be made through the daily cash revenues

Establishment /Security of fund:
1. The custodian (LSO accountant) should be solely responsible for maintaining PCF at the respective office.
2. The petty cash is kept in a safe place under proper lock and key.

Reimbursement of fund:
1. In order to ensure that PCF account never gets exhausted the custodian of Petty Cash Fund should prepare reimbursement statement when 2/3 of the total balance of PCF fund is consumed or otherwise 1/3 is remaining.
2. The custodian of PCF should prepare the summary of petty cash expenses and will reimburse after approval of the manager.

6. Fixed Assets:

An item meeting the following criteria will be classified as a fixed asset:
- Tangible property
- With a useful life of more than one year
- Of value greater than Rs.3000/- per item

Categories:
- Motor vehicles
- Equipment & Appliances
- Furniture & Fixture
- Computer & Related Equipment
Capitalization:

All assets over Rs.3,000/- per item will be capitalized.

Procurement:

- Approval will be required for acquisition of all fixed assets in accordance with the Authorization Limits.
- All assets will be purchased through purchase committee.
- Chairman BoD is authorize to appoint PC
- Manager LSO and accountant will be permanent members of PC along with two members from BoD
- Presence of any three members is mandatory
- Manager LSO will be the convener of PC
- PC will call quotations and prepare comparative statements of quotations
- At least three quotations are mandatory and in case of single supplier, reasons should be stated.
- On the base of comparative statement of quotations PC will place order for purchase
- On the recieveal of fixed assets PC will inspect the assets according to the terms and conditions set in the purchase order.
- If the asset found according to the specification than PC will arrange payments otherwise return to the supplier stating the reasons.

Coding and documenting:

LSO management will keep proper record of assets and take into fixed assets register after assigning proper asset code.
Annex 11

INTEGRATED CHITRAL DEVELOPMENT PROGRAMME (ICDP)

Human Resources Policy

April 200
1: INTRODUCTION

In the recent meeting of Board of Directors of ICDP held on 1st April 2009, a unanimous approval to follow the set of rules and guidelines for smooth operation of its human resources was accorded, which should reflect the following main features;

- That all related matters of staff should be clearly defined, parameters are determined and these are meticulously followed.
- That commitment to pursue merit, transparency, impartiality, accountability and gender equity is ensured.
- That there is complete understanding among the ICDP board and the people it hires and serves.
- That ICDP fulfils the obligations towards its General Body, Government of Pakistan and the Donors.
- This is the first manual of ICDP on its Personal Policy.
- The provisions of this Manual shall come into effect from 1st April 2009.
- Additions, amendments or deletion to this manual will be possible through the approval of the Board of Directors.
- ICDP Manager is authorized by the Board to issue procedures, instructions and clarifications set down in this Manual.

2: STAFF RECRUITMENT

The number, strength, positions and emoluments payable will be determined and approved by the Board, on the suggestion of Chairperson. H.R. committee consisting two board members and Manager will be formed, headed by the Chairperson.

- Job specifications and job descriptions be clearly worked out.
- Selection of the Manager is to be carried out by the BOD. The Manager will be the part of HR Committee in the selection of other staff and in all HR related issues.
- All other staff, other then the Manager will have to report to the Manager
- The Manager will be accountable to the Chairman and HR Committee.
- The minimum age for appointment will be 18 years and above and the upper age limit will be decided by the HR committee.
- Relaxation in appointment to candidates coming from the focused area, especially to female candidates will be decided and approved by the HR Committee.
- Preference will be given to local and indigenous candidates.
- Subject to the local prevailing scenario equal opportunities will be provided to both the sexes i.e no discrimination on gender basis would be observed.
3: APPOINTING AUTHORITY

The delegation of authority for making appointment on various positions will be as under

<table>
<thead>
<tr>
<th>Position</th>
<th>Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appointment of Manager</td>
<td>Chairperson subject to the approval of BOD</td>
</tr>
<tr>
<td>Other Office Staff</td>
<td>Manager subject to the approval of HR Committee</td>
</tr>
<tr>
<td>Office Assistant or other casual workers</td>
<td>Manager</td>
</tr>
</tbody>
</table>

4: PROBATIONARY PERIOD

- All employees appointed for the first time or employed afresh against a new position shall have to undergo a period of probation of three months.
- The immediate supervisor to evaluate the employee performance during the probation and recommend continuation of his service or otherwise to the HR committee.
- During the probationary period the services of the employee can be terminated without any prior notice.

5: REMUNERATION

- The salaries and other benefits payable to the employee will be determined by the HR Committee subject to financial space and availability of resources.
- The periodical increase in salaries, medical & traveling expenses etc will be decided by the HR committee and no employee could claim as a right or privilege for any such benefit.

6: LEAVE

- **Maternity Leave**: 40 days maternity leave will be granted on every child birth to female employees.
- **Casual Leave**: 15 days casual leave can be availed by each employee during a calendar year but not exceeding 3 days at a time. Balance not availed will not accumulate.
- **Earned Leave**: 30 days will be allowed to each employee as earned leave for one year. Balance not availed during the year will be carried forward to the next year subject to total accumulated balance not exceeding 60 days. Earned leave can be availed upto 15 days at one time only.
7: LEAVE SANCTIONING

Leave application of Manager for casual leave will be considered by the Chairperson and for earned leave exceeding 10 days will be considered by the HR Committee. Leaves of other staff for casual leave to be approved by the Manager but for long leave HR Committee will be the deciding authority.

8: PERFORMANCE APPRAISAL

- Performance of the Manager would be evaluated by HR Committee.
- Performance of other staff would be evaluated by the Manager.
- Personal files of each employee and annual appraisal records will be maintained.

9: TRAINING, CAPACITY BUILDING & SKILL DEVELOPMENT

Subject to availability of resources and on the budget situation, staff trainings needs would be met on the basis of training needs assessment of the staff and also on the basis of performance appraisal.

10: TERMINATION OF SERVICES

Termination of service can take place in the following manners;

a) Resignation:-An Employee can resign from service with one month prior notice to ICDP otherwise in case of immediate separation one month pay will be forfeited.

b) Termination by ICDP:- ICDP can terminate the services of any employee on one or more of the following grounds;

- Funding for the job no more available and that the job has become redundant, consequent to cessation of an activity and therefore the employee services is no more required.
- In case of misconduct, habitual absence, refusal of duty, disobeying the orders of immediate supervisor and working against the policy of ICDP.
- During probation period, services can be terminated without any prior notice, otherwise adequate notice assigning the reason will be served. Cases based on misconduct will be dealt by HR committee affording appropriate opportunity to the delinquent employee for explaining the charged leveled.
11: AUTHORITY FOR ACCEPTANCE OF RESIGNATION OR TERMINATION

<table>
<thead>
<tr>
<th>Employee Position</th>
<th>Authorised Person/Body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>Chairperson with approval of HR Committee in case of Resignation. In case of misconduct, BOD</td>
</tr>
<tr>
<td>Social Organiser and Accountant</td>
<td>Manager in case of resignation and in case of misconduct HR committee.</td>
</tr>
<tr>
<td>Office Assistant and other casual labour</td>
<td>Manager</td>
</tr>
</tbody>
</table>

12: MISCONDUCT

The following acts and omissions on the part of any employee shall constitute an act of misconduct rendering the commitment there to any disciplinary action:

1. Willful insubordination or disobedience, whether alone or jointly with others, of rules, procedures, instructions and lawful orders issued by the supervisor.
2. Theft, fraud, dishonesty, misappropriation or embezzlement of funds and resources of ICDP.
3. Misuse of ICDP equipments, assets, stores etc causing thereby loss to the organization
4. Use of contraband items, narcotics or involvement in such illegal activities which could adversely affect the organization’s reputation, acceptability and creditability.
5. Habitual absence without taking leave.

13: OFFICE DECORUM

- Eight hours working day to be followed.
- Office timing will be from 9.00 am to 4.00 pm (Monday to Saturday). Sunday and all gazetted holidays will be considered as off days.
- Convenient and comfortable working environment be provided for the female staff.
- Staff behavior and dealings should be decent and in accordance to the local culture context.
- Extra care be exercised that female staff, female members or other female visitors are been treated with special respect which is a part of our culture.

14: SPECIAL NOTES

- Employees’ grievances or any conflict which may arise will be resolved and handled by the HR Committee and the decisions made by the committee will be treated as final settlement.
• In case of creation of such a situation which is not covered under this policy, the arising issue will be settled by the HR Committee. In case any expense above Rs.5000/- is involved the same be decided by the BOD.
• Amendments, modifications and additions in the set policy could be made by the BOD.
INTEGRATED CHITRAL DEVELOPMENT PROGRAMME
(ICDP)

GENDER POLICY

July 2010
1. Background

Gender equality and equity are considered to be integral parts of all ICDP policies, programmes and projects. ICDP is committed to strive for a pluralistic and vibrant society, free from all forms of oppression and exploitation. Gender equality also affords appropriate opportunities to women of all ages and social status to play a visible and effective role as part of the mainstream of society. The goal of the policy is to focus on the achievement of equality/equity between women and men through various activities. The consensus amongst development practitioners is that sustainable development, especially poverty reduction, will not be achieved unless the inequalities between men and women are eradicated.

As part of a wider focus on the realization of the human rights of women, this policy emphasises the elimination of discrimination against women, in line with ICDP’s concern for social justice and development effectiveness. For the purpose of this Policy, gender discrimination is defined as (i) any intentional or unintentional effort to deny women opportunities for equal participation in recruitment, retention and professional learning, and (ii) behaviour of any kind that is demeaning or offensive to women. Discrimination on the basis of gender is both a social and a legal issue. The Constitution of Pakistan and several United Nations Conventions which Pakistan has ratified define gender discrimination and identify its various forms.

2: Rationale of the Policy

The rights of women are an inalienable, integral and visible part of all human rights and fundamental freedoms. The advancement of women and the achievement of equality/equity between women and men are matters of human rights and conditions for social justice, and should not be seen in isolation as a “women’s issue”.

3: Goal

The achievement of equality and equity between women and men to ensure sustainable development, improved livelihoods and the opportunity for women and men to develop to their fullest human potential.

4: Mission

The sensitization of women and men through organizational efforts, capacity building, skill building and awareness raising enhancing women’s capabilities to stand alongside those of men in the development process, and having an equal voice in planning that process.
5: Objectives

- Creation of a conducive community environment, where women of all ages and capacities participate without any restraints in the socio-economic activities.
- Emancipation of women from all kinds of oppression, discrimination and cultural barriers.
- Creation of opportunities for income generation leading to economic empowerment, as defined by the women themselves.
- Drawing together existing resolutions into a coherent document and further developing these into a realistic Gender Action Plan with short and medium term objectives.
- Achieving gender equality through recognition that every programme, activity and project affects women and men differently.
- Promotion of equal participation of women as agents of change in economic, social and political process, essential to achieving gender equality.
- Co-ordination and close liaison with government sector institutions and NGOs for adopting and promoting the cause of gender equality with joint and integrated efforts.
- Within ICDP, increasing the level of gender sensitivity in order to provide women and men staff members a gender fair working environment and create a gender sensitive organizational culture.
- Provide opportunities to recruit and retain female staff with the necessary skills.
- Provide a reference point for monitoring gender issues within the organization.
- Document gender-specific ‘lessons learned’ and positive experiences for future office holders and members.

6: Organisational Setup

The structure of ICDP will contain due and appropriate representation of women in various organizational strata i.e. the General Body, BoD and office management staff. The participation of women in these bodies will be encouraged and proactive steps taken to ensure their participation. Their views and suggestions will be welcomed and positively entertained. All efforts will be made in the formation, activation and strengthening of WOs, to organize the as yet ‘unorganised’ population to the maximum possible extent. This will include both programme and financial commitments.

7: Personnel Administration

- The selection criteria will be relaxed for women, if necessary, according to the contextual circumstances.
- The employee’s performances would be assessed in part on the basis of his/her gender sensitivity in all aspects of organizational and programmatic matters.
- The TOR and appraisal processes would include the gender sensitivity criteria in an objective manner. As a mandatory step, during the orientation process, briefing on the Gender Policy will be given to newly inducted staff. Gender sensitization would also be a part of the induction process for new staff.
• Promotions shall be non-discriminatory and special consideration would be given to women at the time of promotion. Efforts will be made to ensure that women staff have a ‘professional development’ path within the organisation.

• The management will make all the staff aware of the gender policy, and will ensure that regular gender training, exposure visits and study tours for all staff, especially for women staff, will be arranged subject to availability of resources. If necessary, new funding sources will be found for these activities.

• The Chairperson of ICDP will be the Focal Person to address any grievance arising out of non-adherence to established office norms or misbehavior of any staff member and can propose/implement disciplinary action against the delinquent staff. In case of gross misconduct he or she would have to take a decision with the consent of HR Committee.

• Women and men staff members engaged in the same tasks and with the same responsibilities shall receive the same remunerations.

• In accordance with the laws of Pakistan, women staff members shall be entitled to paid maternity leave.

*The Integrated Chitral Development Programme will adopt the procedures outlined in the AASHA Code of Conduct (attached) if cases of harassment arise,*

In case a complaint is filed, the Gender Focal Person or the HR Committee would initiate action on the verbal or written complain of the aggrieved women staff or member. The penalty imposed will depend on the nature of misconduct/misbehavior, ranging from a warning, a financial penalty such as delaying a scheduled increment, or termination of services.

This Policy will be reviewed annually by the Board and a forum created within the Board to hear suggestions concerning its content and possible revision.

8: Intervention Strategy

8.1: Political Empowerment
Awareness raising through workshops, seminars and community dialogues regarding the importance of participation in political processes and the role to play in public and community level decision making.

8.2: Economic Empowerment
Measures to address the basic causes faced by women in economic independency, through awareness programmes, initiation of targeted projects and mobilization of change agents. Sensitization of key players for affording opportunities to women regarding access to financial services, rights in holding assets/property, especially through inheritance, and development of socio-cultural entrepreneurial trends.
8.3: Legal Rights
Awareness through seminars and workshops. Coordinated efforts with District Bar and other NGOs extending support to aggrieved women. Efforts to eradicate the curse of forced marriages and trafficking of women. Collection of up to date information regarding the incidence of women’s suicides, child labour and forced marriages.

8.4: Social Rights
8.4 (1): Education: Awareness raising regarding the importance of educating girl children. Coordinated efforts through WOs that no girl child remains out of school and the ratio of missed out / dropouts is minimized. Coordination with Government departments, public sector organizations and NGOs for improving educational quality and adult literacy rates.

8.4 (2): Health
Holding of seminars / workshops. Awareness raising with coordination of Health Department and NGOs especially AKHSP regarding various diseases and precautionary measures, particularly for neonatal, maternal, infant and child health.

The points contained in this policy will provide the guidelines to carry forward the potential programmes, projects and activities; however, any change, addition, amendment or deletion of any clause will be possible through the BOD approval.
Zero Tolerance For Sexual Harassment

CODE OF CONDUCT
FOR SMALL ORGANIZATIONS

This Code provides the minimum requirements that your organization needs to adhere to in order to comply with the ‘Protection Against Harassment of Women at Workplace Act, 2010

The purpose of this Code of Conduct is to improve the work environment of your organization so that both male and female employees can work with dignity, they can have better job satisfaction due to civilized and respectful work environment and can improve the productivity of the organization.

The procedure for implementation of the Code is simple with hardly any costs. The management needs to take the main responsibility to ensure that work environment is respectful for every employee and if there are any complaints the management needs to appoint a 3 member committee to look after the complaints. The committee members can take care of the complaint informally where the issue is kept confidential and the problem is resolved or the complainant can decide to file a complaint formally to the same Committee. In that case a formal inquiry process is undertaken. The Committee will submit the result of the inquiry and their recommended punishment to the Competent Authority or the head of the company and the necessary action will be taken.

The management is required to
   a) adopt the Code as part of their policies
   b) Appoint a 3 member Committee with at least one woman (some members can be co-opted from outside the organization). Inform the employees of the names of the Committee members.
   c) Make the Code available for the employees (give them a copy or post it on a wall).

THE CODE

Sexual harassment by any employee is an unacceptable behavior in an organization. It is defined as: any unwelcome sexual advance, request for sexual favors or other verbal or written communication or physical conduct of a sexual nature

or sexually demeaning attitudes, causing interference with work performance or creating an intimidating, hostile or offensive work environment,

or the attempt to punish the complainant for refusal to comply to such a request or is made a condition for employment.

It is prohibited in any circumstance including any interaction or situation that is linked to official work or official activity outside the office. It constitutes a violation of this Code and is punishable.
A complaint can be filed with one of the members of the Inquiry Committee against any employee of the company if such behavior is experienced.

The Committee can, according to the preference of the complainant initiate an informal or a formal inquiry.

The management has to make sure that the process is just and no retaliation against the complainant is allowed.

Once the Committee reaches a decision and recommends a penalty, in case the accused is found guilty from the options given in Annex I, the management/competent Authority has to implement the decision.

For further details on the process a more elaborate Code of Conduct can be downloaded from www.AASHA.org.pk or refer to the Protection Against Harassment of Women at Workplace Act 2009 (text also available at AASHA’s website)
Annex 13

Mainstreaming Gender in Policies, Programmes and Projects

1. Situation Assessment & Analysis:
   - Has specific and relevant information been collected on issues and differences for men and women in relation to the specific problem?
   - Were women involved in conducting the needs assessment, and were the women of the community asked for their opinion on their problems and needs?
   - Has there been an assessment of women’s position in terms of such possible problems as their heavier work burden, relative lack of access to resources and opportunities or lack of participation in the development process?
   - Has a gender analysis been conducted to understand the cause of the issues or differences?

2. Project Goals/Objectives:
   - Do the project objectives make clear that project benefits are intended equally for women as for men?
   - Does the goal seek to correct gender imbalances through addressing practical needs of men and women?
   - Does the goal seek to transform the institutions (social and other) that perpetuate gender inequality?
   - In what specific ways will the project lead to women’s increased empowerment? Will women’s participation increase at the level of the family and community? Will women be able to control income resulting from their own labor?
   - Do any of the objectives challenge the existing or traditional sexual division of labor, tasks, opportunities and responsibilities?
   - Have specific ways been proposed to encourage and enable women to participate in the projects despite their traditionally more domestic location and subordinate position within the community?
   - Have indicators been developed to measure progress towards the fulfillment of each objective? Do these indicators measure the gender aspects of each objective?

3. Project Strategy:
   - Is there need to target gender balance as a corrective measure?
   - Have the women in the affected community and target group been consulted on the most appropriate way of overcoming the problem?
   - Is the chosen intervention strategy likely to overlook women in the target group, e.g. because of their heavier burden of work and more domestic location?
Is the strategy concerned merely with delivering benefits to women, or does it also involve their increased participation and empowerment, so they will be in a better position to overcome the problem situation?

4. Questions on Project Management:
- Do planned activities involve both men and women as equally as possible?
- Are women and men of the affected community represented equally on the management committees?
- Are any additional activities needed to ensure that a gender perspective is made explicit (e.g. training in gender issues, additional research, etc)?
- Is there a clear guiding policy for management on the integration of women within the development process?
- Have financial inputs been ‘gender-proofed’ to ensure that both men and women will benefit from the planned intervention?
- Has management been provided with the human resources and expertise necessary to manage and monitor the women’s development component within the project?

5. Project Implementation:
- Are the implementers gender-responsive and aware of the specific gender issues?
- Will both women and men participate in implementation?
- Do implementation methods make sufficient use of existing women’s organizations and networks such as women’s groups?
- Have these partners received gender mainstreaming training, so that gender perspective can be sustained throughout implementation?

6. Monitoring:
- Does the monitoring strategy include a gender perspective?
- Are there monitoring mechanisms that ensure that all policy / program / project activities are on track and take account of progress for male and female beneficiaries?
- Are there monitoring methods to check the progress in reaching women? E.g. women’s (increased) income, occupation of leadership roles, utilization of credit facilities, participation in project management and implementation, and influence over decision making?
- Has a communication strategy been developed for informing various publics about the existence, progress and results of the project from a gender perspective?

7. Evaluation:
- Do women receive a fair share, relative to men, of the benefits arising from the projects?
- Does the project redress a previous unequal sharing of benefits?
Does the project give women increased control over material resources, better access to credit and other opportunities, and more control over the benefits resulting from their productive efforts?

What are the likely long-term effects in terms of women’s increased ability to take charge of their own lives, understand their situation and the difficulties they face, and to take collective action to solve problems?

Adapted from Astrida Neimanis, Gender Mainstreaming in Practice: A Handbook, Part I.
### Annex 14

**LSO Performance Measurement Form**

Name of LSO _______________  |  Formation date_____  |  Total Member HHs_____

UC ________________________  |  Tehsil ______________  |  District_________________

Performance measurement period (Month____ Year to Month____ Year____)

1. **Coverage**
   How many HH covered under COs in the LSO area?

<table>
<thead>
<tr>
<th>Less than 70%</th>
<th>70 - 75%</th>
<th>76 - 80%</th>
<th>81 - 84%</th>
<th>Above 85%</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

2. **Inclusion**
   As a result of Poverty Score Card exercise how many HHs falling in 0-18 have become CO members?

<table>
<thead>
<tr>
<th>Less than 50%</th>
<th>60 - 65%</th>
<th>66 -70%</th>
<th>71 - 75%</th>
<th>Above 75%</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

3. **Participation**
   What is the ratio of women at all levels (CO, VO, LSO) LSO?

<table>
<thead>
<tr>
<th>Less than 30%</th>
<th>31 - 35%</th>
<th>36 - 40%</th>
<th>41 - 45%</th>
<th>Above 50%</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

4. **Activeness**
   How many member COs have made savings during the last 12 months?

<table>
<thead>
<tr>
<th>Less than 50%</th>
<th>60 - 65%</th>
<th>66 -70%</th>
<th>71 - 75%</th>
<th>Above 75%</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

5. **Funds for lending**
   How many member COs have provided funds from their savings to the LSO for internal lending?

<table>
<thead>
<tr>
<th>Less than 20%</th>
<th>21 - 30%</th>
<th>31 - 40%</th>
<th>41 - 50%</th>
<th>Above 50%</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>
6. Services
How many poor households (PSC 0-18) have got employment after receiving training from LSO?

<table>
<thead>
<tr>
<th>Less than 20%</th>
<th>21-30%</th>
<th>31-40%</th>
<th>41-50%</th>
<th>Above 50%</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

7. Social Protection
Using its internal resources how many poorest households (PSC 0-11) have been provided with social protection initiatives by the LSO in the last 12 months?

<table>
<thead>
<tr>
<th>Less than 20%</th>
<th>21-30%</th>
<th>31-40%</th>
<th>41-50%</th>
<th>Above 50%</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

8. Funding for LSO
How much amount have the member households, COs and VOs contributed to the LSO in the last 12 months to meet LSO operational cost?

<table>
<thead>
<tr>
<th>Less than 49,000</th>
<th>50,000 - 74,000</th>
<th>75,000 - 99,000</th>
<th>99,000 - 120,000</th>
<th>Above 120,000</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

9. Financial Resources
From how many different sources the LSO is receiving financial resources?

<table>
<thead>
<tr>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>More than 5</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

10. Development Linkages
How many development linkages established by the LSO from whom it received funds and services?

<table>
<thead>
<tr>
<th>Less than 1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>More than 5</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

11. Human Resources Development
During the last 12 months services of how many local CRPs and CSSs have formally been acquired by the LSO to foster capacity building activities locally?

<table>
<thead>
<tr>
<th>Less than 1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>More than 5</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>
12. LSO Fund
How many additional funds have been saved by the LSO after meeting its expenditures during the last 12 months?

<table>
<thead>
<tr>
<th>Less than 20,000</th>
<th>20,000 - 25,000</th>
<th>26,000 - 30,000</th>
<th>31,000 - 35,000</th>
<th>Above 36,000</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

Scores

<table>
<thead>
<tr>
<th>Total Scores</th>
<th>LSO Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>48</td>
</tr>
</tbody>
</table>

Performance rating of LSO

<table>
<thead>
<tr>
<th>LSO Score</th>
<th>10 - 14</th>
<th>15 - 19</th>
<th>20 - 25</th>
<th>26 - 30</th>
<th>Above 30</th>
<th>LSO Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>E</td>
<td>D</td>
<td>C</td>
<td>B</td>
<td>A</td>
<td></td>
</tr>
</tbody>
</table>

Analysis of LSO performance:

<table>
<thead>
<tr>
<th>S. No</th>
<th>Major Strengths</th>
<th>Major Weaknesses</th>
<th>Recommendations to improve the weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LSO performance measurement conducted by</th>
<th>LSO performance measurement verified by</th>
</tr>
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<td>Date</td>
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<td>Name of verifying authority</td>
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<td>Name of Organisation</td>
<td>Name of Organisation</td>
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</table>
Annex 15

LSO Profile

Date of compilation

1. Name of LSO
2. Region
2.1 Field Unit
2.2 Union Council
2.3 Tehsil
2.4 District
2.5 Postal address

2.6 Telephone No
2.7 E-mail address

3. Registration No
3.1 Registration Act

4. Total Households in the UC
4.1 Organised Households in the UC

HH coverage

<table>
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<tr>
<th>S. No</th>
<th>Poverty bands</th>
<th>Total No of HHs</th>
<th>Organised HHs</th>
<th>%age of Organised HHs</th>
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<td>0 – 11</td>
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</tr>
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<td>2</td>
<td>12 – 18</td>
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<td>3</td>
<td>19 – 23</td>
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<td>4</td>
<td>24 – 100</td>
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<tr>
<td></td>
<td>Total HHs</td>
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5. Member organisations

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<th>Type of organisations</th>
<th>No</th>
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<tr>
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<tr>
<td>5.3</td>
<td>Mixed VOs</td>
<td></td>
</tr>
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<td>5.4</td>
<td>Male COs</td>
<td></td>
</tr>
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<td>5.5</td>
<td>Women COs</td>
<td></td>
</tr>
<tr>
<td>5.6</td>
<td>Mixed COs</td>
<td></td>
</tr>
<tr>
<td>5.7</td>
<td>Total member organisations (COs/VOs)</td>
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6. Number of General Body members

<table>
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<tr>
<th>S. No</th>
<th>Members</th>
<th>Number</th>
</tr>
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<tr>
<td>6.1</td>
<td>Men</td>
<td></td>
</tr>
<tr>
<td>6.2</td>
<td>Women</td>
<td></td>
</tr>
<tr>
<td>6.3</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>6.4</td>
<td>%age of women members</td>
<td></td>
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</tbody>
</table>
7. Number of Executive Body members

<table>
<thead>
<tr>
<th>S. No</th>
<th>Members</th>
<th>Number</th>
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</thead>
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<tr>
<td>7.1</td>
<td>Men</td>
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</tr>
<tr>
<td>7.2</td>
<td>Women</td>
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</tr>
<tr>
<td>7.3</td>
<td>Total</td>
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</tr>
<tr>
<td>7.4</td>
<td>%age of women members</td>
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8. Number of people who receive honorarium from LSO

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<th>Members</th>
<th>Number</th>
<th>Total amount of honorarium</th>
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<tbody>
<tr>
<td>8.1</td>
<td>Men</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.2</td>
<td>Women</td>
<td></td>
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<tr>
<td>8.3</td>
<td>Total</td>
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<tr>
<td>8.4</td>
<td>%age of women members</td>
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9. Sources and amount of annual funds of LSO

<table>
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<tr>
<th>S. No</th>
<th>Sources (Name of organisation/Department/Activity)</th>
<th>Amount</th>
</tr>
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<tr>
<td>9.1</td>
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<td></td>
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<td>9.2</td>
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<td></td>
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<td>9.3</td>
<td></td>
<td></td>
</tr>
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<td>9.4</td>
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<td>9.5</td>
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<td>9.6</td>
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<tr>
<td></td>
<td>Total</td>
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10. Average monthly income of LSO from all sources of funds Rs _________________

11. LSO bylaws and ToPs

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<th>Type of Document</th>
<th>Yes</th>
<th>No</th>
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<td>11.1</td>
<td>ToP signed between LSO and VOs</td>
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<tr>
<td>11.2</td>
<td>ToP signed between COs and VOs</td>
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<td></td>
</tr>
<tr>
<td>11.3</td>
<td>ToP signed between RSP and LSO</td>
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<tr>
<td>11.4</td>
<td>ToP signed between RSP and VOs</td>
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<td>11.5</td>
<td>ToP signed between RSP and COs</td>
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<td>11.6</td>
<td>Village development plan prepared</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.7</td>
<td>Union Council Development Plan prepared</td>
<td></td>
<td></td>
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<tr>
<td>11.8</td>
<td>LSO bylaws approved by General Body</td>
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12. Management and governance

<table>
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<th>Activities</th>
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<th>No</th>
</tr>
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<tr>
<td>12.1</td>
<td>LSO office with training centre available</td>
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<td></td>
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<tr>
<td>12.2</td>
<td>LSO has developed annual operational plans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.3</td>
<td>LSO has appointed CRPs and CSSs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.4</td>
<td>LSO General Body meets regularly</td>
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<tr>
<td>12.5</td>
<td>Attendance in the last GB meeting : Total--------</td>
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<tr>
<td></td>
<td>Men-------- Women --------</td>
<td></td>
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</tr>
<tr>
<td>12.6</td>
<td>LSO Executive Body meets regularly</td>
<td></td>
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<tr>
<td>12.7</td>
<td>Attendance in the last Ex. Body meeting : Total----------------</td>
<td></td>
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<tr>
<td></td>
<td>Men----------------- Women -----------------</td>
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<tr>
<td>12.8</td>
<td>LSO is exchanging information with all its member organisations (monthly/quarterly)</td>
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13. Details about CRP/CSS

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<td>Total CRPs</td>
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<tr>
<td>Male</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
</tr>
<tr>
<td>Total CSSs</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td></td>
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<tr>
<td>Female</td>
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13.1. Activities performed by CRP/CSSs

<table>
<thead>
<tr>
<th>Formation of new COS</th>
<th>Number</th>
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<tr>
<td>Total COs</td>
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<tr>
<td>Men COs</td>
<td></td>
</tr>
<tr>
<td>Women COs</td>
<td></td>
</tr>
<tr>
<td>Mixed COs</td>
<td></td>
</tr>
<tr>
<td>Poverty Score Card (Number of HHs)</td>
<td></td>
</tr>
<tr>
<td>Total number of beneficiary HHs</td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td></td>
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</table>
14. Major activities carried out by LSO at village and household level

<table>
<thead>
<tr>
<th>Activity</th>
<th>Beneficiary HHs by Poverty Bands</th>
<th>Total Beneficiary HHs</th>
<th>Total Cost</th>
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<tbody>
<tr>
<td></td>
<td>0-11</td>
<td>12-18</td>
<td>19-23</td>
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</table>

15. Linkages developed by LSO with government and non-government bodies

<table>
<thead>
<tr>
<th>Name of Department/organisation with type of linkage</th>
<th>Results</th>
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</table>

16. Human Resource Development activities carried out by LSO

<table>
<thead>
<tr>
<th>Activity</th>
<th>Beneficiary members</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td></td>
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<td></td>
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17. Community Investment Fund received by LSO

<table>
<thead>
<tr>
<th>Name of CIF donor</th>
<th>Amount</th>
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</table>

<table>
<thead>
<tr>
<th>Total</th>
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18. Activities carried out by through CIF

<table>
<thead>
<tr>
<th>Activity</th>
<th>Beneficiary HHs by Poverty Bands</th>
<th>Total Beneficiary HHs</th>
<th>Total Cost</th>
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</thead>
<tbody>
<tr>
<td></td>
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19. Disaster management and poverty targeted activities of LSO

19.1 Disaster management activities carried out by LSO

<table>
<thead>
<tr>
<th>S. No</th>
<th>Activity</th>
<th>Beneficiary HHs</th>
<th>Results</th>
</tr>
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<tbody>
<tr>
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19.2 Activities carried out to support the poorest and destitute families by LSO

<table>
<thead>
<tr>
<th>S. No</th>
<th>Activity</th>
<th>Beneficiary HHs</th>
<th>Results</th>
</tr>
</thead>
<tbody>
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<td></td>
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</tbody>
</table>
**Annex 16**

**Household Micro Investment Plan**

Name of CO: ____________________  Name of Village______________________
Union Council__________________  Tehsil/District______________________

A: Household Profile

Name of HH head ___________ Father/Spouse___________ C/NIC No_______________
Poverty Score No_______ Poverty Status_____________
Economically active members: Men___ Women____ Total_______

A.1  Profile of Family members

<table>
<thead>
<tr>
<th>S. No</th>
<th>Name</th>
<th>Age</th>
<th>Health status</th>
<th>Education</th>
<th>Occupation</th>
<th>Average Monthly Income</th>
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<td>7</td>
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A.2  Current Household Income and Expenditure

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Average Monthly Income</th>
<th>No of months</th>
<th>Annual Income</th>
<th>Responsibility (Men/Women)</th>
<th>Issues</th>
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<tr>
<td>Income</td>
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<td>Others</td>
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</tr>
<tr>
<td>Total Income</td>
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<td>Clothes</td>
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</table>
### Festivities
### Education
### Health
### Others

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<tr>
<th>Total Expenditures</th>
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<tr>
<td>Net surplus/(Deficit)</td>
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</tbody>
</table>

#### B: New income generation plan

#### B.1 Description of the Plan
(Describe the roles and responsibilities of men and women separately)

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

#### B.2 Resources required

<table>
<thead>
<tr>
<th>Name of Resource</th>
<th>Quantity</th>
<th>Cost</th>
<th>From Own sources</th>
<th>Support required from CO</th>
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<tbody>
<tr>
<td><strong>By men:</strong></td>
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</table>
By women:


Total

B.3 Expected income from the Plan

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<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>By men</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By women</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Total</td>
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</table>

C. Human Resource Development Plan

<table>
<thead>
<tr>
<th>S. No</th>
<th>Name</th>
<th>Gender</th>
<th>Age</th>
<th>Education required</th>
<th>Skills required</th>
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<td>7</td>
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* Formal Education for school aged and adult literacy for elder members

D: Asset Creation Plan for Men

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<th>S. No</th>
<th>Asset Type</th>
<th>Existing</th>
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<th>Year 3</th>
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Signature of CO Member__________________

Signature of CO President______________  Signature of CO Manager__________

Date__________________

**Note:** Additional formats of section B can be used in case of more than one Income Generation Plan.
Annex 17

THE SOCIETIES REGISTRATION ACT, 1860
(Act XXI of 1860)

SECTIONS
1. Societies formed by memorandum of association and registration.
2. Memorandum of association.
3. Registration fee.
4. Annual list of managing body to be filed.
5. Property of society how vested.
6. Suits by and against societies.
7. Suits not to abate.
8. Enforcement of judgment against society.
10. Members liable to be sued as strangers
    Recovery by successful defendant of costs adjudged.
11. Members guilty of offences punishable as strangers.
12. Societies enabled to alter, extend or abridge their purposes.
13. Provision for dissolution of societies and adjustment of their affairs
    Assent required
    Government consent.
14. Upon a dissolution no member to receive profit
    Clause not to apply to joint-stock companies.
15. Member defined – Disqualified members.
16-A. Supersession of governing body of a society.
17. Registration of societies formed before Act – Assent required.
18. Such societies to file memorandum, etc., with Registrar of Joint-stock Companies.
19. Inspection of documents – Certified copies
20. To what societies Act applies.

THE SOCIETIES REGISTRATION ACT, 1860

[Short title given by the Short Titles Act, 1897 (14 of 1897).
The Act (with the exception of the first four sections) is based on Literary and Scientific Institutions Act, 1854.
It had been declared to be in force in all the Provinces and the Capital of the Federation, except the Scheduled Districts, by s. 3 of the Laws Local Extent Act, 1874 (15 of 1874).]
(Act XXI of 1860)

An Act for the Registration of Literary, Scientific and Charitable Societies

Preamble.— WHEREAS it is expedient that provision should be made for improving the legal condition of societies established for the promotion of literature, science, or the fine arts, or for the diffusion of useful knowledge, [the diffusion of political education] or for charitable purposes; it is enacted as follows:-

1. Societies formed by memorandum of association and registration.— Any seven or more persons associated for any literary, scientific or charitable purpose, or for any such purpose as is described in section 20 of this Act, may by subscribing their names to a memorandum of association and filing the same with the Registrar of Joint-stock Companies [* * *] form themselves into a society under this Act.

2. Memorandum of association.— The memorandum of association shall contain the following things (that is to say)—
   The name of the society:
   The objects of the society:
   The names, addresses, and occupations of the governors, council, directors, committee or other governing body to whom, by the rules of the society, the management of its affairs is entrusted.

A copy of the rules and regulations of the society, certified to be a correct copy by not less than three of the members of the governing body, shall be filed with the memorandum of association.

3. Registration fee.— Upon such memorandum and certified copy being filed, the Registrar shall certify under his hand that the Society is registered under this Act. There shall be paid to the Registrar for every such registration such fee as the Provincial Government may direct, and all fees so paid shall be accounted for to the Provincial Government.

4. Annual list of managing body to be filed.— Once in every year, on or before the fourteenth day succeeding the day on which, according to the rules of the society, the annual general meeting of the society is held, or, if the rules do not provide for an annual general meeting, in the month of January, a list shall be filed with the Registrar of Joint-stock Companies

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It had been declared by Notification under s. 3 (a) of the Scheduled Districts Act, 1874 (14 of 1874), to be in force in the Scheduled Districts; namely – Hazara, Peshawar, Kohat, Bannu, Dera Ismail Khan and Dera Ghazi Khan. [ Portions of the Districts of Hazara, Bannu, Dera Ismail Khan and Dera Ghazi Khan and the Districts of Peshawar and Kohat now form the N.W.F.P., see Gazette of India, 1901, Pt. I, p. 867, and Ibid., 1902, Pt. I, p. 575.]

[483] Added by the Societies Registration (Amendment) Act, 1927 (XXII of 1927).
[414] The words and figures “under Act 19 of 1857” repealed by the Repealing Act, 1874 (16 of 1874).
of the names, addresses and occupations of the governors, council, directors, committee or other governing body then entrusted with the management of the affairs of the society.

5. **Property of society how vested.**— The property, movable and immovable, belonging to a society registered under this Act, if not vested in trustees, shall be deemed to be vested, for the time being, in the governing body of such society, and in all proceedings, civil and criminal, may be described as the property of the governing body of such society by their proper title.

6. **Suits by and against societies.**— Every society registered under this Act may sue or be sued in the name of the president, chairman, or principal secretary, or trustees, as shall be determined by the rules and regulations of the society, and, in default of such determination, in the name of such person as shall be appointed by the governing body for the occasion:

   Provided that it shall be competent for any person having a claim or demand against the society, to sue the president or chairman, or principal secretary or the trustees thereof, if on application to the governing body some other officer or person be not nominated to be the defendant.

7. **Suits not to abate.**— No suit or proceeding in any Civil Court shall abate or discontinue by reason of the person by or against whom such suit or proceedings shall have been brought or continued, dying or ceasing to fill the character in the name whereof he shall have sued or been sued, but the same suit or proceedings shall be continued in the name of or against the successor of such person.

8. **Enforcement of judgment against society.**— If a judgment shall be recovered against the person or officer named on behalf of the society, such judgment shall not be put in force against the property, movable or immovable, or against the body of such person or officer, but against the property of the society.

   The application for execution shall set forth the judgment, the fact of the party against whom it shall have been recovered having sued or having been sued, as the case may be, on behalf of the society only, and shall require to have the judgment enforced against the property of the society.

9. **Recovery of penalty accruing under bye-law.**— Whenever by any bye-law duly made in accordance with the rules and regulations of the society, or, if the rules do not provide for the making of bye-laws, by any bye-law made at a general meeting of the members of the society convened for the purpose (for the making of which the concurrent votes of three-fifths of the members present at such meeting shall be necessary), any pecuniary penalty is imposed for the breach of any rule or bye-law of the society, such penalty, when accrued, may be recovered in any Court having jurisdiction where the defendant shall reside, or the society shall be situate, as the governing body thereof shall deem expedient.

10. **Members liable to be sued as strangers — Recovery by successful defendant of costs adjudged.**— Any member who may be in arrear of a subscription which, according to the rules of the society he is bound to pay, or who shall possess himself of or detain any property of the society in a manner or for a time contrary to such rules, or shall injure or destroy any property
of the society, may be sued for such arrear or for the damage accruing from such detention, injury or destruction of property in the manner hereinbefore provided.

But if the defendant shall be successful in any suit or other proceeding brought against him at the instance of the society, and shall be adjudged to recover his costs, he may elect to proceed to recover the same from the officer in whose name the suit shall be brought, or from the society, and in the latter case shall have process against the property of the said society in the manner above described.

11. **Members guilty of offences punishable as strangers.**— Any member of the society who shall steal, purloin or embezzle any money or other property, or willfully and maliciously destroy or injure any property of such society, or shall forge any deed, bond, security for money, receipt, or other instrument, whereby the funds of the society may be exposed to loss, shall be subject to the same prosecution, and, if convicted, shall be liable to be punished in like manner as any person not a member would be subject and liable to in respect of the like offence.

12. **Societies enabled to alter, extend or abridge their purposes.**— Whenever it shall appear to the governing body of any society registered under this Act, which has been established for any particular purpose or purposes, that it is advisable to alter, extend or abridge such purpose to or for other purposes within the meaning of this Act, or to amalgamate such society either wholly or partially with any other society, such governing body may submit the proposition to the members of the society in a written or printed report and may convene a special meeting for the consideration thereof according to the regulations of the society.

But no such proposition shall be carried into effect unless such report shall have been delivered or sent by post to every member of the society ten days previous to the special meeting convened by the governing body for the consideration thereof, nor unless such proposition shall have been agreed to by the votes of three-fifths of the members delivered in person or by proxy, and confirmed by the votes of three-fifths of the members present at a second special meeting convened by the governing body at an interval of one month after the former meeting.

13. **Provision for dissolution of societies and adjustment of their affairs – Assent required – Government consent.**— Any number not less than three-fifths of the members of any society may determine that it shall be dissolved, and thereupon it shall be dissolved forthwith, or at the time then agreed upon, and all necessary steps shall be taken for the disposal and settlement of the property of the society, its claims and liabilities, according to the rules of the said society applicable thereto, if any, and, if not, then as the governing body shall find expedient, provided that, in the event of any dispute arising among the said governing body or the members of the society, the adjustment of its affairs shall be referred to the principal Court of original civil jurisdiction of the district in which the chief building of the society is situate; and the Court shall make such order in the matter as it shall deem requisite:

Provided that no society shall be dissolved unless three-fifths of the members shall have expressed a wish for such dissolution by their votes delivered in person, or by proxy, at a general meeting convened for the purpose:
Provided that [436][whenever any Government] is a member of or a contributor to, or otherwise interested in, any society registered under this Act, such society shall not be dissolved [447][without the consent of the Government of the Province of registration].

14. Upon a dissolution no member to receive profit – Clause not to apply to joint-stock companies.– If upon the dissolution of any society registered under this Act there shall remain after the satisfaction of all its debts and liabilities any property whatsoever, the same shall not be paid to or distributed among the members of the said society or any of them, but shall be given to some other society, to be determined by the votes of not less than three-fifths of the members present personally or by proxy at the time of dissolution, or in default thereof, by such Court as aforesaid:

Provided, however, that this clause shall not apply to any society which shall have been founded or established by the contributions of shareholders in the nature of a Joint-stock Company.

15. Member defined – Disqualified members.– For the purposes of this Act a member of a society shall be a person who, having been admitted therein according to the rules and regulations thereof, shall have paid a subscription or shall have signed the roll or list of members thereof, and shall not have resigned in accordance with such rules and regulations; but in all proceedings under this Act no person shall be entitled to vote or to be counted as a member whose subscription at the time shall have been in arrear for a period exceeding three months.

16. Governing body defined.– The governing body of the society shall be the governors, council, directors, committee, trustees or other body to whom by the rules and regulations of the society the management of its affairs is entrusted.

48[16-A.Supersession of governing body of a society.– (1) Notwithstanding anything contained in the memorandum of association, rules or regulations of a society registered under this Act, if, after such inquiry as may be necessary, the Provincial Government is of the opinion that the governing body of the society–
(a) is unable to discharge or persistently fails in discharging its duties, or
(b) is unable to administer its affairs or meet its financial obligations, or
(c) generally acts in a manner contrary to public interest or the interests of the members of the society,
the Provincial Government may, by notification in the Official Gazette, declare the governing body to be superseded for such period, not exceeding one year, as may be specified in the notification.

49[Provided that the declaration shall not be made without giving to the society to be affected thereby an opportunity of being heard.]

436Substituted by the Government of India (Adaptation of Indian Laws) Order, 1937, as amended by the Government of India (Adaptation of Indian Laws) Supplementary Order, 1937 for “whenever the Government.”
447Ibid., for “without the consent of Government.”
48Added by the Societies Registration (West Pakistan Amendment) Ordinance, 1962 (IX of 1962), and substituted by the Conformity with Fundamental Rights (Punjab Amendment of Laws) Act, 1976 (IX of 1976).
49Added by the Societies Registration (Amendment) Ordinance, 1984 (XV of 1984).
(2) On the publication of a notification under sub-section (1),—
(a) the office-bearers and other members of the governing body shall cease to hold office; and
(b) all functions of the governing body shall, during the period of supersession, be performed by a governing body constituted by the Provincial Government from among the members of the society.
(3) On the expiry of the period of supersession, the governing body of the society shall be reconstituted in accordance with its memorandum of association, rules and regulations.]

17. Registration of societies formed before Act – Assent required.— Any company or society established for a literary, scientific or charitable purpose, and registered under 47[10]Act XLIII of 1850, or any such society established and constituted previously to the passing of this Act but not registered under the said 48[11]Act XLIII of 1850, may at any time hereafter be registered as a society under this Act; subject to the proviso that no such company or society shall be registered under this Act unless an assent to its being so registered has been given by three-fifths of the members present personally, or by proxy, at some general meeting convened for that purpose by the governing body.

In the case of a company or society registered under 49[12]Act XLIII of 1850, the directors shall be deemed to be such governing body.

In the case of a society not so registered, if no such body shall have been constituted on the establishment of the society, it shall be competent for the members thereof, upon due notice, to create for itself a governing body to act for the society thenceforth.

18. Such societies to file memorandum, etc., with Registrar of Joint-Stock Companies.— In order to any such society as is mentioned in the last preceding section obtaining registry under this Act, it shall be sufficient that the governing body file with the Registrar of Joint-stock Companies 50[13][* * *] a memorandum showing the name of the society, the objects of the society, and the names, addresses and occupations of the governing body, together with a copy of the rules and regulations of the society certified as provided in section 2, and a copy of the report of the proceedings of the general meeting at which the registration was resolved on.

19. Inspection of documents – Certified Copies.— Any person may inspect all documents filed with the registrar under this Act on payment of a fee of one rupee for each inspection, and any person may require a copy or extract of any document or any part of any document, to be certified by the registrar, on payment of two annas for every hundred words of such copy or extract; and such certified copy shall be prima facie evidence of the matters therein contained in all legal proceedings whatever.

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47[10] Subsequently replaced by the Indian Companies Act, 1866 (10 of 1866), section 219.
49[12] Ibid.
20. **To what societies Act applies.**— The following societies may be registered under this Act:-
Charitable societies, \[51[14]\[** **] societies established for the promotion of science, literature, or the fine arts, for instruction, the diffusion of useful knowledge, \[52[15]\[the diffusion of political education], the foundation or maintenance of libraries or reading rooms for general use among the members or open to the public, or public museums and galleries of painting and other works of art, collections of natural history, mechanical and philosophical inventions, instruments, or designs.

\[53[16]\[**21. Registration of Deeni Madaris.**— (1) All Deeni Madaris, by whatsoever name called, shall not operate without getting themselves registered:

Provided that the Deeni Madaris, which are established after the commencement of this Act, shall get themselves registered within one year of their establishment.

**Explanation.** One Deeni Madrassah, having more than one campus, shall need only one registration.

(2) Every Deeni Madrassah shall submit annual report of its educational activities to the Registrar.

(3) Every Deeni Madrassah shall cause to be carried out audit of its accounts by an auditor and submit a copy of its audit report to the Registrar.

(4) No Deeni Madrassah shall teach or publish any literature which promotes militancy or spreads sectarianism or religious hatred:

Provided that nothing contained herein shall bar the comparative study of various religions or schools of thought or the study of any other subject covered by the Holy Quran, Sunnah or the Islamic jurisprudence.

**Explanation.** In this section “Deeni Madrassah” means a religious institution and includes a Jamia, Dar-ul-Uloom, School, College, University or called by any other name, established or operated primarily for the purposes of imparting religious education, which provides boarding and lodging facilities.

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\[54[1]Short title given by the Short Titles Act, 1897 (14 of 1897).

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\[51[14]The words “the military orphan funds or societies established at the several presidencies of India” omitted by the Adaptation of Central Acts and Ordinances Order, 1949 (G.G.O. 4 of 1949).

\[52[15]Inserted by the Societies Registration (Amendment) Act, 1927 (22 of 1927).

Instructions for adopting of specimen of Memorandum and Articles of Association for license under section 42 of the Companies Ordinance, 1984

(Associations not for profit)

1. The name of the company shall be mentioned in the heading, Clause I of Memorandum of Association and in the heading, Article 1(a) of Articles of Association, parenthesis and words “(Guarantee) Limited” with its name.
2. In Clause II, the company shall mention the name of Province or Islamabad Capital Territory, where the registered office of the company will be situated.
3. For the objects relating to promotion of Commerce e.g. Registration of Chamber of Commerce, Trade Organizations and for Representative Body etc., the promoters should seek licence and further guidance from Directorate General of Trade Organizations, Ministry of Commerce, Islamabad.
4. The promoters have to adopt single object clause from the object clauses of the specimen Memorandum and Articles of Association according to their requirements/activities. However, the Memorandum and Articles of Association of the proposed association will be examined in light of the prevailing policy, on submission of application.
A company set up under Section 42 of the Companies Ordinance, 1984

MEMORANDUM OF ASSOCIATION

OF

XYZ ASSOCIATION / FOUNDATION [Heading]

I. The name of the Company is “XYZ ASSOCIATION / FOUNDATION”.

II. The Registered Office of the Company will be situated in Islamabad Capital Territory / the Province of ---------------

III. The object for which the Company is established is as follows:

If an association proposes to engage in Education activities, it may adopt the object stated below:-

(1) To establish, manage, maintain, own, administer, promote and subsidize educational institutions, computer literacy centres, schools, colleges, institutions for study and research, centres of learning, reading rooms, and other institutions for basic education, adult literacy, advanced studies and other educational fora with the permission of competent authority but not to act as a degree awarding institute.

(2) To provide scholarships to students and grant aid including supply of books, stipends, medals, prizes, grants, awards, medicines, educational career support, bursaries and other incentives for purposes of advancement of knowledge, education and literacy.

OR in Research activities:

3. To provide a platform for research and development relating to object of the company and in this regard:-

   a. to make available key knowledge tools such as :-

      (i) a well equipped library;

      (ii) database and electronic connectivity; and

   iii. website for research publications and interaction.
b. to undertake steps for promotion of research such as:-

   (i) to define and support research;

   (ii) to encourage members to conduct research; and

   (iii) to participate in regional and international research initiatives;

(c) to undertake any activity for development such as;

   (i) to arrange funding for supporting research; and

   (ii) to organize and set up of a think tank related to the objects of the company; and

(d) to provide a forum for participation of all concerned and to:

   i. solicit views vis-à-vis the objects of the company; and

   ii. enable discussion/dialogue for promoting quality research.

OR

If an association proposes to engage in Special Education activities, it may adopt the object stated below:-

To establish, own, maintain, erect, construct, furnish, equip, promote, organize, manage and run institutions for special education and to provide grants and facilities for education and training to the persons who are mute, deaf, dumb or blind, crippled or otherwise physically or mentally handicapped and to provide books, proper medical attendance, nursing, food, medicine, drugs and special appliances of educational, surgical, or other nature.

OR

If an association proposes to engage in Professional Institutions activities, it may adopt the object stated below:-

To establish an institute for advancement and raising standards of professional education in the field of accountancy, cost accounting, financial management, secretarial practice and cognate subjects as applied to all or any of the professional services provided by accountants in general and to provide a platform for members and to facilitate dissemination of information, making available the course materials and holding of examinations and to protect and preserve their professional independence and to exercise professional supervision over them.
OR

If an association proposes to engage in Religious activities, it may adopt the object stated below:-

To promote the real values of Islam and in view thereof to initiate research, analytical study, seminars, talks and discussions and to promote public awareness, education and understanding of Islamic ideology, economic system and philosophy and provide forum for research scholars, specialists, experts, writers, speakers, thinkers for free intellectual interaction and to develop consensus and understanding in vital Islamic issues.

OR

If an association proposes to engage in Social Infrastructure and Human Resource Development activities, it may adopt the object stated below:-

To work for development of human resources, promotion of social and economic well being of the masses, improvement of social status, social mobilization for prosperous society, and elimination of gender discrimination particularly in the rural areas of Pakistan.

OR

If an association proposes to engage in Rural Support Programme activities, it may adopt the object stated below:-

To develop the rural areas and the resources of land, undertake support and subsidize measures, programmes, plans and schemes for rural development, socio-economic welfare and modernization of rural areas, construct, establish, install, layout, improve, maintain, work, manage or aid in, contribute or subscribe to the construction, erection, maintenance and improvement of townships, settlements and villages, houses, buildings, roads, ways, bridges, canals, water courses, wells, tanks, stores, clubs, schools, colleges, hospitals, dispensaries, family planning units, reading rooms, parks, gardens, play grounds, places of amusement and recreation, plans for generation and distribution of energy at domestic and village level and other conveniences calculated directly or indirectly to contribute to the establishment and maintenance of civic amenities and to undertake measures for improvement of conditions of housing, work, health, hygiene, sanitation and the quality of life.
OR

If an association proposes to engage in Health Services activities, it may adopt the object stated below:-

To aid, assist, set up, maintain, administer and run hospitals, nursing homes, mother and child care centres, clinics, dispensaries, immunization and vaccination centres and places of medical aid, convalescent homes, family planning centres, X-ray clinics, radio therapy centres, pathological and clinical laboratories, blood banks, eye banks or other centres connected with the care of the human body, both in urban and rural areas.

OR

If an association proposes to engage in Arts, Sciences and Literature activities, it may adopt the object stated below:-

To promote and foster study in arts, sciences, literature and to give literary, arts and sciences awards, scholarships and prizes for its encouragement.

OR

If an association proposes to engage in Culture and heritage activities, it may adopt the object stated below:-

To undertake, aid, support, assist, promote, manage, research and encourage projects or programmes concerned or dealing with the restoration, conservation, revitalization, preservation and reuse of architectural structures, buildings, forts, palaces, mausoleums, monuments, mosques, places of historical or cultural significance, archaeological sites, town squares, markets, gardens and parks in Pakistan.

OR

If an association proposes to engage in Charity activities, it may adopt the object stated below:-

To establish, maintain, run, manage and administer aid programmes providing relief and help to the needy, the poor and the destitute and to grant relief donation for and during calamities and to undertake such charitable and philanthropic activities which in the opinion of the company would assist and benefit mankind and to work for alleviation of human sufferings from catastrophes.
OR

If an association proposes to engage in Sports activities, it may adopt the object stated below:

To promote and develop centres for sports and sporting activities and encourage talent thereto and through them endeavour to bring about national integration and provide fields, grounds and other facilities and amenities including coaching and training facilities in developed and developing areas of the country and to promote and organize activities such as bird watching, trekking, mountaineering, hunting, archery, camping, fishing, rock climbing and all other outdoor sports.

IV. In order to achieve its object, the Company shall exercise the following powers:

1. To appeal, solicit or accept contributions, donations, grants and gifts, in cash or in kind, from lawful sources and to apply the same or income thereof for the objects of the Company.

2. To open and operate bank accounts in the name of the Company and to draw, make, accept, endorse, execute and issue promissory notes, bills, cheques and other instruments.

3. To acquire, alter, improve, charge, take on lease, exchange, hire, sell, let or otherwise dispose of any movable or immovable property and any rights and privileges whatsoever for any of the objects or purposes specified herein above. Provided that the Company shall not undertake the business of real estate or housing schemes.

4. To borrow or raise money, with or without security, required for the purposes of the company upon such terms and in such manner as may be determined by the company for the promotion of its objects.

5. To mortgage the assets of the company and / or render guarantee for the performance of any contract made, discharge of any obligation incurred or repayment of any moneys borrowed by the Company.

6. To purchase, sell, exchange, take on lease, hire or otherwise acquire lands, construct, maintain or alter any building and any other moveable or immovable properties or any right or privileges necessary or convenient for the use and purposes of the company.

7. To nominate delegates and advisors to represent the Company at conferences, government bodies and other gatherings.
8. To co-operate with other charitable trusts, societies, associations, institutions or companies formed for all or any of these objects and statutory authorities operating for similar purposes and to exchange information and advice with them.

9. To pay out of the funds of the company the costs, charges and expenses of and incidental to the formation and registration of the Company.

10. To invest the surplus moneys of the company not immediately required in such a manner as may from time to time be determined by the company.

11. To create, establish, administer and manage funds including endowment fund conducive for the promotion of the objects of the company.

12. To enter into agreements, contracts and arrangements with organizations, institutions, bodies and individuals for the purpose of carrying out the functions and activities of the Company.

13. To take such actions as are considered necessary to raise the status or to promote the efficiency of the company.

14. To conduct, hold and arrange symposia, seminars, conferences, lectures, workshops and dialogue and to print, publish and prepare journals, magazines, books, circulars, reports, catalogues and other works relating to any of the objects of or to the work done by the Company, subject to the permission, if required of the relevant authorities.

15. To do all other such lawful acts and things as are incidental or conducive to the attainment of the above objects or any one of them.

V. The Company shall achieve the above said objects subject to the following conditions:-

1. The company is formed as a public company limited by guarantee and not having a share capital.

2. Payment of remuneration for services or otherwise to its members, or their family members whether holding an office in the company or not, shall be prohibited.

3. No change in the Memorandum and Articles of Association shall be made except with the prior approval of the Securities and Exchange Commission of Pakistan.
4. Patronage of any government or authority, express or implied, shall not be claimed unless such government or authority has signified its consent thereto in writing.

5. The company shall not itself set up or otherwise engage in industrial and commercial activities or in any manner function as a trade organization.

6. The company shall not exploit or offend the religious susceptibilities of the people.

7. The subscribers to the Memorandum and Articles of Association of the Company shall continue to be the members of the Company unless allowed by the Commission on application to quit as members and will be held responsible and accountable.

8. The company in all its letterheads, documents, sign boards, and other modes of communication, shall with its name, state the phrase “A company set up under section 42 of the Companies Ordinance, 1984.”

9. The company shall comply with such conditions as may be imposed by the Securities and Exchange Commission of Pakistan from time to time.

10. The income and any profits of the company, shall be applied solely towards the promotion of objects of the company and no portion thereof shall be distributed, paid or transferred directly or indirectly by way of dividend, bonus or otherwise by way of profit to the members of the company or their family members.

11. The Company shall not appeal, solicit, receive or accept funds, grants, contributions, donations or gifts, in cash or in kind, from foreign sources except with the prior permission, clearance or approval from the relevant public authorities as may be required under any relevant statutory regulations and laws. No funds shall be received otherwise than through proper banking channels through i.e., crossed cheque, pay-order, bank draft etc.

12. The Association shall close its accounts on 30th of June each year.

13. The Association shall make no investment, whatsoever, in its associated companies.

14. Notwithstanding anything stated in any object clause, the company shall obtain such other licenses, permissions, or approvals of the relevant public authorities as may be required under any relevant statutory regulations and laws for the time being in force, to carry out its specific object.
15. The company shall not undertake any trading activities and shall conform to relevant statutory regulations and laws.

VI. The territories to which the object of the company shall extend are declared to include whole of Pakistan.

VII. The liability of the members is limited.

VIII. (i) Every subscriber to the Memorandum and Articles of Association of the company undertakes that he shall contribute an amount being not less than Rs. 200,000/- as start up donation to the company; and (ii) every member of the company undertakes that he shall contribute to the assets of the Company in the event of its being wound up while he is a member or within one year afterwards, for payment of the debts or liabilities of the Company contracted before he ceases to be a member and the costs, charges and expenses of winding up and for adjustment of the rights of the contributories among themselves such amount as may be required but not exceeding Rs. 100,000/- (Rupees One Hundred Thousand Only).

IX. In the case of winding up or dissolution of the Company, any surplus assets or property, after the satisfaction of all debts and liabilities, shall not be paid or disbursed among the members, but shall be given or transferred to some other company established under section 42 of the Companies Ordinance, 1984, having similar or identical objects to those of the Company to be decided by the members of the Company in their general meeting by a special resolution, and with the approval of Commissioner of Income Tax under section 61 read with section 2(36) of the Income Tax Ordinance, 2001, under intimation to the Securities and Exchange Commission of Pakistan, within three months.
We, the several, persons whose names and addresses are subscribed below are desirous of being formed into a **Company** in pursuance of this Memorandum of Association:-

<table>
<thead>
<tr>
<th>Name and surname (present &amp; former) in full (in Block Letters)</th>
<th>NIC No. (in case of foreigner, Passport No)</th>
<th>Father's/ Husband's Name in full</th>
<th>Nationality(ies) with any former Nationality</th>
<th>Occupation</th>
<th>Residential Address in full</th>
<th>Signature</th>
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<tbody>
<tr>
<td>1. AB AB</td>
<td>nnnnn-nnnnnnn-n</td>
<td>GH</td>
<td>Pakistani</td>
<td>Resident Director, Household Appliances Ltd., Lahore</td>
<td>14-A, Street No.2, Sadaf Colony, Quetta.</td>
<td></td>
</tr>
<tr>
<td>2. CD</td>
<td>nnnnn-nnnnnnn-n</td>
<td>IJ</td>
<td>Pakistani</td>
<td>Advocate</td>
<td>-do-</td>
<td></td>
</tr>
<tr>
<td>3. ABC Ltd through EF.</td>
<td>nnnnn-nnnnnnn-n</td>
<td>KL</td>
<td>Pakistani</td>
<td><strong>Company</strong> Director, ABC Ltd</td>
<td>House No 176, Street No.204, F-10/1, Islamabad</td>
<td>14-A, Street No.2, Sadaf Colony, Quetta.</td>
</tr>
</tbody>
</table>

Dated the......................... day of..........................., 200...

**Witness to above signatures**

<table>
<thead>
<tr>
<th>Signature</th>
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<tr>
<td>Full Name (in Block Letters)</td>
</tr>
<tr>
<td>Father’s/ Husband’s name</td>
</tr>
<tr>
<td>Nationality</td>
</tr>
<tr>
<td>Occupation</td>
</tr>
<tr>
<td>CNIC NO</td>
</tr>
<tr>
<td>Full Address</td>
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A company set up under Section 42 of the Companies Ordinance, 1984

ARTICLES OF ASSOCIATION

OF

XYZ ASSOCIATION / FOUNDATION

[Heading]

PRELIMINARY

1. In these Articles, unless the context or the subject matter otherwise requires:

(a) “THE COMPANY” means XYZ ASSOCIATION / FOUNDATION.

(b) “THE OFFICE” means the Registered Office for the time being of the company.

(c) “THE DIRECTORS” mean the Directors for the time being of the company.

d. “THE SEAL” means the Common Seal of the company.


g. “THE REGISTRAR” means the Registrar of Companies.

h. “THE REGISTER” means the Register of the members to be kept in pursuanta to Section 147 of the Ordinance.

i. “CHIEF EXECUTIVE” means the Chief Executive of the company.

j. “SECRETARY” means the Company Secretary of the company.

k. “MEMORANDUM” means the memorandum of association of the company.

(l) “PERSON” includes an individual, company, corporation and body corporate.

(m) “ARTICLES” means the articles of association of the company.

(n) “BOARD” means the board of directors of the company.
(o) “YEAR” used in the context of financial matters shall mean financial year of the company.

(p) Expressions referring to writing shall be construed as including references to typewriting, printing, lithography, photography and other modes of representing or reproducing words in visible form.

(q) Words importing the singular number include the plural number and vice versa and words importing the masculine gender include the feminine gender.

(r) Unless the context otherwise requires words or expressions contained in these Articles shall be of the same meaning as in the Ordinance or any statutory modification thereof in force at the date at which these Articles become binding on the company.

MEMBERSHIP

2. The number of members with which the Company proposes to be registered is ------- (number of members with which the Company is going to be incorporated is to be given) but the minimum number of members shall not be, at any time, less than three (3). However, the directors may, from time to time, whenever the company or the business of the company requires, increase the number of members.

3. The company in General Meeting may from time to time lay down the qualifications and conditions subject to which any person or class of persons shall be admitted to membership of the company.

4. The rights and privileges of a member shall not be transferable and shall cease on his death or otherwise ceasing to be a member.

5. The subscribers to the memorandum and such other persons as the directors shall admit to membership shall be members of the company.

6. One person shall have the right to hold one membership.

ADMISSION TO MEMBERSHIP

7. The application for seeking membership of the company shall be required to be seconded by an existing member whereupon the board of directors shall decide the matter of his admission as member or otherwise within three months of making of such application. No minor or lunatic shall be admitted as a member of the company.
8. Every person, upon applying for admission to membership, shall sign an undertaking that he will, if admitted, so long as he is a member, duly observe the Articles of the company for the time being in force.

9. The Board shall subject to the Articles, accept or reject any application for admission to membership. The Board’s decision shall be final and it shall not be liable to give any reasons thereof.

CESSATION / EXPULSION FROM MEMBERSHIP

10. A member renders himself liable to expulsion or suspension by the Board if:

   a. he refuses or neglects to give effect to any decision of the Board; or

   b. he infringes any of the regulations of the Articles; or

   c. he is declared by a court of competent jurisdiction to have committed a fraud, or to be bankrupt, or to be insane or otherwise incompetent; or

   d. he is held by the Committee of the company to have been guilty of any act discreditable to a member of the company; or

   e. he is acting or is threatening to act in a manner prejudicial to the interest or functioning of the company or any other institute, body corporate, society, association or institution in which the company has an interest.

11. The company in general meeting may, on an appeal of the aggrieved member and after giving an opportunity of hearing, annul or modify the decision of the board with regard to expulsion of the member by resolution supported by two-thirds majority. The person expelled shall be reinstated as a member from the date of the resolution of the general meeting annulling the decision of the Board.

12. Termination of membership shall occur automatically:

   (a) in the event of the death of a member; and

   (b) in the event a member fails to pay any amount due by him to the company within three (3) months after such obligation has become due.
GENERAL MEETINGS AND PROCEEDINGS

13. ANNUAL GENERAL MEETING:

A general meeting to be called annual general meeting, shall be held, in accordance with the provisions of Section 158, within eighteen (18) months from the date of incorporation of the company and thereafter once at least in every calendar year within a period of four (4) months following the close of its financial year and not more than fifteen (15) months after the holding of its preceding annual general meeting as may be determined by the directors.

14. OTHER GENERAL MEETINGS:

All other meetings of the members of the company other than an annual general meeting shall be called “Extraordinary General Meetings”.

15. EXTRAORDINARY GENERAL MEETINGS:

The directors may, whenever they think fit, call an Extraordinary General Meeting, and Extraordinary General Meetings shall also be called on such requisition(s), as is provided by Section 159 of the Ordinance.

16. NOTICE OF GENERAL MEETINGS:

Twenty-one (21) days notice at least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and, in case of special business, the general nature of that business, shall be given in the manner provided by the Ordinance for the general meeting, to such persons as are, under the Ordinance or the Articles of the company, entitled to receive such notices from the company but the accidental omission to give notice to or the non-receipt of notice by any member shall not invalidate the proceedings at any general meeting.

17. SPECIAL BUSINESS:

All business that is transacted at an extra ordinary general meeting and that is transacted at an annual general meeting with the exception of the consideration of the accounts, balance sheet and the reports of the director and auditors, the election of directors, the appointment of and the fixing of remuneration of the auditors shall be deemed special business.
18. QUORUM:

No business shall be transacted at any general meeting unless a quorum of members representing not less than twenty five percent (25%) of the total voting power present in person but being not less than two (2) members, is present at that time when the meeting proceeds to business.

19. EFFECT OF QUORUM NOT BEING PRESENT:

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present, shall be a quorum.

20. CHAIRMAN OF MEETING:

The chairman of the Board of directors, shall preside as chairman at every general meeting of the company, but if he is not present within fifteen minutes after the time appointed for the meeting, or is unwilling to act as chairman, any of the directors present may be elected to be the chairman and if none of the directors present is willing to act as chairman, the members present shall choose one of their number to be the chairman.

21. ADJOURNMENT:

The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

22. VOTING:

At any general meeting a resolution put to the vote to the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. Unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
23. DEMAND FOR POLL:

A poll may be demanded in accordance with the provisions of Section 167 of the Ordinance.

24. MANNER OF TAKING POLL:

If a poll is duly demanded, it shall be taken in accordance with the manner laid down in Section 168 of the Ordinance and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

25. TIME OF TAKING POLL:

A poll demanded on the election of chairman or on a question of adjournment shall be taken at once.

26. CASTING VOTE:

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll takes place, shall have and exercise a second or casting vote.

27. VOTES OF MEMBERS:

On a show of hands every member present in person shall have one vote and upon a poll every member present in person shall have one vote.

28. OBJECTION TO VOTE:

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given and tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

MANAGEMENT AND ADMINISTRATION

29. There shall be, for the overall management of the company’s affairs, a Board of directors, which will be elected from amongst the members.

30. One term of the Board of directors would be for three years.

31. No person shall be appointed as a director if he is ineligible to hold office of director of a company under section 187 of the Ordinance.
32. No member / person shall hold more than one office in the company, such as those of Chief Executive / director or company secretary.

33. FIRST DIRECTORS:

The subscribers to the Memorandum of Association shall be the first directors of the company whose names are given below and they shall hold office until the election of directors in the first Annual General Meeting, subject to the provisions of Sections 174 and 176 of the Ordinance.

i.  

ii.  

iii.  

34. NUMBER OF DIRECTORS:

The number of directors shall not be less than three (3) and not more than ___ ( ). The company may, however, determine through Special Resolution, such other number not being less than three (3), before the election of the directors. A retiring director shall be eligible for re-election.

35. PROCEDURE FOR ELECTION OF DIRECTORS:

(i) The directors of the company shall be elected in accordance with provisions of sub sections (1) to (4) of section 178 of the Ordinance, in the following manner:

(a) The directors of the company shall be elected by the members of the company in general meeting;

(b) The directors of the company shall be elected on the basis of one member one vote;

(c) The candidate who gets the highest number of votes shall be declared elected as director and then the candidate who gets the next highest number of votes shall be so declared and so on until the total number of directors to be elected has been so elected.

(ii) If the number of persons who offer themselves to be elected is not more than the number of directors fixed by the directors under sub-section (1) of section 178, all persons who offered themselves shall be deemed to have been elected as directors.
36. CASUAL VACANCY AND ALTERNATE OR SUBSTITUTE DIRECTORS:
   a. Any casual vacancy occurring among the directors may be filled up by the
directors within thirty days of the vacancy and the person so appointed shall
hold office for the remainder of the term of director in whose place he is
appointed.

   b. An existing director may, with the approval of the board of directors, appoint an
alternate director to act for him during his absence from Pakistan of not less
than three months. The alternate director so appointed shall ipso facto vacate
office if and when the director appointing him returns to Pakistan.

37. REMOVAL OF DIRECTOR:

   The company may remove a director through a resolution passed in a general meeting
of members with a majority vote.

38. CHAIRMAN OF THE BOARD:

   The directors may elect one of their members as the Chairman of the Board. The
Chairman of the Board shall preside at all meetings of the Board but, if at any meeting
the chairman is not present within ten minutes after the time appointed for holding the
same or is unwilling to act as chairman, the directors present may choose one of their
member to be chairman of the meeting.

DUTIES AND POWERS OF THE BOARD

39. The Board shall conduct and manage all the business affairs of the company,
exercise all the powers, authorities and discretion of the company, obtain or oppose the
application by others for all concessions, grants, charters and legislative acts and
authorization from any government or authority, enter into such contracts and do all
such other things as may be necessary for carrying on the business of the company,
except only such of them as under the statutes and Articles are expressly directed to be
exercised by general meetings and (without in any way prejudicing or limiting the extent
of such general powers) shall have the following special powers and duties:

   a. To present to the general meeting of the company any matters which the
directors feel are material to the company, its objects or interests or affecting
the interests of members and make suitable recommendations regarding such
matters.

   b. To regulate, through articles, the admission of members.

   c. To appoint, remove or suspend the legal advisors, bankers, or other officers on
such terms and conditions as they shall think fit and as may be agreed upon.
d. To appoint any qualified person as a first auditor(s) subject to provisions of the Ordinance;

e. To determine the remuneration, terms and conditions and powers of such appointees and from time to time, revoke such appointments and name another person of similar status to such office except for the auditor in which case the relevant provisions of the Ordinance shall be followed.

f. To delegate, from time to time, to any such appointee all or any of the powers and authority of the Board and to reconstitute, restrict or vary such delegations.

g. To agree upon and pay any expenses in connection with the company’s objects and undertakings and pay all the expenses incidental to the formation and regulation of the company.

h. To constitute from time to time committee(s) from among themselves or co-opt other persons for the purpose and delegate to them such functions and powers as the Board may see fit to carry out the objects of the company.

i. Subject to the provisions of Section 196 of the Ordinance, the directors may exercise all the powers of the company to borrow and mortgage or charge its undertaking, property and assets (both present and future) or issue securities, whether outright security for any debt, liability or obligation of the company.

**PROCEEDINGS OF THE BOARD**

**40.** The Board shall meet at least once in each quarter of every year, subject thereto meetings of the Board shall be held at such time as the directors shall think fit. All meetings of the Board shall be held at the registered office of the Company or at such other place as the Board shall from time to time determine. The meetings of the Board shall be called by the chairman on his own accord or at the request of the Chief Executive (or any three directors) by giving at least seven (7) days notice to the members of the Board.

**41.** At least twenty five percent of the total number of directors or two (2) directors whichever is higher, for the time being of the company, shall constitute a quorum.
Note: If the number of directors as mentioned in clause 33 are more than three, then the following standard clause is proposed in place of above which will fulfill the requirements of income tax rules for tax exemption.

“At least one-third (1/3rd) of the total number of directors or four (4) directors whichever is higher, for the time being of the company, shall constitute a quorum.”

42. Except as otherwise provided by these Articles, every question at meetings of the Board shall be determined by a majority of votes of the directors present, each director having one vote. In case of an equality of votes or tie, the chairman shall have a casting vote in addition to his original vote as a director.

43. Minutes of the proceedings of every meeting of the Board and a record of attendance of the directors thereof shall be recorded by the Secretary in a book kept for that purpose. These shall be signed by the chairman of the meeting at which they are read.

44. RESOLUTION THROUGH CIRCULATION:

A resolution in writing signed by all directors for the time being entitled to receive notice of the meeting of directors or affirmed by them in writing shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held.

45. CHIEF EXECUTIVE:

The directors may appoint a person to be the Chief Executive of the company and vest in him such powers and functions as they deem fit in relation to the management and administration of the affairs of the company subject to their general supervision and control. The Chief Executive, if not already a director, shall be deemed to be a director of the company and be entitled to all the rights and privileges and subject to all the liabilities of that office.

46. QUALIFICATION OF THE CHIEF EXECUTIVE:

No person who is not eligible to become a director of the company under section 187 of the Ordinance, shall be appointed or continue as the Chief Executive of the company.

47. REMOVAL OF CHIEF EXECUTIVE:

The directors by passing resolution by not less than three-fourths of the total number of directors for the time being or the company may by a Special Resolution passed in a general meeting remove a Chief Executive before the expiry of his term in office.
48. MINUTE BOOKS:

The directors shall cause minutes to be duly entered in a book or books provided for the purpose of:

(a) all resolutions and proceedings of General Meeting(s) and the meeting(s) of directors and Committee(s) of directors, and every member present at any General Meeting and every director present at any meeting of directors or Committee of directors shall put his signature in a book to be kept for that purpose;

(b) recording the names of the persons present at each meeting of the directors and of any committee of the directors, and the general meeting; and

(c) all orders made by the directors and Committee(s) of directors.

SECRETARY

49. The Secretary shall be appointed (or removed) by the Chairman of the company with the approval of the Board.

50. The Secretary shall be responsible for all secretarial functions and shall ensure compliance with respect to requirements of the Ordinance concerning the meetings and record of proceedings of the Board, committees and the general meeting of members, review the applications for admission to membership and the recommendations accompanying the same to ensure that they are in the form prescribed, ensure that all notices required by these Articles or under the Ordinance are duly sent and that all returns required under the Ordinance are duly filed with concerned Company Registration Office.

51. COMMITTEES:

The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit and they may from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the directors.

52. CHAIRMAN OF COMMITTEE MEETINGS:

A committee may elect a chairman of its meetings, but, if no such chairman is elected, or if at any meeting the chairman is not present within ten (10) minutes after the time
appointed for holding the same or is unwilling to act as chairman, the members present may choose one of them to be the chairman of the meeting.

53. PROCEEDINGS OF COMMITTEE MEMBERS:

A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present. In case of an equality of votes, the chairman shall have and exercise a second or casting vote.

54. VALIDITY OF DIRECTORS’ ACTS:

All acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of such directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

55. THE SEAL:

The directors shall provide for the safe custody of the seal, which shall not be affixed to any instrument except by the authority of a resolution of the Board or by a committee of directors authorized in that behalf by the directors, and two directors or one director and the Secretary of the company shall sign every instrument to which the seal shall be affixed.

FINANCES

56. The funds of the Company shall be applied in defraying the expenses and shall be applicable in or towards the acquisition by purchase, lease or otherwise and furnishing and maintenance of suitable premises and assets for the use of the Company and shall be subject to the general control and direction of the Board.

57. No person, except persons duly authorized by the Board and acting within the limits of the authority as conferred, shall have authority to sign any cheque or to enter into any contract so as thereby to impose any liability on the Company or to pledge the assets of the Company.

ACCOUNTS

58. BOOKS OF ACCOUNT:

The directors shall cause to be kept proper books of account as required under Section 230 of the Ordinance so that such books of account shall be kept at the registered office.
or at such other place as the directors think fit as provided in the said section 230 and shall be open to inspection by the directors during business hours.

59. INSPECTION BY MEMBERS:

The directors shall from time to time determine the time and places for inspection of the accounts and books of the company by the members not being directors, and no member (not being a director) shall have any right to inspect any account and book or papers of the company except as conferred by law or authorized by the directors or by the company in general meeting.

60. ANNUAL ACCOUNTS:

The directors shall as required by section 233 of the Ordinance cause to be prepared and to be laid before the company in Annual General Meeting such Balance Sheet and Income and Expenditure Account and Cash Flow Statement duly audited and reports as are required in the Ordinance.

61. COPY OF ACCOUNTS TO BE SENT TO MEMBERS:

A copy of balance sheet and profit and loss account and the Cash flow statement alongwith the reports of directors and Auditors of the company shall, at least twenty-one (21) clear days before the holding of the General Meeting, be sent to all the members and the persons entitled to receive notices of general meetings, in the manners in which notices are to be given as provided in section 50 of the Ordinance.

62. AUDIT:

Auditors shall be appointed and their duties regulated in accordance with Sections 252-254 or 256-258 of the Ordinance.

63. NOTICE TO MEMBERS:

Notice shall be given by the company to members and auditors of the company and other persons entitled to receive notice in accordance with section 50 of the Ordinance.

64. INDEMNITY:

Every officer or agent for the time being of the company may be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, arising out of his dealings in relation to the affairs of the company, except those brought by the company against him in which judgment is
given in his favour or in which he is acquitted, or in connection with any application under section 488 in which relief is granted to him by the Court.

65. SECRECY

Every director, secretary, auditor, trustee, member of a committee, officer, servant, agent, accountant, or other person employed in the business of the Company shall observe strict secrecy representing all transactions of the Company, and the state of account with individuals and in matters relating thereto and shall not reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the directors or the Company in general meeting or by a court of law, and except so far as may be necessary in order to comply with any of the provisions herein contained.

WINDING UP

66. In the case of winding up or dissolution of the Company, any surplus assets or property, after the satisfaction of all debts and liabilities, shall not be paid or disbursed among the members, but shall be given or transferred to some other company established under section 42 of the Companies Ordinance, 1984, having similar or identical objects to those of the Company to be decided by the members of the Company in their general meeting by a special resolution, and with the approval of Commissioner of Income Tax under section 61 read with section 2(36) of the Income Tax Ordinance, 2001, under intimation to the Securities and Exchange Commission of Pakistan, within three months.

67. SUPPLEMENTARY PROVISIONS RELATING TO TAX:

The company shall abide by and adhere to the following rules:

i. The company shall get its annual accounts audited from a firm of Chartered Accountants.

ii. The company shall, in the event of its dissolution, after meeting all liabilities, transfer all its assets to an Institution, fund, trust, society or organization, which is an approved non-profit organization, and intimation of such transfer will be given to Commissioner, Federal Board of Revenue, within three months of the dissolution.
iii. The company shall utilize its money, property or income or any part thereof, solely for promoting its objects.

iv. The company shall not pay or transfer any portion of its money, property or income, directly by way of dividend, bonus or profit, to any of its members(s) or the relative or relatives of member or members.

v. The company shall maintain its banks accounts with a scheduled bank or in a post office or national saving organization, National Bank of Pakistan or national commercialized banks.

vi. The company shall regularly maintain its books of accounts in accordance with generally accepted accounting principles and permit their inspection to the interested members of the public, without any hindrance, at all reasonable times.

vii. Without prejudice to the powers conferred on the Commission under section 42 of the Companies Ordinance, 1984, the association shall not change its memorandum and articles of association without approval of Commissioner, Income Tax, if it has been approved by him as a non-profit organization.

viii. The company shall restrict the surpluses or monies validly set apart, excluding restricted funds, upto twenty five percent (25%) of the total income of the year. Provided that such surpluses or monies set apart are invested in Government Securities, a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, mutual funds, a real estate investment trust approved and authorized under Real Estates Investment Trust Regulations, 2008 or scheduled banks.
We, the several, persons whose names and addresses are subscribed below are desirous of being formed into a **Company** in pursuance of these Articles of Association:-

<table>
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<tr>
<th>Name and surname (present &amp; former) in full (in Letters)</th>
<th>NIC No. (in case of foreigner, Passport No)</th>
<th>Father's/ Husband's Name in full</th>
<th>Nationality(ies) with any former Nationality</th>
<th>Occupation</th>
<th>Residential Address in full</th>
<th>Signature</th>
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<tr>
<td>1. AB AB</td>
<td>nnnnnn-nnnnnnn-n</td>
<td>GH</td>
<td>Pakistani</td>
<td>Resident Director, Household Appliances Ltd., Lahore</td>
<td>14-A, Street No.2, Sadaf Colony, Quetta.</td>
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<td>2. CD</td>
<td>nnnnnn-nnnnnnn-n</td>
<td>JJ</td>
<td>Pakistani</td>
<td>Advocate</td>
<td>-do-</td>
<td>-do-</td>
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<td>3. ABC Ltd</td>
<td>nnnnnn-nnnnnnn-n</td>
<td>KL</td>
<td>Pakistani</td>
<td><strong>Company</strong> Director, ABC Ltd</td>
<td>House No 176, Street No.204, F-10/1, Islamabad</td>
<td>14-A, Street No.2, Sadaf Colony, Quetta.</td>
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Dated the........................... day of.............................., 200...

**Witness to above signatures**

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Annex 19

THE VOLUNTARY SOCIAL WELFARE AGENCIES

(REGISTRATION AND CONTROL ORDINANCE 1961)

ORDINANCE No. XLVI OF 1961

An Ordinance to provide for the registration and control of voluntary social welfare agencies

Whereas it is expedient to provide for the registration and control of voluntary social welfare agencies, and for matters ancillary thereto;

Now, Therefore, in pursuance of the Proclamation of the seventh day of October, 1958, and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance:-

1. Short title, extent and commencement.

(1) This Ordinance may be called the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961.

(2) It extends to the whole of Pakistan.

(3) It shall come into force on such date as the Provincial Government may, by notification in the official Gazette, appoint in this behalf.

2. Definitions. In this Ordinance, unless there is anything repugnant in the subject or context: -

(a) “agency” means a voluntary social welfare agency, and includes any branch of such agency;

(b) “governing body” means the council, committee, trustees or other body, by whatever name called, to whom, by the constitution of the agency, its executive functions and the management of its affairs are entrusted;

(c) “prescribed” means prescribed by rules made under section 19;

(d) “register” means the register maintained under section 4, and “registered” shall mean registered under this Ordinance;
(e) **Registration Authority** means an officer authorized by the Provincial Government, by notification in the official Gazette, to exercise all or any of the powers of the Registration Authority under this Ordinance;

(f) "voluntary social welfare agency" means an organization, association or undertaking established by persons of their own free will for the purpose of rendering welfare services in any one or more of the fields mentioned in the Schedule and depending for its resources on public subscription, donations or Government aid.

3. *Prohibition against establishing or continuing an agency without registration.* No agency shall be established or continued except in accordance with the provisions of this Ordinance.

4. **Application for registration, etc.**

(1) Any person intending to establish an agency, and any person intending that an agency already in existence should be continued as such, shall, in the prescribed form, and on payment of the prescribed fee, make an application to the Registration Authority, accompanied by a copy of the constitution of the agency, and such other documents may be prescribed.

(2) The Registration Authority may, on receipt of the application, make such enquiries as it considers necessary and either grant the application, or for reasons to be recorded in writing, reject it.

(3) If the Registration Authority grants the application, it shall issue, in the prescribed form, a certificate of registration to the applicant.

(4) The Registration Authority shall maintain a register, containing such particulars as may be prescribed, of all certificates issued under sub-section (3).

5. **Establishment and continuance of agency.**

(1) An agency not in existence on the coming into force of this Ordinance shall be established only after a certificate of registration has been issued under sub-section (3) of section 4.

(2) An agency already in existence shall not be continued for more than six months from the date on which this Ordinance comes into force, unless an application for its registration has, within thirty days of such date, been made under sub-section (1) of section 4.
(3) Where an application as aforesaid has been made in respect of an existing agency, and such application is rejected, then, notwithstanding the period of six months provided in sub-section (2), the agency may be continued for a period of thirty days from the date on which the application is rejected, or if an appeal is preferred under section 6, until such appeal is dismissed.

6. Appeal. If the Registration Authority rejects an application for Registration, the applicant may, within thirty days from the date of the order of the Registration Authority, prefer an appeal to the Provincial Government, and the order passed by the Provincial Government shall be final and given effect to by the Registration Authority.

7. Conditions to be complied with by registered agencies.

(1) Every registered agency shall –

(a) Maintain audited accounts in the manner laid down by the Registration Authority;

(b) At such time and in such manner as may be prescribed, submit its Annual Report and audited accounts to the Registration Authority and publish the same for general information;

(c) pay all moneys received by it into a separate account kept in its name at such bank or banks as may be approved by the Registration Authority; and furnish to the Registration Authority such particulars with regard to accounts and other records as the Registration Authority may from time to time require.

(2) The Registration Authority, or any officer duly authorized by it in this behalf may at all reasonable times inspect the books of account and other records of the agency, the securities, cash and other properties held by the agency, and all documents relating thereto.

8. Amendment of the constitution of registered agency.

(1) No amendment of the constitution of a registered agency shall be valid unless it has been approved by the Registration Authority, for which purpose a copy of the amendment shall be forwarded to the Registration Authority.

(2) If the Registration Authority is satisfied that any amendment of the constitution is not contrary to any of the provisions of this Ordinance or the rules made there under, it may, if it thinks fit, approve the amendment.
(3) Where the Registration Authority approves an amendment of the constitution, it shall issue to the agency a copy of the amendment certified by it, which shall be conclusive evidence that the same is duly approved.

9. Suspension or dissolution of governing bodies of registered agencies.

(1) If, after making such enquiries as it may think fit, the Registration Authority is satisfied that a registered agency has been responsible for any irregularity in respect of its funds or for any miss administration in the conduct of its affairs or has failed to comply with the provisions of this Ordinance or the rules made there under, it may, by order in writing, suspend the governing body.

(2) Where a governing body is suspended under sub-section (1), the Registration Authority shall appoint an administrator, or a caretaker body consisting of not more than five persons, who shall have all the authority and powers of the governing body under the constitution of the agency.

(3) Every order of suspension under sub-section (1) shall be placed by the Registration Authority before a Board, consisting of not more than five persons, constituted by the Provincial Government for the purpose, which shall have the power to make such order as to the re-instatement, or the dissolution and reconstitution, of the governing body, as it may think fit.

(4) The governing body against whom an order of dissolution and reconstitution is made under sub-section (3) may appeal to the Provincial Government, within thirty days from the date of such order, and the decision of the Provincial Government shall be final and shall not be called in question in any court.

10. Dissolution of registered agency.

(1) If at any time the Registration Authority has reason to believe that a registered agency is acting in contravention of its constitution, or contrary to any of the provisions of this Ordinance or the rules made there under, or in a manner prejudicial to the interests of the public, it may, after giving such opportunity to the agency of being heard as it thinks fit, make a report thereon to the Provincial Government.

(2) The Provincial Government, if satisfied after considering the report that it is necessary or proper to do so, may order that the agency shall stand dissolved on and from such date as may be specified in the order.
11. **Voluntary dissolution of registered agency.**

(1) No registered agency shall be dissolved by the governing body or members thereof.

(2) If it is proposed to dissolve any registered agency, not less than three-fifths of its members may apply to the Provincial Government in such manner as may be prescribed, for making an order for the dissolution of such agency.

(3) The Provincial Government, if satisfied after considering the application that it is proper to do so, may order that the agency shall stand dissolved on and from such date as may be specified in the order.

12. **Consequences of dissolution.**

(1) Where any agency is dissolved under this Ordinance, its registration there under shall stand cancelled on and from the date of the order of dissolution takes effect, and the Provincial Government may-

   (a) order any bank or other person who hold moneys, securities or other assets on behalf of the agency not to part with such moneys, securities and assets without the previous permission in writing of the Provincial Government:

   (b) Appoint a competent person to wind up the affairs of the agency, with power to institute and defend suits and other legal proceedings on behalf of the agency, and to make such orders and taken such action as may appear to him to be necessary for the purpose; and order any moneys, securities and assets remaining after the satisfaction of all debts and liabilities of the agency to be paid or transferred to such other agency, having objects similar to the objects of the agency, as may be specified in the order.

(2) Order made by the person appointed under clause (b) of sub-section (1) shall, on application, be enforceable by any Civil Court having local jurisdiction in the same manner as a decree of such Court.

13. **Inspection of documents, etc** Any person may, on payment of the prescribed free, inspect at the office of the Registration Authority any document relating to a registered agency, or obtain a copy of or an extract from any such document.
14. Penalties and procedure.

(1) Any person who-

(a) contravenes any of the provisions of this Ordinance, or any rule or order made there under; or

(b) in any application for registration under this Ordinance, or in any report or statement submitted to the Registration Authority or published for general information there under, make any false statement or false representation; shall be punishable with imprisonment for a term, which may extend to six months, or with fine, which may extend to two thousand rupees, or with both;

(2) Where the person committing an offence under this Ordinance is a company, or other body corporate, or an association of persons, every director, manager, secretary and other officer thereof shall, unless he proves that the offence was committed without his knowledge or consent, be deemed to be guilty of such offence.

(3) No court shall take recognizance of an offence under this ordinance except upon complaint in writing made by the Registration Authority, or by an officer authorized by it in this behalf.

15. Indemnity. No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done under this Ordinance.

16. Power to emend Schedule. The Provincial Government may, by notification in the official Gazette, amend the Schedule so as to include therein or exclude there from any field of social welfare service.

17. Power to exempt. The Provincial Government may, by notification in the official Gazette, exempt any agency or class of agencies from the operation of all or any of the provisions of this Ordinance.

18. Delegation of powers. The Provincial Government may, by notification in the official Gazette, delegate all or any of its powers under this ordinance, either generally, or in respect of such agency or class of agencies as may be specified in the notification, to any of its officers.

19. Rules. The Provincial Government may, by notification in the official Gazette, make rules for carrying into effect the provisions of this Ordinance.
THE SCHEDULE
See section 2 (f)

(i) Child welfare

(ii) Youth welfare.

(iii) Women’s welfare

(iv) Welfare of the physically and mentally handicapped.

(v) Family planning.

(vi) Recreational programmes intended to keep people away from anti-social activities.

(vii) Social education, that is, education of adults aimed at developing sense of civic responsibility.

(viii) Welfare and rehabilitation of released prisoners.

(ix) Welfare of juvenile delinquents.

(x) Welfare of the socially handicapped.

(xi) Welfare of the beggars and destitute.

(xii) Welfare and rehabilitation of patients.

(xiii) Welfare of the aged and infirm.

(xiv) Training in social work.

(xv) Co-ordination of social welfare agencies.

THE VOLUNTARY SOCIAL WELFARE AGENCIES (REGISTRATION AND CONTROL) RULES, 1962.

S.R.O.356 (K) 62, dated the 29th March, 1962. – In exercise of the powers conferred by section 19 of the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), the Central Government is pleased to make the following rules namely: -
THE VOLUNTARY SOCIAL WELFARE AGENCIES (REGISTRATION AND CONTROL) RULES, 1962

1. Short title and commencement. –

(1) These rules may be called the Voluntary Social Welfare Agencies (Registration and Control) Rules, 1962.

(2) They shall come into force at once.

2. Definitions. – In these rules, unless there is anything repugnant in the subject or context,

(a) “Financial Year” has the same meaning as assigned to in the General Clauses Act, 1897 (X of 1897).

(b) “Form” means a form in Schedule II.

(c) “Ordinance” means the Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961 (XLVI of 1961).

(d) “Schedule” means a schedule appended to these rules.

(e) “Section” means section of the Ordinance.

3. Constitution of an Agency. – The constitution of an agency shall not be repugnant to any of the provisions of the Ordinance or these rules and shall, inter alia, make provision for the matters specified in Schedule I:

Provision that the Registration Authority may, for sufficient reason, approve the constitution of an agency, which does not make provision for any of the matters aforesaid.

4. Application for Registration. –

(1) An application for the registration of an agency existing immediately before the coming into force of the Ordinance shall be in Form A, and an application for the registration of an agency established thereafter shall be in Form B.

(2) In either case, an application for registration shall be accompanied by:


(ii) A copy of the constitution of the agency; and
(iii) In the case of an application in Form A, by the other documents mentioned in that Form.

5. Enquiry prior registration. – The enquiries to be made by the Registration Authority under section 4 may include enquiries in respect of the necessity and feasibility of the programmes of the agency, its financial status, state of affairs and standard of service.

6. Certificate of registration. – A Certificate of registration issued under section 4 shall be in Form C.

7. Date on which the agency starts functioning. – An agency established after the coming into force of the Ordinance shall start functioning within three months of the date on which the certificate of registration is issued to it and shall inform the Registration Authority of its having done so within fifteen days thereof.

8. Register to be maintained by the Registration Authority. – The register to be maintained by the Registration Authority under sub-section (3) of section 4 shall be in Form D.

9. Maintenance of accounts and registers. -

(1) The following books of accounts and other records shall be maintained by an agency, namely:

(a) A cashbook in which shall be entered in a chronological order every amount paid or received by or on behalf of the agency and all payments shall be supported by necessary vouchers which shall be preserved;

(b) A ledger which shall contain all personal and impersonal accounts;

(c) An income and expenditure account which shall be compiled at the close of each financial year and shall be audited by a Chartered Accountant or auditor or auditors approved by the Registration Authority and shall be submitted to the said Authority within six months of the close of the financial year;

(d) A member’s book which shall contain the names and addresses of the members;

(e) A Minutes book which shall contain record of the minutes of the meetings of the agency;

(f) An inspection book in which shall be recorded the views of the persons authorized to inspect the agency;
(g) Such other books as the Registration Authority may be order in writing require.

(2) Every employee of an agency responsible for the custody or handling of cash or stores shall be required to furnish a security in the form of Fidelity Bond from an insurance company of reasonable financial standing for such amount as the agency may determine and a copy of such Bond shall be furnished to the Registration Authority.

10. Annual Report. –

(1) An agency shall at the close of each financial year publish an Annual Report containing, inter alia, the following details, namely:

(a) General management of the agency;

(b) Details of the nature and extent of service rendered during the year, if possible supported by figures;

(c) Programme for the next year; and

(d) Audited accounts.

(2) A copy of the Annual Report shall be submitted to the Registration Authority immediately on its publication.

11. Change of the address of the agency. – Any change in the address of an agency shall be communicated to the Registration Authority within seven days thereof.

12. Voluntary dissolution of agency. – Application for the dissolution of an agency under section 11 shall be in Form E and shall bear the signatures of all the members who are parties to the application.

13. Fee for inspection of documents etc. – The fee for inspection of any documents relating to a registered agency at the office of the Registration Authority, shall be two rupees and fifty paisa per document and the fee for obtaining a copy of or extract from any such document shall be fifty paisa for every hundred words or part thereof.
SCHEDULE (I)
(See rule 3)

ELEMENTS OF THE CONSTITUTION OF AN AGENCY

1. Name of the Agency

2. Area of operation.

(Th should be indicated whether the agency is meant for the neighbourhood, or of city wide, or provincial or national character.)

3. Address of the principal office of the agency.

4. Aims and objects of the agency.

5. Membership:

(a) Eligibility for membership:

(b) Categories of membership with conditions and fees thereof, if any;

(c) Procedure for admission of members:

(d) Rights and privileges of various categories of memberships:

(e) Procedure of suspension, or cancellation of membership on reasonable grounds, such as: -

(i) Non-payment of subscription;

(ii) Absence from meetings;

(iii) Conduct being detrimental to the interest of the agency:

(f) Procedure for restoration of suspended or cancelled membership or re-admission:

6. Branches: (Applicable to only those agencies which have branches):

(a) Rights and privileges of Branch:

(b) Obligations on the part of the Branch:

(c) Method of suspension or withdrawal of recognition of Branch:
7. Organizational structure:

(a) Names of the different ‘Bodies’ formed from amongst the members of
the agency to run the affairs of the agency properly:

(b) Composition, powers and functions of the General Body, Governing
Body and any other ‘Body’.

(c) Office Bearers:

(i) The designation of all the office bearers;

(ii) The method of their election, selection or nomination;

(iii) Their terms of office;

(iv) Their powers and functions, specifically for each office;

8. Meetings:

(a) Procedure for calling different types of meetings:

(b) Notice period of meetings:

(c) Quorum for the different types of meetings:

9. Financial administration:

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Annex 20

THE CO-OPERATIVE SOCIETIES ACT, 1925
(Sind Act VII of 1925)

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SCHEDULE
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55[1] THE CO-OPERATIVE SOCIETIES ACT, 1925
(Sind Act VII of 1925)
[4 December 1925]
An Act to consolidate and amend the law relating to co-operative societies in 56[2] [the Province of West Pakistan].

57[3] Preamble.— Whereas it is expedient to provide for the formation, registration and regulation of cooperative societies for the promotion of thrift, self help and mutual assistance amongst agriculturist or other persons with common economic or social interests and for achieving better standards of living and for the matters incidental thereto;
It is hereby enacted as follows:-

58[4] CHAPTER I
PRELIMINARY

1. Short title.— This Act may be called the 59[5] [Star * Star] Co-operative Societies Act, 1925.

60[6] Extent.— This Act extends to the whole of the Province of West Pakistan, except the Tribal Areas.

3. Definitions.— In this Act, unless there is anything repugnant in the subject or context,
(a) “by-laws” means by-laws registered under this Act and for the time being in force and includes a registered amendment of such by-laws;
(b) “Committee” means the Committee of Management or other directing body to whom the management of the affairs of a society is entrusted;
61[7] (bb) “Financing Bank” means a society the main object of which is to make loans in cash or in kind to any other society or to an agriculturist who is not a member of a society or to both societies and such agriculturists;
62[8] (bbb) “Loan” includes finance as defined in the Banking Tribunals Ordinance, 1984 and all cognate expressions shall be construed accordingly];
(c) “Member” includes a person joining in the application for the registration of a society or a person admitted to membership after registration in accordance with the rules and by-laws applicable to such society;

(d) “Officer” includes a Chairman, Secretary, Treasurer, member of committee or other person empowered under the rules or under the by-laws of a society to give directions in regard to the business of such society;

(e) “Society” means a society registered or deemed to be registered or deemed to be registered under this Act;

(f) “Registrar” means a person appointed to perform the duties of a Registrar of Co-operative Societies under this Act;

(g) “Rules” means rules made under this Act;

(h) (1) a “resource society” means a society formed with the object of obtaining for its members the credit, goods or services required by them;

(2) a “producers’ society” means a society formed with the object of producing and disposing of goods as the collective property of its members and includes a society formed with the object of the collective disposal of the labour of the members of such society;

(3) a “consumers’ society” means a society formed with the object of obtaining and distributing goods to or of performing services for its members, as well as to other consumers and of dividing among its members and customers in a proportion prescribed by the rules or by the by-laws of such society, the profits accruing from such supply and distribution;

(4) a “housing society” means a society formed with the object of providing its members with dwelling houses on conditions to be determined by its by-laws;

(5) a “general society” means a society not falling under any of the four classes above-mentioned.

The Registrar shall classify all societies under one or other of the above heads and his decision shall be final.

A society formed with the object of facilitating the operations of any one of the above classes of societies shall be classified as a society of that class.

A list of all such societies, so classified shall be published annually in the [Official Gazette].

65[11][CHAPTER II
REGISTRATION]

4. **The Registrar.** – 66[12][The Provincial Government] may appoint a person to be Registrar of Co-operative Societies for 67[13][the Province] or any portion of it, and may appoint a person or persons to assist such Registrar, and may, by general or special order, confer on any such person or persons all or any of the powers of a Registrar under this Act.
Power of Registrar to issue search warrant.— (1) For the purpose of recovering any papers, documents or books of account belonging to a society, the Registrar may issue a search warrant and exercise all such powers with respect thereto as may be lawfully exercised by a Magistrate under the Provisions of Chapter VII of the Code of Criminal Procedure, 1898, and all such searches shall be made in accordance with the Provisions of that Code.

(2) The powers under sub-section (1) shall not be exercised by the Registrar before serving a notice on the society and giving it a reasonable opportunity to produce such papers, documents or books of account as are specified in such notice.

5. Societies which may be registered.— Subject to the provisions hereinafter contained a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, may be registered under this Act with or without limited liability:

Provided that, unless [the Provincial Government] by general or special order otherwise directs—

(a) the liability of a society of which a member is a society shall be limited;

(b) the liability of a society of which the primary object is the creation of funds to be lent to its members, and of which the majority of the members are agriculturists and of which no member is a registered society shall be unlimited and the members of such a society shall, on its liquidation, be jointly and severally liable for and in respect of all obligations of such a society:

Provided further that when the question whether the liability of a society is limited or unlimited has once been decided by the Registrar at the time of registration his decision shall be final.

6. Restrictions on interest of member of society with limited liability and a share capital.— Where the liability of the members of a society is limited by shares, no member other than a society shall—

(a) hold more than such portion of the share capital of the society, subject to a maximum of one fifth, as may be prescribed by the rules; or

(b) have or claim to have an interest in the shares of the society not exceeding fifty thousand rupees; provided that if the society is a housing society, a member may have or claim to have an interest in the shares of the society, not exceeding two hundred thousand rupees.

7. Conditions of registration.— (1) No society, other than a society of which a member is a society, shall be registered under this Act, unless it consists of at least thirty members and in case of a producers’ or housing society, consists of at least fifty members and each member of a society, except the housing and producers’ societies, shall have the ordinary place of abode in the same town or village or in the same group of villages within a radius of fifteen kilometers from the registered office of the society.
(2) No society shall be registered for the purpose of carrying on business as a banking society, financing bank or which uses as part of its name under which it proposes to carry on business, the word “bank” or “banking” unless—
(a) it has a paid up capital of not less than twenty million rupees or such higher amount, as may be prescribed; and
(b) satisfies such other conditions as may be prescribed.
(3) The word “Limited” shall be the last word in the name of every society registered with limited liability.]

72\[^{18}7\text{-A. Eligibility for membership.— A person shall be eligible to become member of a society if—}
(a) in case of an individual, he is above the age of eighteen years, is of sound mind, is solvent and has not applied to be adjudged as an un-discharged insolvent;
(b) it is a cooperative society; or
(c) it is a body corporate or a company.]

73\[^{19}8. Power of Registrar to decide certain questions.— When any question arises as to whether, for the purposes of this Act, a person is an agriculturist or not, or is resident of a town or village or group of villages within a radius of fifteen kilometers from the registered office of the society, the question shall be decided by the Registrar, whose decision shall be final.]

9. Application for registration.— (1) For purposes of registration an application to register shall be made to the Registrar.

74\[^{20}(2) The application for registration of a cooperative society shall be—
(a) made in writing specifying the address of its proposed registered office;
(b) signed by at least fifty persons in case of producers’ or housing society and at least thirty persons for any other category of societies with proof of the identifications of those persons; provided that this condition as to the number of persons shall not be applicable in case where at least one of the proposed member is a society;
(c) accompanied, in the case of producers, or housing society or any other society which is likely to adversely affect the environment, approval of the competent authority in accordance with section 12 of the Pakistan Environmental Protection Act, 1997 (Act XXXIV of 1997);
(d) accompanied by the following documents:
   (i) a feasibility report showing its financial viability;

   Explanation.— Financial viability shall include a statement of finances relating to the expected business turn over of the society, stating the number of members and expenditures being within its income;
   (ii) proof that promoter members’ contributions towards the paid up share capital are in accordance with the feasibility report;
   (iii) proof of the payment of such registration fee as may be prescribed; provided that different registration fee may be prescribed for different categories of
societies; provided further that in case of agriculture society, the registration fee shall not exceed five hundred rupees; and

(iv) a copy of the proposed by-laws of the society.

(3) A housing society shall, within a period of one year of its registration, furnish the schedule of proposed development of land, master plan, site plan indicating availability of the existing public utilities, public amenities and other allied facilities in the area and, in case of its failure, the Registrar may de-register the society after affording it an opportunity of hearing.

(4) The registration fee shall be deposited in the account of the Registrar and shall be utilized in the prescribed manner.]

10. Registration.— If the Registrar is satisfied that a society has complied with the provisions of this Act and the rules and that its proposed by-laws are not contrary to [any law for the time being in force], he may register the society and its by-laws.

11. Evidence of registration.— A certificate of registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered unless it is proved that the registration of the society has been cancelled.

12. Annual general meeting.— Every society shall within a period of three months after the date fixed for making up its accounts for the year under the rules for the time being in force call a general meeting of its members.

13. Special general meeting.— A special general meeting may be called at any time by a majority of the committee and shall be called within one month—

(1) on the requisition in writing of one-fifth of the members of the society, or

(2) at the instance of the Registrar.

14. Change of name: its effect.— A society may, by a resolution of a general meeting and with the approval of the Registrar, change its name: but such change shall not affect any right or obligation of the society, or of any of its members, or past members and any legal proceedings pending may be continued by or against the society under its new name.

15. Amalgamation and division of societies.— (1) Any two or more societies may, with the prior approval of the Registrar, by a resolution passed by two-third majority of the members present and voting in a general or special meeting of the societies, amalgamate as a single society.

(2) A society may, with the prior approval of the Registrar, by a resolution passed by two-third majority of the members present and voting in a general or special meeting of the society divide the society into two or more societies.

(3) A society or societies, as the case may be, by way of a resolution passed in accordance with this section, transfer to, divide or amalgamate its or their assets and liabilities with any other society or societies in case of division or amalgamation with the prior written consent of the creditor or creditors, if any, of the society or the societies.

(4) Division of assets and liabilities shall take place after due approval and audit and in such manner, as may be prescribed.

(5) No new society arising out of an existing society shall be registered unless it satisfies the conditions of registration of a society under this Act or the rules.]
Merger of a society in a company, etc.— (1) Notwithstanding anything contained in this Act and subject to any other law for the time being in force, a society may, with the written consent of its creditors and the approval of the Registrar, by a resolution, incorporating the terms and conditions of the proposed merger, passed by two-third majority of its members present and voting in a general body meeting, merge itself in a company or a body corporate.

(2) On the fulfillment of the legal formalities and disposal of objections, if any, the Registrar may issue a certificate authorizing such merger.

(3) On the issuance of the certificate under sub-section (2), all the assets and liabilities of the society shall stand transferred to the company or the body corporate, as the case may be.

Amendment of the by-laws of a society.— (1) No amendment of the by-laws of a society shall be valid until it is registered under this Act.

(2) If the Registrar is satisfied that any amendment of the by-laws \textsuperscript{79}made by a society\textsuperscript{79} is not contrary to \textsuperscript{80}any law for the time being in force, he may register the amendment.

(3) When the Registrar registers an amendment of by-laws of a society \textsuperscript{81}under sub-section(2)), he shall issue to the society a copy of the amendment certified by him, which shall be conclusive evidence that the same is duly registered.

Powers of the Registrar to amend bye-laws.— (1) If the Registrar is satisfied that the bye-laws of a society are inconsistent with any law for the time being in force, or it is necessary in the interest of the society and its members to make amendments in such bye-laws, he may, by means of a notice in writing, giving reasons, bring the fact to the notice of the society and advise the society to make the amendments within a period of sixty days.

(2) If the society fails to make such amendments within the time specified in sub-section (1), the Registrar may, after giving the society an opportunity of being heard, register such amendments as he may decide and issue to the society a copy of the amendment registered by him.

(3) An appeal shall lie to the Government from an order of the Registrar passed under sub-section (2) within two months of the date of communication of the order.

CHAPTER III
RIGHTS AND LIABILITIES OF MEMBERS

17. No rights of membership to be exercised till due payments are made.— No person shall exercise the rights of a member of a society unless or until he has made such payment to the society in respect of membership, or acquired such interest in the society as may be prescribed by the rules or the by-laws of such society.
Special provisions for membership of resource societies.– Notwithstanding anything contained in this Act and any other law for the time being in force—

(i) every application made by any person for membership of an Agricultural Credit Society shall be accompanied by a declaration specifying the immovable property on which he agrees to have a charge created for the dues of the society; and no such person shall be admitted as a member or shall exercise rights of a member of such society unless he makes such declaration;

(ii) any member of an Agricultural Credit Society may at any time make a declaration as in clause (i) regarding immovable property on which he agrees to have a charge created for the dues of the society of which he is a member;

(iii) a declaration made under clause (i) or (ii) may be varied at any time by a member with the consent of the society in favour of which such charge is created;

(iv) no member of an Agricultural Credit Society so long as he continues to remain such member shall alienate the whole or any part of the property specified in the declaration made under clause (i) or (ii);

(v) any alienation of any property specified in the declaration made under clause (i) or (ii) by such member shall be void;

(vi) subject to the prior claim of Government in respect of land revenue or any money recoverable as arrears of land revenue, there shall be a first charge in favour of the society on the property specified in the declaration under clause (i) or (ii) in respect of and to the extent of any debt or other outstanding demand owing by such member to the society;

(vii) an entry regarding a charge on immovable property created by a declaration under clause (i) or (ii) or any variation made therein under clause (iii) shall be made in the record of rights maintained under Chapter X A of the [Sind] Land Revenue Code, 1879, or the relevant provisions of any other law relating to land revenue in force in the area, notwithstanding anything contained in the said Chapter.

Explanation—For the purposes of this section an ‘Agricultural Credit Society’ means a resource society of which the primary object is the creation of funds to be lent to its members and of which a majority of the members are agriculturists and of which no member is a registered society and the liability of which is limited.

Expulsion of a member.– (1) A society may recommend to the Registrar to expel from its membership a member who is a persistent defaulter of the dues of the society or who commits any act prejudicial to the interests of the society:

Provided that the managing committee of the society shall, after affording the member an opportunity of hearing, place the matter before the general body of the society and approval thereof shall be communicated to the Registrar.
(2) The Registrar may expel such a member from the society after affording him an opportunity of hearing.

(3) The Registrar shall, before passing the expulsion order, determine the amount payable, if any, by the society to the member and may direct that the expulsion order would take effect from the date of payment of the amount to such member or its deposit in the account of the Registrar.

(4) The member shall cease to be member of the society from the date when the expulsion order of the Registrar takes effect:

Provided that the provisions of this section shall not apply to a member of a housing society who has made full payment towards the cost of land and the requisite development charges.]

18. Votes of members.— (1) No member of any society shall have more than one vote in its affairs, provided that in the case of an equality of votes the chairman shall have a casting vote.

(2) A Society which has invested any part of its funds in the shares of another society, may appoint one of its members to vote in the affairs of such other registered society.

18-A. General body and managing committee.— (1) The powers and management of a society shall vest in its general body consisting of all its members.

(2) A society shall have a managing committee, constituted in accordance with the rules and the by-laws, which shall exercise such powers and functions as may be delegated to it by the general body.

(3) Subject to any general or special order of the Provincial Government, the Registrar may, on such terms and conditions as he may deem fit, appoint not more than two experts on the managing committee of a society for the development and proper management of the society.

(4) The Registrar may require a society to obtain approval of its general body, in any matter concerning the business of the society, before proceeding further in the matter.

18-B. Disqualification for being, and for voting at an election of Director, Manager or other officer of the society.— A member of the society to which the provisions of this section have been applied by the Provincial Government by notification in the Official Gazette shall be disqualified for being, and for voting at an election of, a Director, Manager or other officer of the society—

(a) if he has taken a loan from the society which has been outstanding for six months or more after it has become payable and has not been re-paid upto the day immediately preceding the date of the election, or

(b) if he has taken a loan from the society which is repayable by installments and the amount of three or more installments has been outstanding for six months or more from the date on which the amount of the last installment became payable and has not been re-paid upto the day immediately preceding the date of the election.

Explanation—The date on which the loan or installment becomes payable is the date specified in the bond or any other instrument in writing evidencing the loan but does not include any extension thereof.]
19. **Restrictions on transfer of share or interest.**—(1) The transfer or charge of the share or interest of a member in the capital of a society shall be subject to such conditions as to maximum holding as may be prescribed by this Act or by the rules.

   (2) A member shall not transfer any share held by him or his interest in the capital or property of any society or any part thereof unless—

   (a) he has held such share or interest for not less than one year; and

   (b) the transfer or charge is made to the society or to a member of the society or to a person whose application for membership has been accepted by the society.

20. **Address of societies.**—(1) Every society shall have a registered office which shall be the address of the society.

   (2) A society shall not change its address without the prior approval of the Registrar:

   Provided that before seeking the approval of the Registrar, the society shall inform its members’ creditors and where applicable, the society of which it is a member, by post and also through two national daily Newspapers, as to the proposed change of the address.

   (3) The approval of the Registrar shall immediately be communicated by the society to its members’ creditors and the society of which it is a member.

21. **Copy of Act etc., to be open to inspection.**—Every society shall keep open to inspection at all reasonable times at the registered address of the society—

   (a) a copy of this Act.

   (b) a copy of the rules governing such society.

   (c) a copy of the by-laws of such society, and

   (d) a register of its members.

22. **Audit.**—(1) The Registrar shall, by himself, an auditor or a committee of auditors appointed by him, through general or special order in this behalf, specifying the period for completion, audit the accounts of every society once at least in a year:

   Provided that no person shall audit the accounts of a society for two consecutive years.

   (1-A) The Registrar may, by general or special order, determine the fee payable to the auditor or the committee of the auditors, as the case may be, and the fee so determined shall be payable by the society.

   (2) The audit under sub-section (1) shall include an examination of overdue debts, if any, the verification of cash balance and securities, and a valuation of the assets and liabilities of the society.

   (3) The Registrar or other person auditing the accounts of any society shall have free access to the books, accounts and vouchers of such society and shall be allowed to verify its cash balances and securities.
The Directors, Managers, and other officers of the society shall furnish to the Registrar or other person appointed to audit the accounts of a society all such information as to its transactions and working as the Registrar or such person may require.

(4) The Registrar and every other person appointed to audit the accounts of a society shall have power, when necessary—

(i) to summon at the time of his audit any officer, agent, servant or member of the society who he has reason to believe can give valuable information in regard to any transaction of the society or the management of its affairs, or

(ii) to require the production of any book or document relating to the affairs of any cash or securities belonging to the society by the officer, agent, servant, or member in possession of such book, document, cash or securities.

Power of Registrar to exercise powers under section 50-A in the course of an audit.— Where, in the course of an audit under section 22 it appears to the Registrar that there exists any such ground as is specified in section 50-A, he may, of his own motion or on the application of the person authorised by him under section 22, exercise the powers specified in section 50-A.

Internal audit committee.— (1) Every housing and producers’ society, in addition to the audit of accounts under section 22, shall also get the accounts audited by an internal audit committee comprising at least three members of the society other than the members of its managing committee as may be appointed by the general body with their consent.

(2) The report of the internal audit committee shall be submitted by the society or the committee to the Registrar within one month of the receipt or compilation of such report.

Societies to be bodies corporate.— The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to hold property, to enter into contracts, to institute, and defend suits and other legal proceedings and to do all things necessary for the purposes of its constitution.

Prior claim of society.— Subject to any prior claim of Government in respect of land revenue or any money recoverable as land revenue or of a landlord in respect of rent or any money recoverable as rent,

(a) any debt or outstanding demand owing to a society by any member or past member or, in the case of a society authorised under sub-section (1) of section 34 to make loans to non-members, by a non-member shall be a first charge (i) upon crops or other agricultural produce raised in whole or in part with a loan taken from the society by such member, past member or non-member, and (ii) upon any cattle, fodder for cattle, agricultural or
industrial implements or machinery, or raw materials for manufacture or workshop, godown or place of business, supplied to or purchased by [48]such member, past member or non-member] in whole or in part from any loan whether in money or goods given, him by the society:

Provided that nothing contained in this clause shall effect the claims of any bonafide purchaser or transferee for value without notice of any such crops or other agricultural produce, cattle, fodder for cattle or raw materials for manufacture or workshops, or agricultural or industrial implements; and

(b) any outstanding demands or dues payable to a housing society by any member or past member in respect of rent, shares, loans, or purchase money or any other rights or amounts payable to such society shall be a first charge upon his interest in the immovable property of the society.

25. **Charge and set-off in respect of shares or interest of member.**— A society shall have a charge upon the share or interest in the capital and on the deposits of a member or past member and upon any dividend, bonus or profits payable to a member or past member in respect of any debt due from such member or past member to the society, and may set-off any sum credited or payable to a member or past member in or towards payment of any such debt.

26. **Shares or interest not liable to attachment.**— Subject to the Provisions of section 25, the share or interest of a member in the capital of a society or in any provident fund established under section 41 of this Act shall not be liable to attachment or sale under any decree or order of a Court of justice in respect of any debt or liability incurred by such member, and [49]neither the Official Assignee under the Insolvency (Karachi Division [50][* * *]) Act, 1909 nor a receiver under the Provincial Insolvency Act, 1920, shall be entitled to or have any claim on such share or interest.

27. **Transfer of interest on death of member.**— (1) On the death of a member of a society such society may within a period of one year from the death of such member transfer the share or interest of the deceased member to a person or persons nominated in accordance with the by-laws of the society, if duly admitted a member of the Society, in accordance with the rules or the by-laws of the society, or, if there is no person so nominated, to such person as may appear to the Committee to be the heir or legal representative of the deceased member if duly elected a member of the society, or may pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member’s share or interest as ascertained in accordance with the rules or by-laws:

Provided that such nominee, heir or legal representative, as the case may be, may require that payment shall be made by the society within one year from the death of the member of the value of the share or interest of such member ascertained as aforesaid.

[51][Provided further that the nominee, heir or legal representative shall distribute the amount received by him among the heirs of the deceased.]
(2) A society shall subject to the provisions of section 25 and unless prevented by an order of a competent court pay to such nominee, heir or legal representative, as the case may be, all other moneys due to the deceased member from the society.

(3) All transfers and payments made by a society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

28. **Liability of past member.**— The liability of a past member for the debts of a society as they existed at the time when he ceases to be a member, shall continue for a period of two years from the date of his ceasing to be a member.

29. **Liability of the estate of deceased member.**— The estate of a deceased member shall be liable for the debts of the society, at the time of his death, for a period of one year.

30. **Register of members.**— Any register or list of members or shares kept by any society shall be *prima facie* evidence of any of the following particulars entered therein:

(a) the date at which the name of any person was entered in such register or list as a member;

(b) the date at which any such person ceased to be a member.

31. **Admissibility of copy of entry as evidence.**— (1) A copy of any entry in any book, register or list regularly kept in the course of business in the possession of a society shall, if duly certified in such manner as may be prescribed by the rules, be admissible in evidence of the existence of the entry and shall be admitted as evidence of the matters and transactions therein recorded in every case where, and to the same extent to which the original entry would, if produced, have been admissible to prove such matters.

(2) In the case of such societies as [the Provincial Government] by general or special order may direct no officer of a society shall in any legal proceedings to which the society is not a party be compelled to produce any of the society’s books, the contents of which can be proved under sub-section (1), or to appear as a witness to prove the matters, transactions and accounts therein recorded, unless by order of the Court or a Judge made for special cause.

32. **Exemption from compulsory registration of instruments relating to shares**[etc] of society.— Nothing in section 17, sub-section (1), clauses (b) and (c), of the [Registration Act, 1908] shall apply to—

(1) any instrument relating to shares in a society notwithstanding that the assets of the society consist in whole or in part of immovable property; or

(2) any debenture [participation term certificate finance certificate, musharika certificate, modaraba certificate and such other instruments as may be approved by the State Bank of Pakistan], issued by any society and not creating,
declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property except in so far as it entitles the holder to the security afforded by a registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of [such instruments]; or

(3) any endorsement upon or transfer of any debenture [participation term certificate, term finance certificate, musharika certificate, modaraba certificate, and such other instruments as may be approved by the State Bank of Pakistan], issued by any society.

33. Power to exempt from income-tax, stamp-duty, registration and court fees.— (1) The [Central Government], by notification in the [Official Gazette], may, in the case of any society or class of societies, remit the income-tax or super-tax payable in respect of the profits of the society, or of the dividends or other payment received by the members of the society on account of profits or in respect of interest [or return] on securities held by the society.

(2) The [Provincial Government] by notification in the [Official Gazette], may, in the case of any society or class of societies, remit—

(a) the stamp-duty with which, under any law for the time being in force, instruments executed by or on behalf of a society or by an officer or member and relating to the business of the society, or any class of such instruments [or security bonds executed by or on behalf of officers or servants of a society] or awards of the Registrar or arbitrators under this Act are respectively chargeable; and

(b) any fee payable under the law of registration and of court fees for the time being in force. [$ * * $]

33-A. Provincial Government may give loans or guarantee interest [or return].— With such safeguards as may be prescribed by rules in this behalf [the Provincial Government] may give loans to societies or guarantee the payment of [the principal of debentures issued by them or of interest [or return] thereon or both].

_________________________________
34. **Restrictions on loans.**— (1) Except with the general or special sanction of the Registrar and subject to such terms and conditions as he may impose a society shall not make a loan to any person other than a member.

(2) Save with the sanction of the Registrar, a society with unlimited liability shall not lend money on the security of movable property.

(3) The Provincial Government may, by general or special order, prohibit or restrict the lending of money on mortgage of immovable property by any society or class of societies.

(4) Where the Registrar has accorded sanction to a financing bank under sub-section (1) to make loans to non-members, a society which is a member of such financing bank may, subject to the terms of the sanction and such other terms and conditions as the Registrar may impose, act as an agent of the financing bank and as such agent carry out, on or without the payment of any commission, all or any transactions connected with any loan made or to be made by the financing bank.

35. **Restrictions on borrowing and donations.**— A society shall receive deposits, donations, grants and loans from persons who are not members only to such extent and under such conditions as may be prescribed by the rules or by the bye-laws of the society.

36. **Restrictions on other transactions with non-members.**— Consumers’, producers’ and housing societies may to the extent permitted by their by-laws trade with persons who are not members, but the transactions of a resource society with persons other than members except as provided under section 34 or 35 shall be subject to such prohibitions and restrictions, if any, as the Provincial Government may by rules prescribe.

37. **Investment of funds.**— A society may invest or deposit its funds—

(a) in the Government Saving Bank; or

(b) in any of the securities specified in section 20 of the Trusts Act, 1882; or

(c) in the shares or on the security of any other society, provided that no such investment shall be made in the shares of any society other than one with limited liability; or

(d) with any bank or person carrying on the business of banking approved for this purpose by the Registrar; or

(e) in any other mode permitted by the rules.
38. **Restriction on dividend.**— (1) No society, other than housing, banking or producers’ society, shall pay a dividend to its members at a rate exceeding ten percent of its net profits.

(2) A housing, banking or producers’ society shall pay a dividend to its members at a rate not exceeding twenty percent of its net profits.

39. **Reserve Fund.**— (1) Every society which does or can derive a profit from its transactions shall maintain a reserve fund.

(2) In the case of a resource or producers’ society at least 1/4th of the net profits of the society each year shall be carried to the reserve fund and in the case of any other society at least 1/10th of the net profits of the society each year shall be carried to the reserve fund, and such reserve fund may be used in the business of the society or may be invested, subject to the provisions of section 37, as the Provincial Government may by general or special order direct, or may, with the previous sanction of the Provincial Government be used in part for some public purpose likely to promote the objects of this Act or for some purposes of provincial or local interest.

40. **Restriction on distribution of profits.**— Subject to the provisions of section 38 the balance of the profits of a society after making the prescribed provisions for the reserve fund may, together with any available profits of past years be distributed among its members, and in the case of consumers’ and producers’ societies, also among persons who are not members, to the extent and under the conditions prescribed by the rules or by the by-laws of such societies, provided that:-

(a) in the case of a resource society on a basis of unlimited liability in which the members do not hold shares, no distribution of profits shall be made without the general or special order of the Provincial Government in this behalf; and

(b) in the case of a resource society on a basis of unlimited liability in which the members hold shares, no such distribution of profits shall be made until 10 years from the date of registration of the society have elapsed.

41. **Provident fund.**— Any society may establish a provident fund for its members out of contributions from such members in accordance with by-laws made by the society in this behalf and may contribute to such provident fund from its net profits, after the prescribed payments have been made to the reserve fund, provided that such provident fund shall not be used in the business of the society but shall be invested under the provisions of section 37; and provided further, that no part of such provident fund shall be considered as an asset of the society.

42. **Contribution to charitable purpose.**— With the approval of the Registrar and after the payments prescribed by sub-section (2) of section 39 have been made to the reserve fund, any society may—

(a) set aside a sum not exceeding 20 per cent of its net profits, and
(b) utilize from time to time the whole of such sum in contributing to any public or co-
operative purpose, or to a charitable purpose as defined in section 2 of the Charitable
Endowments Act, 1890.\textsuperscript{140[66]}

\textsuperscript{141[87]}[CHAPTER VII
INSPECTION OF AFFAIRS]

43. Inquiry by Registrar.— (1) The Registrar may of his own motion by himself or by a person
duly authorised by him in writing in this behalf hold an inquiry into the constitution, working
and financial condition of a society.

(2) The Registrar shall hold such an inquiry as is contemplated in sub-section (1) of this
section—

(a) on the requisition of a society, duly authorised by rules made in this behalf to
make such requisition, in respect of one of its members, such member being itself
a society,

(b) on the application of a majority of the Committee of the society,

(c) on the application of 1/3\textsuperscript{rd} of the members of the society.

(3) All officers and members of the society whose affairs are investigated shall furnish such
information in their possession in regard to the affairs of the society as the Registrar or the
person authorized by the Registrar may require.

(4) The result of any inquiry under this section shall be communicated to the society
whose affairs have been investigated.

44. Inspection of books of indebted society.— (1) The Registrar may, on the application of a
creditor of a society inspect or direct some person authorized by him by order in writing in this
behalf to inspect the books of the society:

Provided that—

(a) the applicant satisfies the Registrar that the debt is a sum then due, and that he has
demanded payment thereof and has not received satisfaction within a reasonable time; and

(b) the applicant deposits with the Registrar such sum as security for the costs of the proposed
inspection as the Registrar may require.

(2) The Registrar shall communicate the result of any such inspection to the creditor.

\textsuperscript{142[88]}[44-A. Inspection of books and properties.— The Registrar, or any of his authorized
representative, shall have access and right to inspect the books, accounts, cash, documents,
properties and securities of a society and every employee, past or present, of the society shall
produce the same and furnish such information with regard to the transactions and working of
the society as the person making such inspection may require.]

\textsuperscript{143[89]}[44-B. Power of Registrar to exercise powers under section 50-A in the course of an
inquiry or inspection.— Where, in the course of any inquiry under section 43 or an inspection
under section 44 or section 44-A it appears to the Registrar that there exists any such ground as is

specified in section 50-A, he may, of his own motion or on the application of the person authorised by him under section 43 or section 44 or section 44-A, exercise the powers specified in section 50-A].

44-C. **Power to remove officers.**— (1) An officer of a society, by whatever name called may be removed by the Registrar, if, on an enquiry, he is satisfied that the said officer—
   (i) acts in a manner prejudicial to the interest of the society or its members; or
   (ii) has incurred any of the disqualifications or has ceased to possess any of the qualifications for being an officer provided by the Act, rules or bye-laws; or
   (iii) has committed an act in respect of which the Registrar is empowered to take action under section 50-A.

   (2) An order under sub-section (1) shall not be passed without giving to the concerned officer a reasonable opportunity of being heard.

   (3) On being removed, the officer shall not perform any functions as such in relation to the society.

   (4) An officer aggrieved by an order under sub-section (1) may, within a period of seven days from the date of the order of his removal, prefer an appeal to such Appellate Authority as may be constituted by the Government and the decision of the said Authority shall be final:

   Provided that the provisions of this section shall not apply to the Punjab Provincial Cooperative Bank Ltd.

145[44-D. **Power of Registrar to give directions.**— (1) Where the Registrar is satisfied that in the public interest or to prevent the affairs of any society from being conducted in a manner detrimental to the interest of its members or depositors or the society or to secure the proper management of any society generally, it is necessary, to issue directions to the societies generally or to any society in particular, it may issue necessary directions, and the societies or as the case may be the society shall be bound to comply with such directions.

   (2) The Registrar may on a representation made to him or on his own motion modify or cancel any direction issued under sub-section (1) and in so modifying or cancelling any direction impose such conditions as he may think fit subject to which the modification or cancellation shall have effect.

44-E. **Special measures.**— (1) If it appears to the Registrar that in the interest of the members of a society or its depositors it is necessary that the moneys received and other assets of the society, whether held in the name of that society or any other person, are protected and preserved, the Registrar or any other person authorised by him, may without prejudice to any other action or proceedings which may be taken against the society under any law for the time being in force:
(i) enter and search any premises and seize books of account or other documents or records;
(ii) take in his custody all moneys, cash, securities, title deeds, properties, whether movable or immovable, belonging to such society including those being held on behalf of or in the name of any officer, employee or agent of the society, beneficiary or transferee of such society or other person or their dependents.
(iii) direct any bank, financial institution or person to freeze all moneys deposited with it or him on behalf of the society or of any officer, employee, agent, beneficiary or transferee of such society;
(iv) take all necessary steps and measures for identifying assets and property of the society and for realization, protection and preservation thereof;
(v) restrain any society or officer, employee, agent, beneficiary or transferee of such society or any person deriving or claiming title through any of them from alienating, transferring, selling, assigning, disposing of or parting with possession of any property, movable or immovable, or deriving any benefit, rent or income therefrom;
(vi) make such order for realization, protection and preservation of deposits of money and other assets and property of the society as he may deem fit.

(2) The order passed under sub-section (1) may at any time be withdrawn and shall not remain in force for more than one year.]

45. Costs of inquiry.— Where an inquiry is held under section 43 or an inspection is made under section 44 the Registrar may apportion the costs, or such part of the costs, as he may think right, between the society, the members or creditors demanding the inquiry or inspection, the officers or former officers, and the members or past members of the society. Costs may also be awarded by the Registrar to the financing bank in the case of inspection under section 44-A of the books of any society other than an Agricultural Credit Society the liability of which is unlimited:

Provided that—
(a) no order of apportionment [147][93][or award] of the costs shall be made under this section unless the society or persons liable to pay the costs thereunder has or have been heard or has or have had a reasonable opportunity of being heard;
(b) the Registrar shall state in writing under his own hand the grounds on which the costs are apportioned [148][93][or awarded].

[Explanation—For the purposes of this section an Agricultural Credit Society means a resource society of which the primary object is the creation of funds to be lent to its members and of which a majority of the members are agriculturists and of which no member is a registered society and the liability of which is unlimited.]

46. Recovery of costs.— Any sum awarded by way of costs under section 45, may be recovered, on the application of the Registrar, by a Magistrate having jurisdiction in the place
where the person from whom the money is claimable actually and voluntarily resides, or carries on business, or by an officer authorized in this behalf by the Government, by distress and sale of any movable property belonging to such person, within the limits of the jurisdiction of such Magistrate or any such officer.]

51[CHAPTER VIII
LIQUIDATION AND ARBITRATION]

47. Winding up.— If the Registrar, after an inquiry has been held under section 43 or after an inspection has been made under section 44 [section 44-A] or on receipt of an application made by [two-third] of the members of a society present at a special general meeting, called for the purpose or of his own motion, in the case of a society that has not commenced working, or has ceased working, is of opinion that the society ought to be wound up he may issue an order directing it to be wound up, and the when necessary, may appoint a liquidator for the purpose and fix his remuneration.

51[48. Society may be wound up if membership is reduced.— (1) The Registrar may, by order in writing, direct a society to be wound up, if at any time it is proved to his satisfaction that the membership of the society has been reduced to less than the requisite minimum number of members and the society, despite a reasonable opportunity, has failed to raise the number of members to be in accordance with the provisions of this Act.

(2) All existing societies shall, within two years of the commencement of this Act, raise their membership to be in accordance with the provisions of this Act, failing which the Registrar may wind up such a society after affording it an opportunity of being heard.]

51[48-A. Winding up of housing society.— If a housing society fails to complete development and allotment of plots in accordance with its development schedule, the Registrar may order the winding up of the society after affording it an opportunity of hearing.]

49. Effect of cancellation of registration.— When the affairs of a society for which a liquidator has been appointed under section 47 have been wound up, or, where no liquidator has been appointed, after two months from the date of an order under section 47, or after confirmation of such order in appeal, the Registrar shall make an order cancelling the registration of the society, and the society shall be deemed to be dissolved from the date of such order.

50. Power of a liquidator.— A liquidator appointed under section 47 shall have power with the sanction of the Registrar to do all or any of the following things:-

(a) pay any class or classes of creditors in full;
(b) make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim, present or future, whereby the society may be rendered liable;
(c) to compromise all calls or liabilities to calls and debts, and liabilities capable of resulting in debts, and all claims, present or future, certain or contingent, subsisting or supposed to subsist between the society and a contributory or alleged contributory or other debtor or person apprehending liability to the society and all questions in any way relating to or affecting the assets or the winding up of the society on such terms as may be agreed and take any security for the discharge of any such call, liability, debt, or claim and give a complete discharge in respect thereof;

(d) from time to time to determine the contribution to be made or remaining to be made by the members or past members or by the estates or nominees, heirs or legal representatives of deceased members or by any officer to the assets of the society, such contribution including debts due from such members or persons;

(e) to institute and defend suits and other legal proceedings on behalf of the society in the name of his office;

(f) to issue requisitions under section 59 upon the Collector for the recovery as arrears of land revenue of any sum ordered by him to be recovered as dues from members, or as a contribution to the assets of the society or to the cost of liquidation;

(g) to get disputes referred to arbitration;

(h) to investigate all claims against the society and subject to the provisions of this Act as to decide questions of priority arising out of such claims, and to pay rateably according to the amount of such debts, the surplus if any being applied in payment of interest [or return] from the date of liquidation at a rate to be fixed by the Registrar and not exceeding the contract rate;

(i) to determine by what persons and in what proportion the cost of the liquidation shall be borne;

(j) to give such directions in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the society;

(k) to fix the time or times within which creditors shall prove their debts and claims or be included for the benefit of any distribution made before those debts or claims are proved;

(l) to carry on the business of the society so far as may be necessary for the beneficial winding up of the same:

Provided that no liquidator shall determine the contribution, debt or dues to be recovered from a past member or the representative of a deceased member unless opportunity has been given to such past member or to such representative to answer the claim:

[Provided further that all debts due to Government] shall have priority over all debts which are not secured by a mortgage, charge or lien on the property of the society or any part thereof but nothing herein contained shall affect the provisions of sections 137 and
138 of the \textsuperscript{110}[Sind] Land Revenue Code, 1879\textsuperscript{143}[107] \textsuperscript{152}[108][, or any other law relating to land revenue in force in the area].

\textbf{50-A. Power of Registrar to assess damage against delinquent promoters, etc.}—(1) Where in the course of the winding up of a society it appears that any person who has taken part in the organization or management of the society or any past or present chairman, secretary, member of the managing committee or officer of the society has misapplied or retained or become liable or accountable for any money or property of the society or has been guilty of misfeasance or breach of trust in relation to the society \textsuperscript{163}[109][or, where the society is acting under sub-section (4) of section 34 as agent of the financing bank, has made any payment contrary to the instructions of the financing bank] the Registrar may, on the application of the liquidator or of any creditor or contributory, examine into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof respectively with interest \textsuperscript{164}[110][or return] at such rate as the Registrar thinks just or to contribute such sum to the assets of the society \textsuperscript{165}[111][or of the financing bank] by way of compensation in regard to the misapplication, retainer, misfeasance or breach of trust as the Registrar thinks just.

(2) This section shall apply notwithstanding that the act is one for which the offender may be criminally responsible.

\textbf{51. Bar of suit in winding up and dissolution matters.}—Save in so far as is expressly provided in this Act no civil court shall take cognizance of any matter \textsuperscript{186}[112][arising out of any proceedings under Chapter VIII-A or] connected with the winding up or dissolution of a society under this Act and when a winding up order has been made no suit or other legal proceeding shall lie or be proceeded with against the society except by leave of the Registrar and subject to such terms as he may impose.

\textbf{52. Disposal of surplus assets.}—After all the liabilities including the paid-up share capital of a cancelled society have been met, the surplus assets shall not be divided amongst its members but they shall be devoted to any object or objects described in the by-laws of the society and when no object is so described to any object of public utility determined by the general meeting of the society and approved by the Registrar or they may in consultation with them either be assigned by the Registrar in whole or in part to any or all of the following:-

(a) an object of public utility of local or communal interest,

(b) a charitable purpose as defined in section 2 of the Charitable Endowments Act, 1890\textsuperscript{167}[113].

(c) the \textsuperscript{168}[114][\textsuperscript{169}[115][* * *] Provincial Co-operative Institute], or may be placed on deposit with \textsuperscript{170}[116][the Provincial Co-operative Bank] until such time as a new society with similar
conditions is registered when with the consent of the registrar such surplus may be credited to the reserve fund of such new society.

53. **Surplus assets of housing society.**— Where the society directed to be wound up is a housing society, its assets, both movable and immovable, shall for the purposes of winding up or dissolution of the society jointly vest, subject to all rights and equities, in three persons of whom one shall be nominated by the Registrar, one shall be nominated by the said society in a general meeting specifically called for the purpose and one shall be nominated by the Provincial Co-operative Institute. Such persons shall, for the purpose of winding up or dissolution of the society be Joint Liquidators and shall have all the powers of a liquidator under this Act. They may, with the sanction of the Registrar, continue the working of the society, or may, subject to his sanction and in consultation with the members of the society in a general meeting, reconstruct the society or may sell off the premises of the society to the best advantage of all interests concerned, and when all the liabilities of the society are met, may dispose of the surplus assets of the society, if any, as provided in section 52.

54. **Arbitration.**— If any dispute touching the business of a society (other than a dispute regarding disciplinary action taken by the society or its committee against a paid servant of the society) arises—

(a) between members or past members of the society or persons claiming through a member or past member, or
(b) between members or past members or persons so claiming and any past or present officer, agent or servant of the society, or
(c) between the society or its committee, and any past or present member of the society, or
(d) between the society or its committee, and any past or present officer, agent or servant of the society, or a surety of such officer, agent or servant, whether such surety is or is not a member of the society, or
(e) between a financing bank authorised under sub-section (1) of section 34 and a person who is not a member of a society,

it shall be referred to the Registrar for decision by himself or his nominee, or if either of the parties so desires, to arbitration of three arbitrators who shall be the Registrar or his nominee and two persons of whom one shall be nominated by each of the parties concerned.]

A dispute shall include the question whether a person is or was a member of a society and also claims by a society for debts or demands due to it from a member, past
member or non-member] or the heirs or assets of a past member [or non-member] whether such debts or demands be admitted or not:

Provided that if the question at issue between a society and a claimant, or between different claimants, is one involving complicated questions of law and fact, the Registrar may, if he thinks fit, suspend proceeding, in the matter until the question has been tried by a regular suit instituted by one of the parties or by the society. If no such suit is instituted within six months of the Registrar’s order suspending proceedings, the Registrar shall take action as laid down in paragraph 1 of this section.

179[125][54-A. Registrar’s power to set aside the award and order the dispute to be referred back to arbitration.—] 180[126][1] In the case of any award made by the arbitrators under section 54, the Registrar, if he is not one of such arbitrators, may of his own motion or on the application of any of the parties to the award, by an order in writing recording reasons therefore,—

(a) modify or correct the award (i) where it appears that a part of the award is upon a matter not referred to arbitration and such part can be separated from the other part and does not affect the decision on the matter referred; or (ii) Where the award is imperfect in form or contains any obvious error which can be amended without affecting such decision; or (iii) where the award contains a clerical mistake or an error arising from an accidental slip or omission; or

(b) remit the award or any matter referred to arbitration to the arbitrators for reconsideration—

(i) where the award has left undetermined any of the matters referred to arbitration or where it determines any matter not referred to arbitration and such matter cannot be separated without affecting the determination of the matters referred, or

(ii) where the award is so indefinite as to be incapable of execution, or

(c) set aside the award and order that the dispute shall be referred to arbitration in the manner provided in the said section:

Provided that no order referred to in clauses (a) to (c) shall be made after the issue of a certificate under section 59 for the execution of the award:

Provided further that no order under clause (c) shall be made unless the Registrar is of opinion that—

(i) an objection to the legality of the award is apparent on the face of it, or

(ii) the award has been vitiated in consequence of corruption or misconduct on the part of the arbitrators, or

(iii) the award is in any way perverse.]

(2) In making an order under 181[127][clause (c) of] sub-section (1), the Registrar may direct that all or any of the arbitrators who made the award shall not act again as arbitrators for deciding the dispute.

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(3) Where a dispute is referred back to arbitration under clause (c) of sub-section (1), the arbitrators shall make a fresh award within such time as may be fixed by the Registrar. If the arbitrators fail to make a fresh award within the time so fixed, the Registrar or his nominee shall decide the dispute.

55. Attachment before award.— Where a dispute has been referred to the Registrar under section 54 or to arbitration under clause (g) of section 50, the Registrar or his nominee or the arbitrators, as the case may be, if satisfied on inquiry or otherwise, that a party to such arbitration with intent to delay or obstruct the execution of any award that may be made,—

(a) is about to dispose of the whole or any part of his property, or
(b) is about to remove the whole or any part of his property from the jurisdiction of the Registrar,

may unless adequate security is furnished direct the conditional attachment of the said property; and such attachment shall have the same effect as if made by a competent Civil Court.

56. Appeal against award of arbitrator.— Any party aggrieved by any decision of the Registrar’s nominee made under section 54 or sub-section (3) of section 54-A or an order passed under section 55 by the Registrar’s nominee or arbitrators may within one month of the date of the award or order appeal to the Registrar and the Registrar shall decide the appeal.

57. Finality of awards in certain orders.— The award of arbitrators or a decision by the Registrar or his nominee under section 54 or section 54-A or an order passed in appeal by the Registrar under section 56 shall, subject to the provisions of sections 64 and 64-A, be final and conclusive and shall not be liable to be called in question in any civil or revenue court.

58. Powers to enforce attendance.— Wherever in this Act it is provided that the Registrar or person duly authorized by general or special order in writing by the Registrar in this behalf shall hold an inquiry under section 43 or shall make an inspection under section 44 or shall wind up a society or shall arbitrate, such Registrar, or person authorized, as the case may be, shall have the power to summon and enforce the attendance of witnesses including the parties interested or any of them and to compel them to give evidence, and to compel the production of documents by the same means and as far as possible in the same manner as is provided in the case of a civil court by the Code of Civil Procedure, 1908.

59. Money how recovered.— (1) Every order passed by a liquidator under section 50, or by the Registrar under section 50-A, or by the Registrar or his nominee or arbitrators on disputes referred to him or them under clause (g) of section 50 or under section 54 or under sub-section (3) of section 54-A, every order passed in appeal, under section 56, every order passed by the
Provincial Government in appeal against orders under sections 50, 50-A, 54 or sub-section (3) of section 54-A and every order passed under section 64-A shall, if not carried out, on a certificate signed by the Registrar or a liquidator, be deemed to be a decree of a Civil Court and shall be executed in the same manner as a decree of such court; or

be executed according to the law for the time being in force for the recovery of arrears of land revenue; provided that any application for recovery of the amount in such a manner shall be made to the Collector and shall be accompanied by a certificate signed by the Registrar or by an officer subordinate to the Registrar to whom the said power has been delegated by the Registrar.

Powers of Registrar to recover certain sums by attachment and sale of property.— The Registrar or any person subordinate to him empowered by the Registrar in this behalf may, subject to such rules as may be prescribed by the Provincial Government and without prejudice to any other mode of recovery provided by or under this Act, recover by exercising powers of the Collector under the Sind Land Revenue Code, 1879 or the relevant provisions of any other law relating to land revenue in force in the area, and the Rules thereunder—

(a) any amount due under a decree or order of a Civil Court, a decision or an award of the Registrar, obtained by a registered society including a financing bank or liquidator; or
(b) any sum awarded by way of costs under sections 44-B and 45; or
(c) damages assessed in sections 22-A and 50-A; or
(d) penalty provided for in sections 61 and 62; or
(e) sums due to Government under section 65, together with the interest, if any, due on such amount or sum and the cost of process, by the attachment and sale or by the sale without attachment of property of the person against whom such decree, decision, award or order has been obtained or passed.

Registrar or person empowered by him to be a Civil Court for certain purposes.— The Registrar or any person empowered by him in that behalf shall be deemed when exercising any powers under this Act for the recovery of any amount by the attachment and sale or by the sale without attachment of any property, or when passing any orders on any application made to him for such recovery or to take some step-in-aid of such recovery to be a Civil Court for the purposes of Article 182 of the First Schedule to the Limitation Act, 1908.
The Government or the Registrar may, on an application, direct that an order or award, passed under this Act, shall be executed in accordance with the provisions of the Civil Procedure Code, 1908 (Act V of 1908) or any other law for the time being in force.

(5) The Registrar or any other officer subordinate to him, duly authorized by the Government to execute the orders or the awards, shall be deemed to be a civil court and shall have the powers vested in an executing court under the Civil Procedure Code 1908 (Act V of 1908).

Transfer of property which cannot be sold.— (1) When in execution of an order sought to be executed under section 59, any property cannot be sold for want of buyers, if such property is in the occupancy of the defaulter or of some person on his behalf or of some person claiming under a title created by the defaulter subsequently to the issue of the certificate of the Registrar, Liquidator or Assistant Registrar under clause (a) or (b) of sub-section (1), the Court or the Collector, as the case may be, with the previous consent of the Registrar, direct that the said property or any portion thereof shall be transferred to the society which has applied for the execution of the said order and that the said property or the portion shall be delivered to the society in the prescribed manner.

(2) Subject to such rules as may be made in this behalf and to any right, encumbrances, charges or equities lawfully subsisting in favour of any other person, such property or portion thereof shall be held by the said society on such terms and conditions as may be agreed upon between the Court or the Collector, as the case may be, and the said society:

Provided that any private transfer or delivery of or encumbrance or charge on the property made or created after the issue of the certificate of the Registrar, Liquidator or Assistant Registrar, as the case may be, under section 59 shall be null and void as against the said society.

CHAPTER VIII-A
DISTRAINT

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

(a) “Collector” includes an officer appointed by the Provincial Government to discharge any of the functions of the Collector under this Chapter;

(b) “defaulter” means a person (including his legal representatives if he is dead) from whom any such debt or outstanding demand as is referred to in section 59-C is recoverable;

(c) words and expressions used herein and not herebefore defined shall have the meanings respectively assigned to them by the [Sind] Land Revenue Code, 1879 [or any other law relating to land revenue in force in the area].
59-C. Cases in which application for distress may be made.— Where any debt or outstanding demand is due to a society from any member or past member or is due to a society which is authorised by the Registrar under sub-section (1) of section 34 to make loan to non-members, from any person who is not a member of a society, the society may, in addition to any other remedy to which it is entitled by law, present an application to the Registrar requesting him to recover the debt or outstanding demand by distressing, while in the possession of the defaulter any crop or other produce belonging to him, whether the same is growing or is ungathered or has been reaped or gathered.

59-D. Form of application.— (1) Every application under the last foregoing section shall specify—

(a) particulars of the land on which the crop or produce is or has been grown;
(b) the name of the defaulter;
(c) a detailed account of the debts and outstanding demands due to the society;
(d) the nature and approximate value of the crop or produce to be distressed;
(e) if the crop of produce is growing or is ungathered, the time at which it is likely to be fit to be reaped or gathered; and
(f) if the crop or produce has been reaped or gathered, the place where it is kept or such other particulars as may suffice for its identification.

(2) The application shall be signed and verified in the manner prescribed by the Code of Civil Procedure, 1908, for the signing and verification of plaints.

59-E. Procedure on receipt of application.— (1) A society shall at the time of making an application under section 59-C, file before the Registrar such documentary evidence, if any, as it may consider necessary for the purpose of proving the statements made in the application.

(2) The Registrar may, after taking such evidence as he thinks fit, admit the application or reject it:

Provided that the person against whom the application is made shall be given a reasonable opportunity of being heard.

(3) Where the Registrar does not at once admit or reject the application, he may make an order prohibiting removal of the crop or other produce specified in the application, pending a final decision on the application.

(4) Where an order for distressing any crop or produce is made under this section a considerable time before the crop or produce is likely to be fit to be reaped or gathered, the Registrar may suspend the execution of the order for such time as he thinks fit and may make a further order prohibiting the removal of such crop or produce pending the execution of the order of distress.

(5) An order under sub-section (3) or sub-section (4) shall be served and published in such manner as may be prescribed by rules.

(6) Any person who shall disobey any order made under sub-section (4) prohibiting the removal of any crop or produce pending the execution of the order of distress, after the same has been published or served upon him, or who shall, within the meaning of the Penal Code, abet the disobedience of any such order, shall be liable, on conviction after a summary enquiry by the Collector, to a fine not exceeding double the amount due to the
society for the recovery of which it is proposed to make the distrain. Such fine shall be
recovered as an arrear of land revenue.

59-F. Execution of order for distrain.— (1) If the application is admitted under the last
foregoing section and an order for distraining any crop or produce is made, the Registrar shall
send to the Collector for execution a copy of the order together with such particulars as may be
prescribed by rules.

(2) Upon receipt of a copy of the order referred to in sub-section (1) the Collector shall
depute an officer to distrain the crop or produce specified therein or such portion thereof as
the Collector thinks fit and the officer so deputed shall at once proceed to the place where the
crop or produce is or is kept, and distrain the same by taking charge of it himself or by placing it
in the charge of some other person appointed by him in this behalf. The distraining officer shall
publish a notification of the distrain in the manner prescribed by rules.

(3) Any crop or produce which from its nature does not admit of being stored shall not be
distrained at any time less than twenty days before the time at which it is likely to be fit to be
reaped or gathered.

59-G. Service of notice of demand and the grounds of distrain.— (1) The distraining officer
shall, at the time of making the distrain serve on the defaulter—
(a) a notice of demand for the amount due and the costs incurred in making the
distrain (herein after called the demand amount); and
(b) a statement of the grounds on which the distrain is made.

(2) The notice of demand and the statement shall be served in such manner as may be
prescribed by rules.

59-H. Right to reap, etc., produce.— (1) Subject to such conditions as the Collector may impose in
this behalf either in the order of distrain or in any subsequent order, the defaulter may tend, reap,
gather or store the crop or produce and do any other act necessary for maturing or preserving it;
and if the defaulter fails to do all or any of such acts, the distraining officer may appoint a person to
do all or any of them, and the costs incurred by the distraining officer for this purpose shall be
recoverable from the defaulter as if they were included in the costs of distrain.

(2) The crop or produce reaped or gathered by defaulter shall remain in charge of the
distraining officer or some other person appointed by him in this behalf.

59-I. Sale proclamation to be issued unless demand is satisfied.— (1) Unless the demand
amount is immediately paid, the distraining officer shall issue a proclamation in [the local
language of the area] of the intended sale specifying the particulars of the property distrained
and the demand amount for which it is distrained and shall further notify that he will, at a place
and on a day specified, not being less than three or more than seven days from the date of the
distrain, sell the distrained property by public auction:

Provided that when the crop or other produce distrained is capable of being stored but
has not been stored, the day of the sale shall be so fixed as to allow of its being stored before
the sale.

(2) Such proclamation shall be made by beat of drum in the village in which the distrained
property was seized and a copy of the proclamation shall be affixed in some public place in the
village and in the Mukhtiarkar’s office.
59.J. **Place of sale.**— The sale shall be held—

(a) in the case of a growing crop on or near the land on which such crop has been grown, or

(b) if the crop or produce has been reaped or gathered, at or near the place where it is kept:

Provided that the distraining officer may direct the sale to be held at the nearest place of public resort, if he is of opinion that the crop or produce is thereby likely to sell to greater advantage.

59.K. **Provisions relating to growing crops.**— (1) Where the crop is growing one and from its nature admits of being stored, the sale shall not be held until the crop is reaped or gathered and is ready for storing.

(2) Where the crop from its nature does not admit of being stored, it may be sold before it is reaped or gathered, and the purchaser shall be entitled to enter on the land by himself or by any other person appointed by him in this behalf and to do all acts necessary for the purpose of tending, reaping or gathering the crop.

59.L. **Manner of sale.**— The distrained property shall be sold by public auction in one or more lots as the officer holding the sale may determine; and if the demand amount is realised by the sale of a portion of the property, the order of distraint shall not be executed with respect to the remainder.

59.M. **Postponement of sale.**— If, on the distrained property being put up for sale, a fair price, in the opinion of the officer holding the sale, is not offered for it, and if the owner of the property or a person authorised to act on his behalf applies to have the sale postponed to the next day, the sale shall be postponed until that date and shall then be completed whatever may be the price offered for the property.

59.N. **Payment of purchase money.**— (1) The price of each lot shall be paid at the time of sale or as soon thereafter as the officer holding the sale directs, and in default of such payment the property shall forthwith be resold.

(2) Any deficiency of price which may happen on a resale by reason of the purchaser’s default, and all expenses attending such resale, shall be certified to the Collector by the officer holding the sale, and shall, at the instance of the society or the defaulter, be recoverable from the defaulting purchaser as if they were an arrear of land revenue.

59.O. **Certificate be given to the purchaser.**— When the purchase money has been paid in full the officer holding the sale shall grant a receipt for the same and the sale shall become absolute as against all persons whomsoever.

59.P. **Proceeds of sale how to be applied.**— (1) When any property is sold under this Chapter the proceeds of the sale shall be applied to defraying the costs of distraint and sale and to the payment of the amount for which the distraint was made and the surplus, if any, shall be paid to the person whose property has been sold.

(2) The costs of distraint and sale shall be estimated at such rates as may, from time to time, be sanctioned by Executive District Officer (Revenue) or any other officer authorized by the Government in this behalf.
59.Q. **Certain persons may not purchase.**— No officer or other person having any duty to perform in connection with any distrain or sale made under this Chapter and no officer or servant of any society shall, either directly or indirectly, acquire or attempt to acquire any interest in the property sold.

59.R. **Procedure where demand is paid before the sale.**— (1) If at any time after a distrain has been made under this Chapter and before the sale of the distrained property, the defaulter or any other person deposits with the Collector or with the distraining officer the demand amount together with such costs as may have been incurred after the service of the notice of demand, the order of distrain shall not be executed.

(2) When the distraining officer receives the deposit, he shall forthwith remit it to the Collector.

(3) After the expiration of one month from the date on which the deposit is made under sub-section (1), the Collector shall pay to the society which applied for distrain the amount due to it;

Provided that, if before the expiry of the said period the Collector receives notice of any suit in which the legality of the distrain order is questioned or compensation is claimed for illegal distrain, he shall withhold payment to the society and shall deal with the money in accordance with such decree [207][153] or order as may be passed in the suit.

59.S. **Distain of property which is under attachment.**— Where an order of distrain issued under this Chapter and an order made by a Civil Court for attachment or sale relate to the same property, the order of distrain shall prevail; but if the property is sold under the order of distrain the surplus proceeds of the sale shall not be paid under section 59-P to the owner of the property without the sanction of the court by which the order of attachment or sale was made.

59-T. **Suit for compensation for wrongful distrain and appeals.**— No appeal shall lie against an order made by the Registrar or the Collector under this Chapter; but a person whose property is distrained on an application made under section 59-C may institute a suit against the applicant for recovery of compensation if such an application is not competent under that section.

59.U. **Savings.**— Nothing contained in this Chapter shall affect the operation of the provisions of [208][154] [the Punjab Land Revenue Act, 1967 (W.P. Act XVII of 1967)] in so far as they give priority to claims of the Provincial Government to any moneys recoverable under the provisions of that Chapter over any other debt, demand or claim.

209[155][CHAPTER IX

OFFENCES]

60. **Offences.**— It shall be an offence under this Act if—

(a) **Default by a society, officer or member**— a society with a working capital of Rs.50,000 or more or an officer or member thereof fails without any reasonable excuse to give any notice, send any return or document, do or allow to be done
anything which the society, officer or member is by this Act \(210^{[156]}\) or rules made thereunder required to give, send, do or allow to be done; or

(b) **Wilful neglect or default by a society, etc.**— a society or an officer or a member thereof wilfully neglects or refuses to do any act or to furnish any information required for the purposes of this Act \(211^{[157]}\) or rules made thereunder] by the Registrar or other person duly authorised by him in writing in this behalf; or

(c) **Wilful furnishing of false information**— a society or an officer or member thereof wilfully makes a false return or furnishes false information; or

(d) **Disobedience of summons, requisition, or order**— any person wilfully or without any reasonable excuse disobeys any summons, requisition or lawful written order issued under the provisions of this Act \(212^{[158]}\) or rules made thereunder] or does not furnish any information lawfully required from him by a person authorized to do so under the provisions of this Act \(213^{[159]}\) or rules made thereunder] \(214^{[160]}\); or

215\[161]\](e) **Indulgence in fraudulent activities**— a member of a society indulges in fraudulent or corrupt activities concerning the management or business of the society, or indulges in any illegal or corrupt practices, as defined in the Punjab Local Government Ordinance, 2001 (XIII of 2001), in the conduct of elections of the managing committee of the society; or

(f) **Performing acts without approval**— an officer, an employee of a society or a member of the managing committee of the society performs any act without prior approval of the Registrar or of the general body of the society where such prior approval is required by law; or

(g) **Making a false report or refusing to do an act**— an officer or a member of the internal audit committee of a society refuses or neglects to do an act which he is required by law to do or makes a false report; or

(h) **Violation of the master plan**— a member of the managing committee of a cooperative housing society commits this violation or breach of an approved master plan.

61. **Penalty for offences not otherwise provided for.**— Every society, officer or member of a society or other person guilty of an offence under this Act for which no penalty is expressly provided herein shall be liable to a fine not exceeding \(216^{[162]}\) fifty thousand rupees.

62. **Prohibition of the use of the word “co-operative”**— (1) No person other than a registered society shall without the sanction of \(217^{[163]}\) the Provincial Government, trade or carry on business under any name or title of which the word “co-operative” or its vernacular equivalent forms part:
Provided that nothing in this section shall apply to the use by any person or his successor in interest of any name or title under which he traded or carried on business at the date on which this Act comes into operation.

(2) Whoever contravenes the provisions of this section shall be punishable with fine which may extend to \textsuperscript{218}[\textsuperscript{164}]\textsuperscript{104}fifty thousand\textsuperscript{104}rupees and in the case of a continuing offence with further fine of \textsuperscript{219}[\textsuperscript{165}]\textsuperscript{105}five hundred\textsuperscript{105}rupees for each day on which the offence is continued after conviction therefor.

\textsuperscript{220}[\textsuperscript{166}]\textbf{\[62.A.\] Penalty.}– (1) Whoever contravenes the provisions of sub-section (3) of section 44-C or any direction given by the Registrar under section 44-D shall be guilty of an offence punishable with imprisonment of either description for a term which may extend to six months or with fine or with both.

(2) Whoever contravenes an order passed under section 44-E shall be guilty of an offence which shall be punished with imprisonment for a term which may extend to three years but which shall not be less than six months and shall also be liable to be punished with fine).

\textsuperscript{221}[\textsuperscript{167}]\textbf{\[63.\] Cognizance of offences.}– No court shall take cognizance of any offence punishable under this Act except on a complaint in writing made by the Registrar or by a person duly authorised, for the purpose, by him:

Provided that cognizance of an offence under sub-section (2) of section 62-A may be taken even otherwise than on such complaint.]

\textsuperscript{222}[\textsuperscript{168}]\textbf{\[CHAPTER X \nameref{chapterx}.\] APPEALS AND REVISIONS\textsuperscript{[\textsuperscript{170}]}}

\textsuperscript{64.\ }\textbf{Appeal.}– An appeal against an order or decision of or sanctioned by the Registrar under Section 10, 16, 45, 47, 50, 50-A, \textsuperscript{223}[\textsuperscript{169}]\textsuperscript{171}54 or sub-section (3) of section 54-A\textsuperscript{[\textsuperscript{171}]}\textsuperscript{108}may be made by any party aggrieved or affected by the order or decision to \textsuperscript{224}[\textsuperscript{170}]\textsuperscript{172}\textsuperscript{the Provincial Government\textsuperscript{[\textsuperscript{172}]}}\textsuperscript{109}within two months of the date of the communication of the order.

\textsuperscript{64.A.\ }\textbf{Power of Provincial Government and the Registrar to call for proceedings of subordinate officers and to pass orders thereon.}– \textsuperscript{225}[\textsuperscript{171}]\textsuperscript{[\textsuperscript{172}]\textsuperscript{\textsuperscript{[\textsuperscript{173}]}}\textsuperscript{109}The Provincial Government\textsuperscript{[\textsuperscript{173}]}}\textsuperscript{109}and the Registrar may call for and examine the record of any inquiry or the proceedings of any officer subordinate to them for the purpose of satisfying themselves as to the legality or propriety of any decision or order passed and as to the regularity of the proceedings of such officer. If in any case, it shall appear to \textsuperscript{226}[\textsuperscript{174}]\textsuperscript{the Provincial Government\textsuperscript{[\textsuperscript{174}]}}\textsuperscript{109}or the Registrar that any decision or order or proceedings so called for
should be modified, annulled or reversed, \(^{227}\)\(^{[177]}\)[the Provincial Government] or the Registrar, as the case may be, may pass such order thereon as to it or him may seem fit.

\(^{228}\)\(^{[176]}\)[64.AA. **Finality of orders of Provincial Government.**— An order passed in appeal under section 64 or in revision under section 64-A by the Provincial Government shall be final and conclusive and shall not be liable to be called in question in any civil or revenue court.]

\(^{229}\)\(^{[176]}\)[**CHAPTER XI**

**MISCELLANEOUS**]

65. **Recovery of sums due to Government.**— (1) All sums due from a society or from an officer or member or past member of a society as such to \(^{230}\)\(^{[176]}\)[Government], may be recovered according to the law and under the rules for the time being in force for the recovery of arrears of land revenue.

(2) Sums due from a society to \(^{231}\)\(^{[177]}\)[Government] and recoverable under sub-section (1) may be recovered, firstly from the property of the society; secondly, in the case of a society of which the liability of the members is limited, from the members or past members subject to the limit of their liability; and, thirdly, in the case of other societies, from the members or past members.

(3) The liability of past members shall in all cases by subject to the provisions of section 28. \(^{232}\)\(^{[178]}\)[65.A.  (1) A member of a society may execute an agreement in favour of the society providing that his employer shall be competent to deduct every month from the salary or wages payable to him by the employer such amount not exceeding the amount prescribed by rules, as may be specified in the application and pay the amount so deducted to the society in satisfaction of any debt or other demand owing by the member to the society.

(2) On the execution of such agreement the employer shall, if so required by the society and so long as such debt or demand or any part of it remains unpaid, make the deduction in accordance with the agreement and pay the amount so deducted to the society.

(3) The provisions of this section shall also apply to all such agreements of the nature referred to in sub-section (1) as were in force on the date of the commencement of the \(^{233}\)\(^{[179]}\)[Sind] Co-operative Societies \(^{234}\)\(^{[180]}\)[* * *] (Second Amendment) Act, 1940, but nothing herein contained shall be deemed to authorise the deduction, under any such agreement, of any amount in excess of that prescribed by the rules.

\(^{235}\)\(^{[181]}\)[(4) Nothing contained in this section shall apply to persons employed in mines of nuclear fuels, mineral oils and natural gas.]
Officers of societies to be public servants. — Every officer of a society, including a Co-operative bank, shall be deemed to be a public servant within the meaning of section 21 of the Pakistan Penal Code.

Power to exempt societies from conditions as to registration. — Notwithstanding anything contained in this Act, the Provincial Government may, by special order in each case and subject to such conditions, if any, as it may impose, exempt any society from any of the requirements of this Act as to registration.

Powers to exempt societies from provisions of Act. — The Provincial Government may, by general or special order to be published in the Official Gazette, exempt any society or class of societies from any of the provisions of this Act, or may direct that such provisions shall apply to such society or class of societies with such modifications as may be specified in the order; provided that no order to the prejudice of any society shall be passed without an opportunity being given to such society to represent its case.

Companies Act not to apply. — The provisions of the Companies Act of 1913, shall not apply to societies registered under this Act.

Branches, etc., of societies outside the province. — Every co-operative society registered outside the [Province of West Pakistan], which has or establishes a branch or place of business in the [Province of West Pakistan] shall within six months from the commencement of this Act or from the establishment of such branch or place of business, file with the Registrar a certified copy of the by-laws and amendments and, if these are not written in the English language, a certified translation in English thereof, and shall submit to the Registrar such returns and information as are submitted by similar societies in the [Province of West Pakistan] in addition to those submitted to the Registrar of the province where it is registered.

Notice necessary in suits. — No suit shall be instituted against a society or any of its officers in respect of any Act touching the business of the society until the expiration of two months next after notice in writing has been delivered to the Registrar, or left at his office, stating the cause of action, the name, description and place of residence of the plaintiff and the relief which he claims; and the plaint shall contain a statement that such notice has been so delivered or left.

Bar of Jurisdiction. — (1) Notwithstanding anything provided in any other law for the time being in force, but save as expressly provided in this Act—
(a) no Court or other authority whatsoever shall have jurisdiction to entertain, or to adjudicate upon, any matter which the Provincial Government, the Registrar or his nominee, any arbitrator or liquidator, a society, a financing bank, a Co-operative bank or any other person is empowered by or under this Act, or the rules or by-laws framed thereunder, to dispose of or to determine;

(b) the validity of anything done or an order passed by the Provincial Government, a society, a financing bank, a Co-operative bank, the Registrar or any other person referred to in clause (a), under this Act or the rules and by-laws framed thereunder, shall not be called in question in any manner whatever before or by any Court or other authority whatsoever; and

(c) no Court or other authority whatsoever shall be competent to grant any injunction or pass any other order in relation to any proceedings under this Act or any rules or by-laws framed thereunder before the Provincial Government, a society, a financing bank, a Co-operative bank, the Registrar or any other person referred to in clause (a).

(2) The provisions of sub-section (1) shall be applicable to proceedings, appeals and revisions pending adjudication or disposal before or in any Court or other authority whatsoever on the date that the Co-operative Societies (Amendment) Ordinance, 1966, comes into force, and any order passed in such proceedings, whether before or after the coming into force of the said Ordinance, in regard to matters referred to in sub-section (1), shall stand vacated and be without any force.]

71. Rules.—(1) [The Provincial Government] may, for the whole or any part of the Province and for any society or class of societies, make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power such rules may—

(a) subject to the provisions of section 6, prescribe the maximum number of shares or portion of the capital of a society which may be held by a member;

(b) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of a society and the procedure in the matter of such applications;

(c) prescribe the matters in respect of which a society may or shall make by-laws and the procedure to be followed in making, altering and abrogating by-laws and the conditions to be satisfied prior to such making, alteration or abrogation;

(d) prescribe the conditions to be complied with by persons applying for admission or admitted as members and provide for the election and admission of members and the payment to be made and the interests to be acquired before the exercise of the right of membership;

(e) provide for ascertaining the value of a deceased member’s share or interest;

(f) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings;

(g) provide for the appointment, suspension and removal of the members of the committee and other officers and for the procedure at meetings of the
committee and for the powers to be exercised and the duties to be performed by the committee and other officers;

provide, where all the members of the committee have been suspended or removed, for the appointment of a person to administer the affairs of the society and for the powers to be exercised and the duties to be performed by such person;

(h) prescribe the accounts and the books to be kept by a society and provide for the audit of such accounts, and the charges, if any, to be made for such audit, and for the periodical publication of a balance sheet showing the assets and liabilities of a society;

(i) prescribe the returns to be submitted by a society to the Registrar and provide for the persons by whom and the form in which such returns shall be submitted;

(j) provide for the persons by whom and the form in which copies of documents or entries in books of societies may be certified, and for the charges to be levied for the supply of such copies;

(k) provide for the formation and maintenance of a register of members, and where the liability of the members is limited by shares, of a register of shares;

(l) prescribe the payments to be made and the conditions to be complied with by members applying for loans, and the period for which loans may be made, and the amount which may be lent to an individual member;

(m) prescribe the conditions, prohibitions and restrictions subject to which a society may—

(i) transact business with persons who are not members; or

(ii) make loans against the security of movable property];

(n) provide for the formation and maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of a society;

(o) prescribe the extent to which a society may limit the number of its members;

(p) prescribe the conditions under which profits may be distributed to the members of a society and the maximum rate of dividend which may be paid by societies;

(q) Prescribe the procedure to be followed in presenting and disposing of appeals;

(r) provide for securing that the share capital of any society shall be variable in such a way as may be necessary to secure that shares shall not appreciate in value and that necessary capital shall be available for the society as required;

(s) Provide that persons qualified under the by-laws of a society shall not be excluded from membership without due cause;

(t) prescribe the procedure to be followed by a liquidator appointed under section 47;

(u) prescribe the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before the Registrar or such arbitrator or arbitrators and for fixing and levying the expenses of determining the dispute;
(v) provide for the issue and service of processes and for proof of service thereof;
(w) provide for the writing off of bad debts;
(x) regulate the manner in which funds may be raised by means of shares or debentures
participation term certificates, term finance certificates, musharika certificates, modaraba certificates, and such other instruments as may be approved by the State Bank of Pakistan, or otherwise;
(y) provide for the withdrawal and expulsion of members and for the payments to be made to them and for the liabilities of past members;
(z) provide for the nomination of a person to whom the interest of a deceased member may be paid or transferred;
(aa) prescribe the cases in which an appeal shall lie from the order of a liquidator appointed under section 47;
(bb) provide for the inspection of documents in the Registrar’s office and the levy of fees for granting certified copies of the same;
(cc) prescribe the procedure to be followed for the custody of property attached under section 55;
(cca) prescribe the manner in which an order under sub-section (3) or sub-section (4) of section 59-E or a notice of demand shall be served or published;
(ccb) prescribe the particulars to be supplied to the Collector under sub-section (1) of section 59-F;
(ccc) prescribe the manner in which a notification of distress should be published under sub-section (2) of section 59-F;
(dd) provide for the payment of contributions at such rates and subject to such conditions as may from time to time be prescribed by co-operative societies to any provident fund which may be established for the benefit of officers and servants employed by them;[213][99][** **]
(ee) prescribe the period and terms under which Government aid may be given to co-operative societies and the terms under which [the Provincial Government] may guarantee the payment of [the principal of and] interest [or return] on [instruments referred to in clause (x) of this sub-section] issued by registered societies;
(ff) prescribing the manner in which any property shall be delivered to, and the terms and conditions subject to which such property shall be held by, a society under section 59-A [205][206][;]
Provide that the contravention of any rule or order issued thereunder shall be punishable with fine not exceeding rupees [(five thousands)] [(two to] (3) The Provincial Government may, subject to such conditions, if any, as it thinks fit, delegate all or any of its powers to make rules under this section to any authority specified in the order of delegation.

(4) The power to make rules conferred by this section is subject to the condition of the rules being made after previous publication.

Repeal and savings.— (1) The following enactments are hereby repealed:

(a) the Co-operative Societies Act, 1912; and
(b) the Bombay Co-operative Societies Act, 1925,[213], as applicable to the District of Karachi.

(2) Every society now existing which has been registered under the Co-operative Societies Act, 1904,[214], or under the Co-operative Societies Act, 1912,[215], shall be deemed to be registered under this Act, and its by-laws shall, so far as the same are not inconsistent with the express provisions of this Act, continue in force until altered or rescinded.

(3) All rules, regulations, notifications and orders made or issued under this Act and in force at the time of the commencement of the Sind Co-operative Societies (West Pakistan Amendment) Ordinance, 1965,[216], shall, so far as may be, extend and apply, until altered, amended or rescinded by competent authority to the areas to which this Act has been extended by the Sind Co-operative Societies (West Pakistan Amendment) Ordinance, 1965.[217].

(4) The repeal of the Acts specified in sub-section (1) hereinafter referred to as the repealed Acts, shall not—

(a) revive anything not in force or existing at the time at which the repeal takes effect; or
(b) affect the previous operation of the repealed Acts or anything duly done or suffered thereunder; or
(c) affect any right, privilege, obligation or liability acquired, accrued or incurred under the repealed Acts; or
(d) affect any penalty, forfeiture or punishment incurred in respect of any offence committed against any repealed Act; or

(e) affect any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture, or punishment as aforesaid, and any such investigation, legal proceeding or remedy may be instituted, continued, or enforced, and any such penalty or forfeiture or punishment may be imposed as if this Act had not been passed.

(5) Any person who immediately before the coming into force of the Sind Co-operative Societies (West Pakistan Amendment) Ordinance, 1965, was appointed as, or was exercising the powers of, a Registrar, Liquidator, Registrar’s nominee or any other authority, under any repealed Act, shall be deemed to have been so appointed under this Act, and shall continue to exercise the powers of the Registrar, Liquidator, Registrar’s nominee, or other corresponding authority, as the case may be, under this Act, until such appointment is rescinded by the competent authority under this Act.]

279[72.A. Construction of references to Co-operative Societies Act, 1912, in enactments.— All references to the Co-operative Societies Act, 1912, occurring in any enactment made by any authority in [Pakistan] and for the time being in force in the Province of West Pakistan shall, in the application, to the [said Province], of any such enactment, be read and construed as references to this Act and anything done or any proceeding commenced in pursuance of any such enactment on or after the date on which this Act shall have come into operation shall be deemed to have been done or to have been commenced and to have had effect as if the reference in such enactment to the Co-operative Societies Act, 1912, had been the reference to this Act, and no such thing or proceeding shall be deemed to have been invalid on the ground that such enactment did not refer to this Act.]

72.B. [Validity of transfer made under section 59 (2) of Sindh V of 1925]. Repealed by the Sindh Laws (Adaptation, Revision, Repeal and Declaration) Ordinance, 1955 (Sind Ordinance V of 1955), section 6, Schedule II.

73. [Repeal]. Repealed by the Sindh Laws (Adaptation, Revision, Repeal and Declaration) Ordinance, 1955 (Sind Ordinance V of 1955), s.6. Schedule II.

SCHEDULE

Repealed by the Sindh Laws (Adaptation, Revision, Repeal and Declaration) Ordinance, 1955 (Sind Ordinance V of 1955), section 6. Schedule II.
RSPs Mission Statement

The RSPs aim to reduce poverty and improve the quality of life of the rural poor by harnessing the potential of people to manage their own development, through their own institutions.
RSPN Mission Statement

A prosperous Pakistan where people - especially the poor and women - are provided with equal livelihood opportunities and are not socially and economically excluded.

RSPN
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