**DEFINITION OF NGOs**

A non-governmental organization (NGO) is any non-profit, voluntary citizens' group which is organized on a local, national or international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political particpation through provision of information. Some are organized around specific issues, such as human rights, environment or health. They provide analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreements. Their relationship with offices and agencies of the United Nations system differs depending on their goals, their venue and the mandate of a particular institution.

## Pakistan

The non-profit sector in Pakistan is characterized by diversity and vibrancy, and in recent years it has grown considerably as the government has recognised the value of NGOs to development and improving the life of its citizens. It includes traditional welfare organisations, as well as modern development-oriented NGOs, and many informal networks of community-based organisations. The term “NGO” has gained currency in Pakistan in recent years and is generally considered to be any non-government organization, which works for the welfare of society, however there is no legal definition of the term in Pakistani law. Such organisations usually take the form of societies or voluntary welfare agencies and a large proportion of the sector remains informal and consequently unregistered with any government agency.

##### Legal Framework

The right of free association is guaranteed by the [Pakistan Constitution](http://www.pakistani.org/pakistan/constitution/), though this right is limited.

The legal framework governing NGOs is complex, and there are several laws under which an NGO may be registered. The most significant of these are:  
   
[Voluntary Social Welfare Agencies Registration and Control Ordinance 1961.](http://www.pcp.org.pk/pdf/1961%20Voluntary%20S.W%20agencies%20Ordinance%20.doc)This Ordinance defines permissible purposes within the social welfare field. Registration under this legislation is mandatory if organisations wish to receive government funding.

[The Societies Registration Act, 1860](http://www.pcp.org.pk/pdf/1860%20The%20Societies%20Registration%20Act.doc). This Act applies to charitable societies with a wide range of public benefit purposes.

[The Cooperative Society Act, 1925](http://punjablaws.gov.pk/laws/32.html)

[The Companies Ordinance, 1984 (section 42).](http://www.secp.gov.pk/corporatelaws/pdf/Comp_Ord1984.pdf) This section of the Ordinance applies to not-for-profit companies formed to promote ‘useful objects’

[The Trust Act, 1882.](http://www.pcp.org.pk/pdf/The%20Trusts%20Act%201882%20.doc) This act applies to private trust with a wide range of purposes.

[Income Tax Ordinance, 2001](http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan005032.pdf). This Act sets out the tax exemptions which NGOs are eligible for.

In most cases, registration is not compulsory. The exceptions are foreign NGOs and those in receipt of government funding which are required to register with the [Economic Affairs Division](http://202.83.164.26/wps/portal/Moeas/!ut/p/c0/04_SB8K8xLLM9MSSzPy8xBz9CP0os_hQN68AZ3dnIwML82BTAyNXTz9jE0NfQwNfc_2CbEdFALW8Dus!/) and **Central Board of Revenue**respectively. As such the majority of NGOs can choose whether or not to register, and which regime to register under.  The majority (65.4%) of NGOs are registered under the [Societies Registration Act](http://www.pcp.org.pk/pdf/1860%20The%20Societies%20Registration%20Act.doc) while around 20% of NGOs are not registered under any act.

##### Regulatory Framework

Pakistan has a federal system of government. The states contribute to policy-making processes, and certain powers vis-à-vis NGOs are also devolved to the state level.

[The Ministry of Social Welfare and Special Education](http://www.moswse.gov.pk/)and the Provincial Social Welfare Departments are responsible for registering and monitoring organisations under the [Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961](http://www.pcp.org.pk/pdf/1961%20Voluntary%20S.W%20agencies%20Ordinance%20.doc).

The District Offices of the **Industry Department** are responsible for registering organisations under the [Societies Registration Act 1860](http://www.pcp.org.pk/pdf/1860%20The%20Societies%20Registration%20Act.doc).

Not-for-profit companies are required to apply for a licence from the[Securities and Exchange Commission (SEC).](http://www.secp.gov.pk/)Certain conditions must be met before the SEC will grant a Licence. These include prohibitions on any payments to members and trading; a requirement for companies to have public company and limited liability status; and provisions that prevent changes to the memorandum and articles of association or members from resigning without SEC approval. Following this they must apply for a Certificate of Incorporation from one of eight Company Registration Offices.

International NGOs are required to register and agree a Memorandum of Understanding (MoU) with the [Economic Affairs Division](http://202.83.164.26/wps/portal/Moeas/!ut/p/c0/04_SB8K8xLLM9MSSzPy8xBz9CP0os_hQN68AZ3dnIwML82BTAyNXTz9jE0NfQwNfc_2CbEdFALW8Dus!/). While there is no legal basis for this expectation, it is understood by international NGOs and a failure to register can cause problems with other government agencies which can hinder their work. In addition the **Minister of Interior** is responsible for vetting foreign staff before registration is approved, and grants permission to operate in particular areas.

Benefits of registering

All NGOs, including international NGOs may be eligible for certain tax exemptions. Charities are potentially  exempt from tax on most forms of income provided that the funds are applied solely in furtherance of that charity’s objects, however such exemption has to be applied for directly to the **Ministry of Finance** and is not automatically granted. No exemption is granted for income from property, capital gains and business activities.  To be eligible for these benefits a charity must register with the **Central Board of Revenue**. Approval is for a three year period, after which a new application must be made.

##### Reporting requirements

Organisations registered under the [Voluntary Social Welfare Agencies (Registration and Control) Ordinance 1961](http://www.pcp.org.pk/pdf/1961%20Voluntary%20S.W%20agencies%20Ordinance%20.doc)are required to maintain accounts and submit an annual report and audit report to District Officers. The report must detail the management of the agency, its activities and plans for the next year. Accounts and reports are made publicly available.

Registered Societies must submit a copy of the membership list annually. No other monitoring is undertaken.

Not-for-profit companies must submit annual returns, audited accounts and other documents for examination. Accounts are open to public scrutiny.

The **Econonmic Affairs Division (EAD)** asks International NGOs to explain their plans. It then invites comments from the **Ministry of Law, Ministry of Finance** and any other relevant ministries (such as the **Ministry of Education**). The EAD role is strategic, considering an NGO’s proposals within the wider development framework to coordinate activities of government and NGOs, minimise duplication of effort and focus on unmet needs

NGOs, which benefit from tax exemptions, are required to submit annual audited accounts, a list of donors and beneficiaries and other financial information to the **Central Board of Revenue**.

##### Government NGO policy

[The Ministry of Social Welfare and Special Education](http://www.moswse.gov.pk/)in the province of Sindh has devoted a training institute (social welfare training institute) to the training of NGOs registered under [The Voluntary Social Welfare Agencies Registration Ordinance 1961](ttp://www.pcp.org.pk/pdf/1961%20Voluntary%20S.W%20agencies%20Ordinance%20.doc). This institute conducts training at its own premises in Karachi as well as arranging mobile training session all over Sindh.

##### The NGO sector

A [2002 study](http://www.ccss.jhu.edu/pdfs/CNP/CNP_NPS1_Pakistan.pdf) by the Johns Hopkins University estimated that there were 45,000 active non-profit organisations in Pakistan, the largest number of which (46%) were involved in religious education. The University has also estimated that the sector has a combined income of 16,400 million rupees; further data is available [here.](http://www.ccss.jhu.edu/pdfs/Data_Tables/DATA_Pakistan_2000.pdf)

Voluntary and welfare organisations range in size from small entities such as mohallah (neighbourhood) and village committees, established either for a specific purpose or for a general wide-ranging sphere of activities, to large organisations such as welfare associations and societies set up to provide education, health, and other social services to people at the national level. While the traditional role of non-profit organisations has been the provision of social services, rights-based organisations have become more prominent since the 1980s and 1990s.

##### Independent Analysis of the Sector

The [Pakistan Centre for Philanthropy](http://www.pcp.org.pk/) has published numerous papers on the not-for profit sector in Pakistan.

##### The Work of the International Programme in Pakistan

The International Programme has been engaged in Pakistan since 2003, adopting a formal action plan with the Government of Pakistan in 2006. Key achievements of the project to date have been the development of a[national database of NGOs](http://www.ngosinfo.gov.pk/), a code of conduct for the NGO regulator in 2007, and more recently delivering a comprehensive programme of training for over 1500 NGO regulation staff from all districts in Pakistan. In addition the International Programme is now planning more detailed training for staff in regulatory issues and will produce a range of guidance leaflets to assist NGOs in Pakistan.