

Memorandum of Agreement (MOA)
Between
Cooperative Societies Department Khyber Pakhtunkhwa
And
Khyber Pakhtunkhwa Rural Economic Transformation Project



This Memorandum of Agreement (this MOA) made as on 21 February 2025 at Peshawar, between Khyber Pakhtunkhwa Rural Economic Transformation Project (KP-RETP) (hereinafter referred as the "Project") and Registrar Cooperative Societies, Government of Khyber Pakhtunkhwa, hereinafter referred as the Cooperative Department Khyber Pakhtunkhwa.

Introduction:

The Khyber Pakhtunkhwa Rural Economic Transformation Project (KP-RETP) is a development program of Planning & Development Department Govt. of Khyber Pakhtunkhwa, co-funded by International Fund for Agriculture Development (IFAD) and European Union (EU). The project is a flagship initiative of the Government of Khyber Pakhtunkhwa in partnership with the International Fund for Agriculture Development (IFAD) for the renaissance of the rural economy of all the districts of the province. The project aims to address the main causes of rural poverty and food insecurity i.e. low productivity, inefficient production system, weak linkages to supply chains, youth and women unemployment in rural areas, and limited access to economic services for small land holders.

The project is executed through a Project Management Unit (PMU) and five Regional Coordination Units (RCUs), one in each cluster i.e. Peshawar, DI-Khan, Mansehra, Swat & Chitral.

The Registrar Cooperative Societies, operating under the Livestock and Dairy Development Department, Government of Khyber Pakhtunkhwa provides regulatory oversight for cooperative societies as per the Cooperative Societies Act 1925 and rules 1927. Its responsibilities include registration, monitoring, inspections, audits, enquiries arbitrations recoveries and ensuring compliance with governance requirements such as annual general meetings, election of managing bodies and other regulatory function as defined in the Cooperative Societies Act 1925 and Rules 1927. Additionally, the Department oversees shareholders' interests and has the authority to recover and disburse defaulted funds.

All expenditures under this MOA shall be subject, in all respects, to the compliance with the provisions of Financing Agreement between IFAD and the Government of Pakistan and its General Conditions available at <https://www.ifad.org/en/-/document/general-conditions-for-agricultural-development-financing>. The financing Agreement prohibits any withdrawal from the loan and/or grant account for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of IFAD, is prohibited by

decision of the United Nations Security Council taken under Chapter VII of the charter of the United Nations. No parties other than Government of Pakistan shall derive any rights from the financing agreement or have any claim to financing proceeds.

Purpose and Scope:

This MOA aims to facilitate the registration of Professional Farmers Cooperative Organizations (PFCOs) as village-based Agribusiness Cooperative Societies (VACs) and of Farm Services Centers (FSCs) as Cooperative Societies under the Project.

The Cooperative Department KP will facilitate the Project for the registration of sixty (60) PFCOs and FSCs (the number may be mutually enhanced in case of higher number of PFCOs and FSCs), in KP including Bajaur, Mohmand, Khyber, Orakzai and Kurram.

Duration:

The MOA becomes effective on the date of signing of the MOA by the parties. The duration of this MOA shall be until 30th June 2025.

This MOA will be extended upon mutual agreement of the parties.

Responsibilities of the parties

a. Responsibilities/ Obligations of the Project

1. Coordination and financial support to the Cooperative Department as per the Project's scope to carry out the roles and responsibilities.
2. The Project will scrutinize and process the financial and physical progress and process payment after fulfilling all the codal/financial requirements as per Government's rules.
3. The Project will organize coordination and progress review meetings with the Department.
4. The Project will conduct orientation sessions and provide clarifications as may be needed.

b. Responsibilities/Obligations of the Cooperative Department

1. The Cooperative Department as per its mandate will provide registration support to all PFCOs & FSC throughout the province. All 60 PFCOs and 15 FSCs in aforementioned districts will be registered with the department.
2. The Cooperative Department shall provide support in terms of preparation of bylaws of PFCOs & FSCs established and shall conduct annual general



meetings, elections of the PFCOs & FSCs to update financial and shareholders' data management, records and bookkeeping.

3. The Cooperative Department shall carry out Audit of all PFCOs & FSCs established by and will also extend support/handholding and advisory support to the PFCOs & FSCs during and post audit period.
4. The Cooperative Department will conduct enquiries (if any) in the working and functioning in the PFCOs & FSCs.
5. The Cooperative Department will conduct regular inspections at least one in a quarter in the affairs in working of PFCOs & FSCs.
6. The Cooperative Department will provide capacity building/trainings to the members of the PFCOs & FSCs on functions, working and governance of cooperative society to ensure effective working mechanism of PFCOs & FSCs.
7. Fulfill all legal and codal formalities in the registration process as per legal requirement under the law.
8. Facilitate all Business Mobilization Partners and project teams in the process of registration and compliances.
9. The Registrar Cooperative/or designated focal point will be responsible for the overall progress reporting to project activities and follow up on the MOA.

Budget:

Sr.No	Description of Services	Total Amount (PKR)
1.	<ul style="list-style-type: none">• [60 PFCOs * Rs. 50,000/PFCO]• [15 FSCs* Rs. 100,000/FSC]	3.00 Million 1.5 Million
Grand Total:		4.5 Million

Payment:

1. The first payment, amounting to 70% of the total value of the MOA, will be made upon receipt of a demand from the Cooperative Department.
2. The Project reserves the right to reclaim the amount, which will be reimbursed by the Cooperative Department in the event of failure to register the agreed number of cooperatives.
3. The remaining 30% of the total MOA amount will be paid once the Cooperative Department submits documentation confirming the completion of their responsibilities as outlined above.



4. The Cooperative Department also reserves the right to claim the additional amount in case of additional number of cooperatives registered by the Cooperative Department, subject to extension of this MOA as per the above-mentioned rates.
5. The deliverables for the project are outlined in Annexure A, which shall form an integral part of this MOA.

Standard of Performance:

The Cooperative Department shall perform the services and fulfill its obligations under this MOA with due diligence, efficiency, and economy, in accordance with generally accepted professional standards and practices.

Governing Laws & Rules:

The Cooperative Department shall perform the services in accordance with applicable law and shall take all practicable steps to ensure compliance with the governing laws of Pakistan and IFAD's General Conditions of Financing Agreements referred to in the MOA.

Modification:

Any modification or variation of the terms and conditions of this MOA, including any modification or variation in the scope of services, may only be made by written agreement between the parties.

Force Majeure

For the purposes of this MOA, "force majeure" means an event or condition that (a) is not reasonably foreseeable and is beyond the reasonable control of a party, and is not the result of any acts, omissions or delays of the party relying on such event of force majeure, (or of any third person over whom such party has control, including any sub-consultant), (b) is not an act, event or condition the risks or consequence of which such party has expressly agreed to assume under this contract, (c) could not have been prevented, remedied or cured by such party's reasonable diligence, and (d) makes such party's performance of its obligations under this MOA impossible or so impractical as to be considered impossible under the circumstances.

TERMINATION

This MOA may be terminated by either party upon written notice of 15 days to the other party on acceptable grounds.



Reporting Obligation

The Cooperative Department shall maintain relevant books and records and submit to the client the reports, documents and other information as stipulated in the MOA. The relevant record may be kept for at least five (5) years after the expiry of the MOA.

The following IFAD Policies shall be an integral part of this MoA.

- i. Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations available at www.ifad.org/en/document-detail/asset/40738506
- ii. IFAD policy to preventing and responding to sexual harassment, sexual exploitation and abuse at www.ifad.org/anticorruption_policy.
- iii. Anti-Money Laundering and Countering the Financing of Terrorism available at <https://www.ifad.org/en/document-detail/asset/41942012>.
- iv. The Cooperative Department shall ensure that its activities under the contract comply with IFAD's Social, Environmental and Climate Assessment Procedures (SECAP), as relevant to the activities performed under this Contract. Information on SECAP is available on <https://www.ifad.org/en/secap>
- v. The Cooperative Department shall not employ any child to perform any work that is economically exploitative, or is likely to be hazardous to, or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

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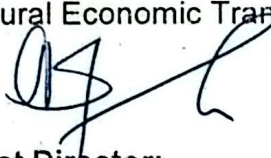
The Parties undertake to act in good faith with respect to each other's rights under this MOA and to adopt all reasonable measures to ensure the realization of the objectives of this MOA.

The addresses for serving notices and the authorized persons for both parties are as follows:

<u>For the Project:</u>	<u>For the Cooperative Department:</u>
Arifullah Awan Project Director, KP-RETP P&D Department, New Building, Room#42, Civil Secretariat, Peshawar Email: arifullah@kpretp.gov.pk Phone: 92- 919217956	Ishaq Wazir, Registrar Cooperative Societies, KP 4 th Floor, Benevolent Fund Building Peshawar Cantt. rsc.kpkpeshawar@gmail.com 92-919211912,9211919

For and on behalf

KP- Rural Economic Transformation Project



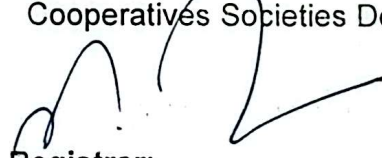
Project Director:

KP- Rural Economic Transformation Project

Date:

For and on behalf of

Cooperatives Societies Department



Registrar:

Cooperative Department-KP

Annexure - A

Deliverables;

Number of Registration certificates issued to PFCOs = Total 60 by June 2025.

Number of Registration Certificate Issued to FSCs= Total 15 by June 2025.

For achieving total target of the project, this MOA will be extended accordingly. Moreover, the Cooperative Department will also submit each year audited financial report of each PFCO and FSC to the Project Management Unit (PMU) during currency of the project.

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