

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



Introduction/ Objectives:

This extension in Memorandum of Agreement (MOA) is signed between the Khyber Pakhtunkhwa Rural Economic Transformation Project (KP-RETP), hereinafter referred as the Project, and the Office of the Registrar Cooperative Societies, Khyber Pakhtunkhwa, hereinafter referred as the Department, aims to facilitate the registration of Professional Farmers Organizations (PFOs) as village-based Professional Farmers' Cooperative Organizations (PFCOs) and Farmers Owned Agribusiness Hubs (FOAH) in Khyber Pakhtunkhwa as Cooperative Societies under the Project.

The Cooperative Societies Department, operating under the Livestock Fisheries and Cooperative Department Government of Khyber Pakhtunkhwa, provides regulatory oversight for cooperative societies as per the Cooperative Societies Act. Its responsibilities include Registration, Monitoring, Inspections, Audits, and ensuring compliance with governance requirements such as Annual General Meetings, Election of Managing Bodies and other regulatory functions as defined in the Cooperative Societies Act 1925 (Amended 2020) and rules 1927 (Amended 2020) Additionally, the Department oversees shareholders' interests and has the regulatory powers to recover and disburse defaulted funds.

Therefore, under this extension in the instant MOA which is effective from 1st July 2025 and valid until 30th June 2026, and it is in continuation of the previous MOA, the Department will facilitate the project for the registration of two hundred and fifty (250) PFCOs and 15 FOAH (the number may be mutually enhanced in case of higher number of PFCOs and FOAH) in the province including merged districts (MDs). This agreement will be initially valid for period of 12-months which may be extended for a further period mutually agreed between the two parties provided that the Project is satisfied from the performance of the Department.

Responsibilities of Cooperative Societies Department Khyber Pakhtunkhwa.

1. The Department as per its mandate will provide registration support to the PFCOs and FOAHs for their establishment throughout the province.
2. The Department will provide support in terms of preparation of bylaws of PFCOs and FOAHs established and will conduct annual general meetings, to update financial and shareholders' data management, records and bookkeeping.
3. The Department will undertake capacity-building/ on-site and off-site training initiatives aimed at strengthening the governance and operational functions of the PFCOs.

4. The Department will establish a dedicated control room at Head Quarter (HQ) to maintain record and oversee support to the operations of PFCOs and FOAH established under the project.
5. The Department will carry out audit of all PFCOs established and will also extend support/handholding and advisory support to the PFCOs and FOAHs during and post audit period.
6. Fulfill all codal formalities in the registration process as per the procedure as per Cooperative Societies Act 1925 (Amended 2020) and Cooperative Societies Rules 1927 (Amended 2020)
7. The Department shall carry out all its Regulatory Functions i.e. Audit, Inspections, Enquiries, Arbitrations, Liquidations (if any) as per Cooperative Societies Act 1925 (Amended 2020) and Cooperative Societies Rules 1927 (Amended 2020)
8. Facilitate all Business Mobilization Partners and project teams in the process of registration and compliances.
9. The Registrar Cooperative Societies/or designated focal person will be responsible for the overall progress reporting to KP-RETP activities and follow up on the MOA.

Responsibilities/ Obligations of KP-RETP

1. Aligned with the Project scope, coordination and financial support will be extended to the Department for the execution of PFCO/FOAH registration, training programs, and field visits, ensuring the Department fulfills its designated responsibilities.
2. The Project will scrutinize and process the financial and physical progress and process payment (as described in Annex- A & B) 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.

Miscellaneous

- A. In case of any dispute between the parties or confusion in any clause of this MOA, the matter shall be referred to the Project Steering Committee whose decision shall be final.
- B. The Department shall permit auditors designated by the IFAD/Project to audit the records and accounts relating to the IFAD/Project funded activities.
- C. The Annex-A, B & C shall form integral part of this agreement.

D. The following IFAD Policies shall be integral part of this MOA.

- i. Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations (See attached Annex-B and also available at www.ifad.org/en/document-detail/asset/40738506).
- ii. IFAD policy to preventing and responding to sexual harassment, sexual exploitation and abuse (See attached Annex-C and also available at www.ifad.org/anticorruption_policy).
- iii. Anti-Money Laundering and Countering the Financing of Terrorism (See attached Annex-D and also available at <https://www.ifad.org/en/document-detail/asset/41942012>).

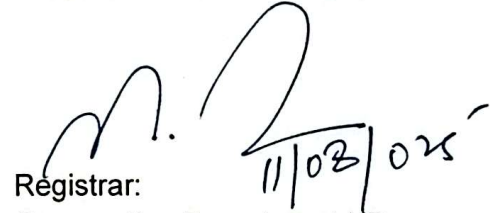
E. Any change in this MOA shall be undertaken mutually by both the parties.

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: 11/02/2025

Cooperative Department-KP
Date:

**REGISTRAR,
COOPERATIVE SOCIETIES,
KHYBER PAKHTUNKHWA,
PESHAWAR.**

Annexure-A
Budget for Cooperatives Department (CD) Khyber Pakhtunkhwa (For 12 Months)

S.No	Head	As per old MoA (expired)	As per new MoA (Extension)	Grand Total	Justification/ Remarks
1.	Departmental support – incremental cost	[60 PFCOs * Rs. 50,000] = Rs. 3,000,000	[190 PFCOs * Rs. 50,000] = Rs. 9,500,000	Rs. 12,500,000	<p>With the project now gaining significant momentum, a greater number of deliverables have been planned for achievement within the current financial year.</p> <p>Specifically, the registration target for Professional Farmers Cooperative Organizations (PFCOs) has been revised and expanded.</p> <p>In line with this expansion, it is proposed that the revised target under the extended MoA be continued at the same approved rate of Rs. 50,000 per PFCO.</p>
2	Department Support-Incremental Charges	[15 FOAH * Rs. 100,000] = Rs. 1,500,000	-	Rs. 1,500,000	The activity could not commence however it will be completed during extension period.
3.	Trainings related to governance and operational functions of PFCOs under the Cooperatives governance law, rules and framework	-	[250 PFCOs * Rs 60,000 per PFCO] = Rs. 15,000,000	Rs. 15,000,000	This activity has been introduced as an additional deliverable in response to evolving project requirements. The matter was discussed during the previous Implementation Support Mission (9–17 April, 2025) in a meeting held with the Registrar

					<p>Cooperative at his office.</p> <p>To date, a total of 70 Producer-Farmer Cooperative Organizations (PFCOs) have been registered across all agribusiness clusters, including those in the Newly Merged Districts (NMDs). However, a significant challenge has emerged: limited awareness among member farmers regarding the operational structure, governance mechanisms, and roles and responsibilities of PFCOs.</p>
4	Mobility arrangement for field visits	-	[12 months * Rs 300,000 per month]= Rs. 3,600,000	Rs. 3,600,000	<p>This activity has been included as an additional deliverable in response to both the requirement and request of the Registrar Cooperatives. The matter was also discussed during the previous Implementation Support Mission (ISM).</p> <p>Given that the Producer-Farmer Cooperative Organizations (PFCOs) are established in remote and geographically challenging areas of Khyber Pakhtunkhwa, there is a critical need for financial support to</p>

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					<p>facilitate mobility for the Cooperative Department. Currently, there is no dedicated budget allocated for field visits or transportation, which has significantly hindered effective monitoring and timely service delivery.</p> <p>In light of this, it is proposed that adequate funds be allocated to the Cooperative Department specifically for mobility, to enable timely outreach, field assessments, and capacity-building engagements with PFCOs.</p>
5	Strengthening Capacity of Cooperative Department (Establishment of Control Room) (lump sum)	-	Rs. 900,000	Rs. 900,000	<p>This activity has been included as an additional deliverable based on the requirement and request of the Registrar Cooperatives, and was also discussed during the previous Implementation Support Mission (ISM).</p> <p>To further enhance coordination and oversight of Professional Farmer Cooperative Organization (PFCO) operations, a centralized Control Room is being established. This facility</p>

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					<p>will serve as a dedicated unit within the Cooperative Department and will be responsible for the following key functions:</p> <ul style="list-style-type: none">• Maintaining both hard and digital records of all registered PFCOs to ensure effective monitoring and data management.• Reporting operational issues or challenges faced by PFCOs to the office of the Assistant Registrar (AR) for timely action.• Serving as a communication bridge between the Project Management Unit (PMU) and the Cooperative Department, facilitating prompt issue resolution.• Managing inbound and outbound communication related to PFCO activities and administrative requirements.
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Total Budget:	Rs. 4,500,000	Rs. 29,000,000	Rs. 33,500,000 (33.5 million)	
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Annexure-B
Payment Schedule

S. No	Description	Payment Phase	Payment (%)
1	Departmental support for Registration of PFCOs and FOAH- Incremental cost	Advance Payment	50%
		Interim Payment	25%
		Final Payment	25%
2	Trainings related to governance and operational functions of PFCOs under the Cooperatives governance law, rules and framework	Advance Payment	50%
		Interim Payment	25%
		Final Payment	25%
3	Mobility arrangement for field visits	Advance Payment	50%
		Interim Payment	25%
		Final Payment	25%

Annexure-C

Deliverables

Number of Registration certificates issued to PFCOs = Total 250 [250 by end June of 2026 and 550 by end of 2028]

Number of Registration certificates issued to FOAH= Total 15 [six (6) by end of December 2025.

Number of Audit reports issued = Total 550 [250 by June of 2026 and all by end of 2028]

Interim and final payments shall be made upon submission of the report detailing the completion of the corresponding activity for which the prior payment installment was disbursed.

Database of all shareholders in 250 PFCOs and 15 FAOH/agricultural cooperatives [soft versions]