



PUNJAB MUNICIPAL DEVELOPMENT FUND COMPANY (PMDFC)

AMENDED – IV
(up-to September 02, 2009)

MEMORANDUM & ARTICLES OF ASSOCIATION

OF

PUNJAB MUNICIPAL DEVELOPMENT FUND COMPANY

**MEMORANDUM OF ASSOCIATION
OF
PUNJAB MUNICIPAL DEVELOPMENT FUND COMPANY**

**COMPANY LIMITED BY GUARANTEE AND
ESTABLISHED UNDER SECTION 42 OF
THE COMPANIES ORDINANCE, 1984**

- I. The name of the Company is Punjab Municipal Development Fund.
- II. The registered office of the Company shall be situated in Province of Punjab, Pakistan.
- III. The object for which the Company is established are all or any of the following: -
1. To support Local Governments of Punjab in improving the quality of life of the inhabitants, particularly low income groups. The Fund is to assist these Local Governments in building the capacities for better fiscal and service delivery management.
 2. To develop and strengthen Local Governments, in charge of, or involved in institutional, financial, and technical aspects of development in order to improve the efficiency and coverage of service provided or to be provided by them to the general public.
 3. To provide Matching grants/Loans to Local Governments for the construction, rehabilitation, and expansion of infrastructure and for such purpose to act and or provide consultants for evaluation of projects, monitoring of finances and advise the Local Governments for their institution reforms including improving the fiscal efficiency, cost recovery, rationalization of spending, administrative reform and future growth.
 4. To procure, arrange, secure, receive and accept, loans, aid, grants and endowments and such sums/ moneys as may arise to it from any lawful source and to create a fund thereof and make available the same for utilization by Local Governments for the betterment of community. To monitor, evaluate and ensure that such funds are used properly, efficiently and transparently.

5. To operate the Fund and finances of the Company, to open bank accounts for deposit of such money and its withdrawal, to appoint any bank to perform the treasury/fund management functions for the Company.
6. To provide and render financial assistance, advice, consultation, and technical help to improve fiscal efficiency of Local Governments and other such bodies/organizations interested in development projects, betterment of public at large, inter alia, by promoting cost recovery, rationalization of spending, administrative reforms, and studies to perfect their administrative and fiscal management and to cover all incidental and ancillary activities thereof.
7. To create, establish, augment and support mechanism to ensure that the systems for financing Local Governments projects are transparent thereby reducing discretionarily and ensuring optimum utilization of fund.
8. To mobilize, enhance and encourage, fuller participation by organized civil society in devising and determining priorities for Local Governments investments, their execution, monitoring and evaluation.
9. To sponsor, promote and provide in various forms and manners assistance including financial, institutional, advisory and training, to these Local Governments institutions for a better municipal system and management of infrastructure.
10. To foster institution - building at the Local Governments and expand the existing institutional capacity aimed at improving access to resource for the poor.
11. To identify, develop and promote opportunities for facilitating channeling of resources to Local Governments for providing them fiscal assistance, functional education training of their skills and other help and assistance, as may be necessary.
12. To develop proper eligibility criteria for Local Governments receiving funds for financial and technical assistance from the Fund and set up an effective management and information system for regular and proper monitoring and evaluation of their activities.

13. To encourage, promote and assist Local Governments with focus on injection of new technologies, ideas, and dissemination and application of appropriate technologies relevant to employment creation within these bodies.
14. To provide relevant information advise and/ or other services to Local Governments for reviewing and exchanging experiences and undertaking their programmes and activities.
15. To support initiate, undertake and promote research activities directed towards Local Governments and the Local Government System, to establish and support research and training institutions, to grant stipends, scholarships, fellowships, to set up committees, sub committees and study groups, to organize seminars, workshops, conferences and to undertake publication of reports, periodicals, monographs, bulletins, journals and books etc. in furtherance of the objective detailed herein.
16. To support sponsors conduct and arrange training programmes, seminars, workshops and meetings for promoting interaction amongst local government bodies, non government, semi government and government organizations and like departments, voluntary agencies and societies, institutions and individuals for attaining the objects and to promote better understanding and co-operation between Government agencies and non Government Organizations with regards to objects hereof.
17. To promote better understanding and co-operation between Government agencies and non-Government organizations, with a view to strengthening collaboration with Local Governments level development activities through the activities of the Fund.
18. To establish in any place in the province such offices, agencies and local units as may be necessary for managing any of the affairs of the Company.
19. To initiate, undertake and arrange training program for personnel of the Fund, Local Governments and for those working for the projects and programmes administrated and supported by the Fund.
20. To establish, maintain contact and collaborate with other organizations, institutions, bodies and societies, in Pakistan and abroad, including relevant

international agencies, constituents of the UN systems interested in similar objects.

21. To obtain membership of any national or international bodies, institutions, organizations and subscribe to their publications, if any for furtherance of the object of Fund.
22. To procure for the Fund registration or recognition of the Government or any other concerned authority in the country or abroad, and take all such steps, measures and actions as may be necessary or expedient for enabling the Fund to carry on its functions properly.
23. To undertake, support or aid any educational, social, recreational or activities for attaining the object hereof.
24. To arrange for suitable remuneration to any person, firm, association, organization or institution for services rendered or to be rendered in or about the promotion of the object contained herein.
25. To purchase, sell, transfer, mortgage, put under lien or encumbrance, take on lease, allotment or hire or otherwise acquire, erect or adopt moveable or immovable properties, for the time being, and to put or use all or any portion of the same as considered necessary for the activities covered by the objects.
26. To enter into any arrangement with the Government or any other authority, Local Governments or otherwise, public or quasi public that may seem conducive to the objects.
27. To recruit, appoint, take on lien, deputation or on contract any employees, consultants, experts for its programmes and projects or enter into any other agreement in this regard or to discontinue and terminate their services. To appoint competent staff to carry out all or such functions, activities and assignment as would ensure safety of the fund; to obtain expertise in such related field as will facilitate the Local Governments by providing such technical assistance and expertise as would help in improvement of financial and administrative capacities of the Local Governments.
28. To do all such other lawful things as are conducive, incidental or ancillary to the attainment and furtherance of the objects herein.

29. The company and its Fund shall not provide any assistance to organizations, institutions and firms in which its Board members or any close relatives of the Board member have beneficial involvement as a sponsor, officer, trustee and/or member of the Board of Director, or governing body under any other name.
30. The objects as set forth in any of the above sub-clauses shall be separate and independent object, except where the context otherwise expressly required, and shall in no way be limited or restricted by reference to the terms or any of the sub-clauses or the objects therein specified or the powers thereby conferred. No sub-clauses shall be deemed subsidiary or auxiliary to the objects mentioned herein above or herein after and the company shall have full powers to exercise all or any of the powers conferred by any part of this clause.
31. Pursuant to the aforesaid objects and subject to the applicable laws, if any, the company may:
- a) Raise funds and accept donations, grants, loans or financial assistance from any Government, private or any other sources and agencies, institutions in Pakistan and abroad for use in work consistent with the purposes and objects hereof and secure the fund by procuring charge, lien, encumbrance and other adequate securities.
 - b) Establish pension/ provident fund/ benevolent fund/ group insurance and/ or any other fund for the benefit of employees of the company and provide other amenities and facilities to them.
 - c) Acquire, takeover or accept by way of gift, the assets of any other organizations, bodies or societies with similar objects or undertake and accept the management of any endowment or trust fund setup with similar objects as that of the company.
 - d) Prepare and adopt bye-laws, make rules and regulations, code of practice and rules of business not inconsistent with law or this Memorandum for facilitating the proper functioning and administration of the company and its fund, transaction of its affairs and implementation of the projects and programs sponsored by it and Municipalities cooperating with the Fund.
 - e) Institute, conduct, defend or compromise legal proceedings before any forum, court or tribunal by or against the company or its members or employees in respect of matters affecting the affair of the company.

- f) Contract out any management or operational functions to reputable intermediaries.
- g) Do all such other acts and things alone or in conjunction with other organizations or persons, as the company may consider necessary, incidental or conducive to the attainment of the above objectives.

32. It is hereby declared that:

- i. All income of the Fund shall be utilized towards the achievement of the objects herein contained.
- ii. The company shall apply all its profits and other income from its business activity or from any of its property, howsoever derived, solely towards the promotion of the objects as set forth in this Memorandum of Association and there should be no distribution of profit.
- iii. The company is being formed as a company limited by guarantee and not having share capital under the Company's Ordinance 1984.
- iv. Payment of remuneration for services or otherwise to its members, or Directors, except a full time Managing Director, is prohibited.
- v. No change in the Memorandum and the Articles of Association shall be made except with the prior approval of the Securities & Exchange Commission of Pakistan and Commissioner of Income Tax.
- vi. 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.
- vii. Money of the institution is to be kept in a scheduled bank.
- 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 the Real Estates Investment Trust Regulations, 2008 or scheduled banks.
- 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 and Government of Punjab, within three months.

- x. Notwithstanding any thing contained in the foregoing object clauses of this Memorandum of Association, nothing shall be considered as empowering the company to undertake or indulge in the business of banking within the meaning of Banking Companies Ordinance 1962, investment, insurance or managing agency business directly or indirectly as restricted under the law or any unlawful business or operation.

IV. The liability of its members is limited.

- V. Every member of the company undertakes to 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 or the debts and liabilities of the company contracted before he ceases to be a member, and the cost, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding one thousand rupees.



PUNJAB MUNICIPAL DEVELOPMENT FUND COMPANY (PMDFC)

AMENDED – IV
(up-to September 02, 2009)

ARTICLES OF ASSOCIATION

OF

PUNJAB MUNICIPAL DEVELOPMENT FUND COMPANY

The Companies Ordinance, 1984

ARTICLES OF ASSOCIATION OF PUNJAB MUNICIPAL DEVELOPMENT FUND COMPANY

(A Company Limited by Guarantee and not having a share capital)

PRELIMINARY

1. Whereas it has been agreed by the several persons whose names are hereunto subscribed to establish and incorporate a company limited by guarantee without share capital under the provisions of the Companies Ordinance, 1984 (hereinafter referred to as "the said Ordinance") in the name of PUNJAB MUNICIPAL DEVELOPMENT FUND, in accordance with the provisions of Memorandum of Association hereto annexed and subject to the several regulations hereinafter contained, which shall be the regulations for the management of the Company and for the observance of members thereof and their representatives and the same shall, subject to any exercise of the powers of the Company, in reference to the repeal or alteration of, or addition to, its regulations by special resolution as prescribed by the said Ordinance, be such as are contained in these Articles.

INTERPRETATION

2. The marginal notes hereto shall not affect the construction hereof, and in these presents, unless there be something in the subject or context inconsistent therewith:
 - i. "The Ordinance" means the Companies Ordinance, 1984, and every statutory modification thereof for the time being in force.
 - ii. "The Chairman" means the Chairman of the Company from time to time duly elected under the provisions of these presents.
 - iii. "The Company" and/or "the Fund" means Punjab Municipal Development Fund.
 - iv. "Government" means the Government of Punjab.
 - v. "The Board of Directors" means the Board of Directors of the Company as constituted under the provisions of these presents.

- vi. "The Managing Director" means the Managing Director of the Company from time to time, duly appointed under the provisions of these presents.
- vii. "Member" means a member of the Fund whose name appears and/or is borne on the Register of Members.
- viii. "Civil Society Member" means a member who is not nominated by the Government, and who is not a Government employee.
- ix. "Month" means English calendar month.
- x. "The Office" means the Registered Office for the time being of the Company.
- xi. "Local Government" means a Local Government as defined in the Punjab Local Government Ordinance, 2001 (XIII of 2001)".
- xii. "These Presents" mean and include these Articles of Association and any modification or alteration thereof for the time being in force.
- xiii. "Attorney" includes an attorney duly constituted or appointed under power of attorney or other authority in writing.
- xiv. "The Register" means the Register of Members to be kept pursuant to the Companies Ordinance, 1984.
- xv. "Seal" means the common seal of the Company.
- xvi. "Special Resolution" and "Ordinary Resolution" have the meanings assigned thereto respectively by the Companies Ordinance, 1984.
- xvii. "In writing" and "Written" includes printing, lithography, typewriting, telex, telefacsimile (Fax) and other modes of representing or reproducing words in a visible form.
- xviii. Words importing the singular number only, include the plural number.
- xix. Words importing the plural number only, include the singular number.
- xx. Words importing the masculine gender only, include the feminine gender.
- xxi. Words importing the feminine gender only, include the masculine gender.
- xxii. Words importing persons include bodies corporate and otherwise, firms, registered or un-registered associations and Non-Government, Semi-Government and Government organizations.
- xxiii. Words or expressions in these Articles shall, except where it is repugnant to the subject or the context, bear the same meanings as in a Standard English dictionary.

CARDINAL PRINCIPLES

3. The cardinal principles governing the whole operations of the "Fund" shall be to:
 - a) Utilize the fund for the objective of the Company.
 - b) Ensure that the resources of the Fund shall not be used for political patronage or for any other political purposes;
 - c) Ensure that fund is utilized through consultative and transparent process, involving beneficiaries;
 - d) Finance only those Local Governments, Which can ensure and secure best utilization of funds in the public interest;
 - e) Treat the income/monies of the Fund, all of which shall be considered public funds as a sacred trust and it shall be a prime responsibility to administer and manage funds with due diligence, and transparent fiduciary responsibility, and for the purpose for which the Fund has been established;
 - f) Ensure that as far as possible the Fund's operations are subject to sound financial and operational management principles, and facilitate access to the Fund's services by Local Governments in the Province;
 - g) Ensure that the resources of the Fund are only provided to well-functioning professionally managed institutions with transparent governance and financial management systems who meets the criterion set by the Fund;
 - h) Finance only economically viable and fiscally prudent projects and assignments and those that benefit large number of citizens;
 - i) Ensure that financial assistance to Local Governments is based on sound principles of cost-sharing and sustainability, and financial viability where applicable;
 - j) Ensure that financial assistance is provided to such Local Governments who can assure and secure its best utilization for the public welfare.

BUSINESS OF THE FUND

4. The business of the Fund, its affairs and/or functions shall comprise of achieving the objective given in the Memorandum and include undertaking all or any of the several objects, and any act, deed or thing done in pursuance thereof, ancillary and/or incidental thereto as expressed in, and authorized by the Memorandum of Association hereto annexed, and can be commenced immediately after incorporation of the Fund as the Directors may think fit.

MEMBERSHIP

5. The subscribers to these presents and to the Memorandum of Association hereunto annexed or such other persons as shall be admitted to membership of the Company as admitted from time to time and shall be deemed to have agreed to become a member of the Company in accordance with and in pursuance to these presents and whose names appear in the register of the members, shall be the members of the Company.
6. The total number of members of the Fund shall be Thirty (30) out of which one third (1/3) members shall be nominated by Government and represent the provincial and Local Governments. The remaining two third (2/3) members representing civil society herein referred to as "civil society members" shall be persons representing the private sector, non-government organizations, academia, business community, and other professional or private individuals having a record of service in development related activities, nominated by Government in first instance in consultation with civil society organizations.

Subsequent vacancies arising thereafter of members to the General Body shall be filled in accordance with Article (7) below. Due regard shall be given to gender balance, skills and disciplines, in the composition of General Body. Any person, who is a loan defaulter, or is a sponsor of a company which is a loan defaulter, or who holds political office or is an office-bearer of a political party (with the exception of elected representatives of local governments) or otherwise ineligible to hold any such post under or by any law can not be member of the General Body of the Fund.

7. Any person interested in the promotion of good governance and engaged in any voluntary activities with a proven record of experience is eligible to become a civil society member of the General Body on invitation by Board of Directors, except a person who is a loan defaulter, or is a sponsor of company which is a loan defaulter, or a person who holds political office or is an office-bearer of a political party or otherwise is ineligible to hold any such post under or by any law. Such person may be associated with a government agency; voluntary organization or a private individual having record of community service but his membership of the Fund will be in his individual capacity. Membership application will be required to be recommended by two (2) existing members and approved by secret ballot by at least one half (1/2) of the strength of members of the Fund.
8. The Fund shall maintain a roll of members, clearly indicating their full names, addresses and occupations. Every member shall sign the same. If a member of the Fund changes his address, he shall forthwith notify his new address to the Managing Director of the Fund, who shall thereupon cause the new address to be

entered in the roll of the members. Where, however, a member does not notify any change of address to the Managing Director, the address appearing in the roll of members shall be deemed to be correct address of the member. The said roll of members also called a Register of Members, shall be maintained at the registered office of the Fund.

9. Membership of the Fund may be terminated on the happening of any of the following events:
 - i) On the Member's death, resignation, insolvency, lunacy or conviction for a criminal or civil offense.
 - ii) When a member does not attend three consecutive general meetings of the Fund without prior leave of absence granted by the Board of Directors.
 - iii) When the Fund in general meeting, by a simple majority, decides to terminate the membership of any person who acts in a manner prejudicial to the interests of the Fund, fails to fulfill any obligation required by the Fund or acts in a manner as is not conducive to the objects of the Fund.
10. Subject to the foregoing and/or other provisions, membership of the Fund shall be open to all resident Pakistani citizens.
11. If a vacancy occurs, among the members, such vacancy shall be filled in as provided in article (7) above.
12. When a member desires to resign from his membership of the Fund, he shall forward his letter of resignation to the Managing Director of the Fund and such resignation shall take effect only from the date of its acceptance by the Fund.
13. The fund shall function notwithstanding any vacancy in any of its bodies and no act; direction or processing of the fund shall be rendered invalid merely by reason of such vacancy or because of any defect in the appointment of any of the officers of the Fund.
14. Members of the Fund shall not be paid any remuneration or dividend.

AUTHORITIES OF THE FUND

15. The following shall be the authorities of the Fund.
 - i) General Body
 - ii) Chairman
 - iii) Board of Directors
 - iv) Managing Director

- v) Such other bodies committees, sub-committees or panels as may be appointed and/or constituted from time to time, by Board of Directors of the Fund.

THE GENERAL BODY

16. There shall be a General Body of the Fund and it shall be composed of all members of the Fund.
17. The Chairman of the Fund shall preside over all meetings of the General Body & Board of Directors.
18. The Chairman of the Fund may invite any person other than a member to attend a meeting of the General Body. Such invitee to be known as special invitee, shall not, however, be entitled to vote at the meeting.
19. The General Body shall have the following powers and functions, namely:
 - (a) To give overall policy guidance and direction for the efficient functioning of the Fund;
 - (b) To approve the annual budget of the Fund drawn up by the of Board of Directors of the Fund;
 - (c) To consider the balance sheet and audited accounts for the previous year;
 - (d) To consider the annual report prepared by the Board of Directors of the Fund.
 - (e) To amend these presents, if deemed necessary, by way of addition, alteration, modification or substitutions with the prior approval of the Securities & Exchange Commission of Pakistan and Commissioner of Income Tax.
 - (f) To perform such other functions as are entrusted to it;
 - (g) To delegate such of its powers and functions to other authorities of the Fund as it may consider necessary and proper;
 - (h) To appoint auditors except the first auditors to be appointed by Board of Directors;
 - (i) To admit new members to the Fund;
 - (j) To terminate membership of any person.
 - (k) To elect Directors of the Company.

GENERAL MEETINGS

20. The first Annual General Meeting of the Fund shall be held at such time not more than eighteen (18) months after the incorporation of the Fund, and at such place, time and date, as the Board of Directors may determine.
21. Subsequent Annual General Meetings of the Fund shall be held at least once every year at such time and place as may be determined by the Board of Directors, within fifteen calendar months after the holding of the last preceding General Meeting and within four months from the closing of the annual accounts.
22. The above-named General Meetings shall be called Annual General Meetings. All other meetings of the Fund shall be called Extraordinary General Meetings.
23. The Directors may at any time call an extraordinary general meeting and shall, on the requisition of members representing not less than one-tenth of the voting power on the date of deposit of requisition, proceed to call an Extraordinary General Meeting.
24. Any such requisition shall specify the objects of the meeting required and shall be signed by the requisitionists, and shall be deposited at the office. The meeting must be convened for purposes specified in the requisition, and if convened otherwise than by the Board of Directors, for those purposes only.
25. If the Board of Directors do not proceed to cause a meeting to be held within twenty one days from the date of requisition being deposited, the requisitionists or a majority of them may themselves convene a meeting to be held not more than three months, from the date of deposit of the requisition.
26. Any meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board of Directors.
27. Subject to the provisions of the Ordinance, relating to special resolutions, twenty one days notice, at least, (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day on which the notice is given), specifying the place, the day and the hour of the meeting, and in case of special business, the general nature of such business, shall be given of every General Meeting whether Annual or Extraordinary to the members in the manner in which notices are required to be served in accordance with the provisions contained herein below. Notwithstanding anything herein before contained, a meeting may be convened by such shorter notice and in such manner as those members may

think fit with the consent of all the members entitled to receive notice thereof and the permission of the Registrar of Companies.

28. The accidental omission to give any such notice to or the non-receipt of notice by any of the member shall not invalidate the proceeding of any such meeting.

PROCEEDING AT GENERAL MEETINGS

29. The business of an annual general meeting shall be to receive and consider the income and expenditure account and balance sheet, the annual report of the Board of Directors and of the auditors, the election of members of the Board of Directors, if required or found necessary, and the election/appointment of the auditor (s) and fixation of their remuneration and to transact any other business which may be transacted at an annual general meeting. All other business transacted at annual general meeting and all business transacted at an extraordinary general meeting shall be deemed special.
30. One half (1/2) of the strength of members of the Fund, present personally, shall be a quorum for a General Meeting for all purposes. No business shall be transacted at any general meeting unless the quorum requisite be present at the commencement of business.
31. If within half an hour the time appointed for the meeting a quorum is not present, the meeting if called on the requisition of members, shall be dissolved; 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 being not less than three, shall be a quorum.
32. The Chairman of the Fund shall be entitled to take the chair at every general meeting of the Fund. If there be no Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unable to be present due to illness or any other cause, or is unwilling to act, the members of the Board of Directors present may choose one amongst themselves to act as Chairman of the meeting and in default of their doing so, the members present shall choose one of the members of the Board of Directors to take the chair and if no such member is present or such member is not willing to take the chair, the members present shall choose one amongst the members to act as the Chairman of the meeting.
33. 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 and from place to place, 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 ten 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.

34. At any general meeting a resolution put to the vote of 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 in accordance with the provisions of the Ordinance, and 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, an entry to that effect in the book of the proceedings of the Fund 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.
35. If a poll is duly demanded, it shall be taken in such manner as the Chairman shall direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
36. 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 is demanded, shall be entitled to a second or casting vote.
37. A poll demanded on the question of election of a Chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place, as the Chairman of the meeting shall direct.
38. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

VOTES OF MEMBERS

39. On a show of hands and on a poll every member present in person shall have one vote.
40. Any corporation or body corporate which is a member of the Fund may by resolution of its Directors or other governing body authorize such person as it thinks fit, to act as its representative at any meeting of the Fund or of any class of members of the Fund and the persons so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Fund, present in person. A corporation attending a meeting through such representative shall be deemed to be present at the meeting in person.

BOARD OF DIRECTORS

41. The Board of Directors, subject to the general control and supervision of the General Body, shall generally pursue and carry out the objects of the Fund as set forth in the Memorandum of Association hereto annexed. The Board of Directors shall be responsible for the management and administration of the affairs of the Fund in accordance with the Articles of Association, the rules and bye-Laws made thereunder.
42. The affairs of the Fund shall be managed by a Board of Directors which shall have the responsibility to determine the direction and scope of the activities of the Fund in accordance with the objects specified in Memorandum of Association. It shall also have the responsibility to approve projects and assignments and make loans, investments, technical assistance grants, or other financial assistance to Local Governments and recommend annual and supplementary budgets for submission to AGM.
43. The composition of the Board of Directors after the First Annual General Meeting shall be nine to be as follows: -
 - (i) A) Three nominated by the Government of the Punjab who shall be: -
 1. Chairman, Planning & Development Board, Government of the Punjab.
 2. Secretary Finance, Government of the Punjab.
 3. Secretary LG&RD Department, Government of the Punjab.
 - B) And five elected by the civil society Members of General Body. The election of the Civil Society to the Board of Directors shall be by secret ballot in the Annual General Meeting. The Managing Director shall be the ninth Member of the Board appointed by the Board of Directors.
- (ii) Notwithstanding anything contained herein, the first Board of Directors of the Fund shall be composed of the following persons, and where applicable, be deemed to be elected and/or appointed as the case may be, in accordance with the provisions contained in these presents, and the persons named as the first Board of Directors shall hold office until the First Annual General Meeting.
 - A) Government of Punjab nominees:
 - Mr. Tariq Sultan, Chairman Planning & Development Board
 - Mr. Muhammad Humayun Farshori, Secretary Local Government
 - B) Civil society members including professionals from the private sector and from NGO's with a track record of public service.
 - Mr. Danish Kamal, Chartered Accountant

- Mr. Shafi Arshad, Banker
- Mr. Jehangir Khan Tareen, Agriculturist
- Ms. Khawar Mumtaz, Development, Gender and Environmental Specialist.

C) Managing Director
Dr. Zafar Iqbal Qureshi, Management Professional

44. The term of office of an elected Director shall be three years unless he earlier resigns or become disqualified from being a director or otherwise ceases to hold office.
45. Excluding the first term ending on the date of the First Annual General Meeting, no member of the Board of Directors shall serve for more than two consecutive terms of three years each.
46. Members of the Board of Directors shall function in their individual capacity exercising individual judgment and shall not be subjected to or be bound by instructions or orders of the office, organization or agencies with which they may be associated.
47. No action or decision by the Board of Directors shall be rendered invalid or inoperative on account of any vacancy or vacancies in the composition of the Board of Directors.

MEETING OF THE BOARD OF DIRECTORS

48. (a) The Board of Directors shall hold at least six regular meetings in every year and shall be called by notice under the signature of the Managing Director.
- (b) All meetings of the Board of Directors shall be presided over by the Chairman. If at any meeting the Chairman is not present, in his absence the Directors present may choose any one of them to be Chairman of such meeting.
- (c) Minutes of the meetings of the Board of Directors shall be recorded by the Managing Director or in his absence by a member of the Board of Directors, appointed by the Chairman. The minutes shall be duly approved or corrected at the following regular meeting and filed in the permanent records of the Fund.
- (d) Members of the Board of Directors shall be reimbursed for their out of pocket expenses. Save as aforesaid, members of the Board of Directors shall not receive any compensation for their services to the Fund and/ or any profit out of the business of the Fund.

49. Every notice calling for a meeting of the Board of Directors shall state in writing the date, time and place of the meeting and shall be sent to every member of the Board of Directors ordinarily seven clear days before the day appointed for the meeting.
50. Any inadvertent omission to give notice or the non-receipt or late receipt of a notice by any member shall not invalidate the proceedings of the meetings.
51. Three members of the Board of Directors present in person, of which at least two shall be civil society members, shall constitute a quorum. No meeting shall proceed with its business unless a quorum is present at the commencement of the business of the meeting. No quorum shall, however, be necessary for an adjourned meeting.
52. Each member of the Board of Directors shall have one vote. All questions at meetings of the Board of Directors shall be determined by a vote of members present; provided that in case of equality of votes, the Chairman of the meeting shall have a casting vote.
53. Subject to the provisions of section 196 of Companies Ordinance, 1984, any business which the Board of Directors may consider necessary to perform, except such as may be required to be placed before the General meeting of the General Body, may be performed by a resolution in writing circulated among all members of the Board of Directors, and any such resolution so-circulated and approved by a majority of the members signing, shall be as effectual and binding as if a resolution had been passed at a meeting of the Board of Directors.
54. The proceeding of all meeting of Board of Directors and resolution passed by the circulation shall be recorded in a book, which shall be maintained by the Fund for the purpose.
55. The Board of Directors shall exercise all executive and financial powers of the Fund, subject to such direction as may be issued by the General Body from time to time.
56. In particular and without prejudice to the generality of the foregoing provisions, the Board of Directors shall have the powers, subject to the provisions hereof, to inter alia;
 - (i) Establish Bye-Laws and Service Rules of the Fund;

- (ii) Establish operational policies and procedures including eligibility criteria for Local Governments, and financial and technical assistance to Local Governments, and procedures for periodic auditing, reporting monitoring and evaluation of the activities funded by the Fund;
- (iii) Prepare and execute detailed plans and programs for the furtherance of the objects of the Fund;
- (iv) Consider the annual and supplementary budgets placed before it and pass them with such modification as may be deemed necessary for being submitted to the General Body;
- (v) Prepare the annual report and cause the preparation of the accounts of the Fund for consideration of the General Body;
- (vi) Create posts and appoint such staff as may be required for the efficient management of the affairs of the Fund and regulate the recruitment and terms and conditions of their service;
- (vii) Receive and to have custody of funds and resources of the Fund, operate the Fund and manage the properties of the Fund;
- (viii) Incur expenditure subject to the provisions of the approved budget;
- (ix) Enter, for and on behalf of the Fund, into agreement including those containing arbitration clauses;
- (x) Establish, maintain, amalgamate and/or close down Fund offices, etc. as may be deemed appropriate;
- (xi) Enter into agreements with the Government and with the approval of the Government with foreign governments and international agencies and organizations and without such approval other public or private bodies or organizations or individuals for securing and/or accepting loans or grants to the Fund on mutually agreed terms and conditions, provided that such terms and conditions shall not be contrary to or inconsistent with the objects of the Fund as detailed in the Memorandum of Association hereto annexed;
- (xii) Take over, acquire (by purchase, gift, exchange, lease, hire or otherwise) from the Government and with the approval of the Government from foreign government and international agencies and organizations and without such approval other public or private bodies or organization(s) or individuals, institutions, libraries, laboratories, museums, immovable or moveable properties, endowments or other funds together with any attendant obligations, so that neither the transaction nor the terms and conditions thereunder it is concluded, is inconsistent with the objects set forth in the Memorandum of Association hereto annexed.

- (Xiii) Appoint boards, committees, sub-committees and panels, consisting of persons who may or may not be members of the Fund or employees of the Fund to deal with any specific task as may be determined from time to time;
- (xiv) To impose and recover fees and charges for the services rendered by the Fund; and
- (xv) To contract out operational and management functions as and when required to reputable firms or companies.

57. The Board of Directors may by resolution delegate such administrative, financial and other powers to its Managing Director, committees, sub-committees, panels and boards or any other officer of the Fund as it may consider necessary and proper, subject to the condition that action taken by them under the powers so delegated, shall have to be confirmed and/or ratified at the next meeting of the Board of Directors.

CHAIRMAN

- 58. (a) The Chairman shall be elected by the General Body from the Members for a period of three years. He will chair General Body and Board of Directors' meetings and provide support to the Fund in its relations with the Government. The first Chairman shall hold office up to the first Annual General Meeting.
- (b) The Chairman shall not receive any compensation from the Fund, or any full time perks, except reimbursement for out-of-pocket expenses incurred in connection with the work of the Fund.

MANAGING DIRECTOR

- 59. The Managing Director shall be the Chief Executive Officer of the Fund. The Managing Director will be governed by such terms and conditions as may be determined by the Board of Directors from time to time. The Managing Director of the Fund, so long as he hold the post as such, shall be deemed to be a member of the Board of Directors and also a member of the general body of the Fund: provided that such Managing Director, who is otherwise not a member of the Fund in his individual capacity shall cease to be member of the Board of Directors and the General Body of the Fund the moment he ceases to be the Managing Director of the Fund.
- 60. A. The Managing Director shall be responsible for the day-to-day management of the Fund and without prejudice to the generality of the foregoing, he shall be responsible: -

- (i) For ensuring that the Fund's cardinal Principles are adhered to;
- (ii) For the proper administration of the affairs, funds and resources of the Fund;
- (iii) To make draw, endorse, sign, accept, negotiate and give all cheques, bills of lading, drafts, orders, bills of exchange, promissory notes and other negotiable instruments as may be required by and be in the interest of the Fund;
- (iv) To secure the fulfillment of any contract, agreement or engagement entered into by the Fund by mortgage or charge of all or any of the properties of the Fund from time to time or in such manner as he may think fit in the interest of the Fund;
- (v) To appoint and at his discretion to remove or suspend managers, secretaries, officers, clerks and employees, either permanent or temporary, as he may think fit and to determine their powers and duties and fix their salaries or emoluments and to require security in such instances and to such amount as he thinks fit;
- (vi) To prescribe the duties of all the employees and staff of the Fund;
- (vii) To institute, conduct, defend or abandon any legal proceedings by or against the Fund or its officer or otherwise concerning the affairs of the Fund and also to compound and allow time for payment or satisfaction of any debt due and of any claims or demand by or against the Fund and for the purpose to appoint advocate(s);
- (viii) To refer any claims or demands by or against the Fund to arbitration and observe and perform the awards;
- (ix) For exercising supervision and disciplinary control over the work and conduct of all employees of the Fund;
- (x) For coordinating and exercising general supervision over all the activities of the Fund;
- (xi) For any other task as may be delegated by the Board.

B. The Managing Director may with the approval of the Board of Directors in writing delegate such of his powers, as he may consider necessary to any officer of the Fund.

ADVISORY COMMITTEES

61. The Fund shall establish divisional advisory committees in each division, which shall comprise three representatives of divisional Local Governments, three members of civil society from the division, the member of the General Body from

the division, and necessary management/staff of the Fund. The committee shall meet at least once in six months and shall provide feedback and guidance to the Fund on its programs in the respective division.

RESOURCES OF THE FUND

62. The resources of the Fund shall consist of the following;
- (i) Grants made by the Government;
 - (ii) Funds, aid and donations, grants, loans or other financial assistance from any Government, private or any other sources and agencies, or institutions in Pakistan and abroad for use in work consistent with the purposes and objects of the Fund; provided, however, that the receipt of such foreign loans or donations will be subject to such procedures as may be prescribed by the Government from time to time.
 - (iii). Fee and charges imposed by the Fund for services rendered by it; and
 - (iv) Income and receipt from other sources.
63. The Fund may in furtherance of its objects:
- (i). Invest and deal with fund and moneys of the Fund;
 - (ii). Borrow and raise resources for the Fund;
 - (iii). Draw, accept, make, endorse, discount and deposit Government and other promissory notes, bill of exchange, cheques or other negotiable instrument; and
 - (iv). Create reserve fund, sinking fund, insurance fund or any other special fund whether for depreciation, repair, improvement, extension or maintenance of any of the properties or rights of the Fund and/or for recouping wasting assets and for any other purposes for which the Fund deems it expedient or proper to create or maintain any such fund or funds.
64. All properties of the Fund, moveable and immovable, shall vest in the fund and shall be administered by the Managing Director, on behalf of the Fund within the parameters set by the Fund in its General Meeting or otherwise as directed by the Board of Directors.
65. The Fund may purchase, hire, lease, exchange or otherwise acquire property, moveable and immovable, tangible or intangible (including copyrights, patents and intellectual properties) which may be necessary or convenient for the purpose of the Fund and construct, alter and/or maintain such buildings and works as may be necessary for carrying out the objects of the Fund.

66. The Fund may sell, hire lease, exchange or otherwise transfer or dispose of all or any property, moveable or immovable, of the Fund, provided that for the transfer of immovable property approval of the General Body shall be required to be obtained.
67. The income and the property of the Fund, however derived, shall be applied towards the promotion and furtherance of the objects of the Fund as set forth in the Memorandum of Association hereto annexed. Save as otherwise provided elsewhere, no portion of the income and property of the Fund shall be paid or transferred directly or indirectly by way of the dividend, or by way of profit to persons who at any time are or have been members of the Fund or to any of them or to any person claiming through them or any of them provided that nothing herein shall prevent the payment in good faith any remuneration to any employee or other person in return for services rendered to the fund or for traveling allowance, and other similar out-of-pocket expenses.
68. (a) All funds should be paid into the Fund's account with the bankers of the Fund and shall not be withdrawn except by cheque signed by the Managing Director or by such officer of the Fund as may be duly empowered in this behalf by the Managing Director or the Board of Directors.
(b) Unless otherwise authorized by the Board of Directors, or the Managing Director of the Fund, no new account in the name of the Fund shall be opened,

THE SEAL

69. The seal of the Fund shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and in the presence of at least two members of the Board of Directors or such other persons as the Board of Directors may appoint for the purpose and they shall sign every instrument to which the seal of the Fund is affixed in their presence.

ACCOUNTS

70. The Board of Directors shall cause to kept proper account with respect to: -
 - (i) All sums of money received and expended by the Fund and the matters in respect of which receipt and expenditures takes place;
 - (ii) All sales and purchases of goods/services of the Fund;
 - (iii) The assets and liabilities of the Fund.

71. The books of account shall be kept at the registered office of the Fund or at such other place as the Board of Directors shall think fit and shall be open to inspection by the members of the Board of Directors during business hours.
72. The Board of Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of Fund or any of them shall open to the inspection of the members of the Fund (not being members of the Board of Directors) shall have any right of inspecting any account or book or document of the Fund except as conferred by law or authorized by the Board of Directors or by the Fund in a general meeting.
73. The Board of Directors shall as required by the Companies Ordinance, cause to be prepared and to be laid before the Fund in a general meeting such income and expenditure accounts, balance sheets, and reports as are referred to in the Ordinance.
74. The income and expenditure account shall, in addition to the matters referred to in the Ordinance, show, arranged under the most convenient heads, the amount of gross expenditure distinguishing the expenses of the establishment, salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought in to account, so that a just balance of income and expenditure may be laid before the meeting, and in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such items shall be stated, with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.
75. A Balance Sheet shall be prepared in every year and laid down before the Fund in the General Meeting and the said Balance Sheet shall be made up to a date not more than 120 days (four months) before such meeting. The Balance Sheet shall be accompanied by a report of the Managing Director of the Fund as to the state of the Fund's affairs, and the amount which the Board of Directors recommend to carry to a reserve fund.
76. A copy of the balance sheet and report shall, twenty-one days previously to the meeting, be sent to the persons entitled to receive notices of the Annual General Meeting in the manner in which notices are to be given thereunder.
77. The Board of Directors shall in all respects comply with the relevant provisions of the Ordinance, or any statutory modification thereof for the time being in force.

AUDIT

78. The Fund at each Annual General Meeting shall appoint an Auditor or Auditors being a Chartered Accountant to hold office until the next Annual General Meeting and the following provisions shall have effect, that is to say:
- (i) If an appointment of an auditor or auditors is not made at an Annual General Meeting, the Securities & Exchange Commission of Pakistan may appoint an auditor or auditors as per provisions of the Ordinance.
 - (ii) A member of the Board of Directors or officer of the Fund, or a partner of or person in the employment of such member of the Board of Directors or officer or any person, indebted to the Fund shall not be appointed auditor(s) of the Fund.
 - (iii) If any person after being appointed auditor becomes indebted to the Fund his appointment shall thereupon be terminated.
 - (iv) The first auditors of the Fund may be appointed by the Board of Directors within 60 days of the date of incorporation and if so appointed shall hold office until the first annual general meeting unless previously removed by a resolution of the Fund in general meeting in which the members of the Fund may appoint auditor(s) as such meeting.
 - (v) Retiring auditor(s) shall be eligible for re-election/ re-appointment.
 - (vi) No person other than retiring auditor shall be capable of being appointed to the office of the auditor at the Annual General Meeting unless notice of an intention to nominate him be given to the Fund not less than fourteen days before the day appointed for the holding of such Annual General Meeting and upon receipt of such notice the provisions of the Ordinance shall be complied with.
79. The appointment and the duties of the auditor(s) shall be regulated in accordance with the Ordinance or any statutory modification thereof for the time being in force.
80. The remuneration of the auditor(s) of the Fund shall be fixed by the Fund in the general meeting except that the remuneration of any auditor(s) appointed before the first Annual General Meeting or to fill any casual vacancy may be fixed by the Board of Directors.
81. Every Auditor of the Fund shall have a right of access at all times to the books, assets and accounts and vouchers of the Fund and shall be entitled to require from the members of Board of Directors and officers of the Fund such information and explanation as may be necessary for the performance of the

duties of the Auditor(s) and Auditor(s) shall make a report to the members of the Fund on the accounts examined by them, and on every balance sheet, income and expenditure account laid before the Fund in the general meeting, during their tenure of office and the report shall state whether or not they have obtained all the information and explanations they have required and whether or not in their opinion the balance sheet, is in conformity with the law and whether or not such balance sheet, and income and expenditure account, exhibit its true and correct view of the state of the Fund's affairs according to the best of their information and explanations given to them as shown by the books of the Fund and whether or not in their opinion the books of accounts have been kept by the Fund as required by the Ordinance; where any of the matters referred to herein above and answered in the negative or with a qualification, the report shall state the reasons for such answers and the report shall be attached to the balance sheet, and income and expenditure account and such report shall be read before the Fund in a general meeting and shall be open to inspection by any member of the Fund.

82. The auditor(s) shall be entitled to receive notice of and to attend all general meeting of the Fund.
83. Every accounts when audited and approved by the general meeting shall be conclusive except as regards any error discovered therein within three months after the approval thereof. Whenever any such error is discovered within that period the accounts shall forthwith be corrected and henceforth shall be conclusive.

NOTICE

84. A notice may be given by the Fund to any member either personally or by sending it by post to him to his registered address and if a member fails to notify the Fund of his registered address or the member has no registered address a notice address to him and advertise in a news paper circulating in the neighborhood of the registered office of the Fund shall be deemed to be duly given to him on the date on which the advertisement appears.
85. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the notice and, unless the contrary is prove, to have been effected at the time at which the letter would be delivered in the ordinary course of post.
86. Notice of every general meeting shall be given in such manner herein before authorize to every member of the Fund.

INDEMNITY

87. Every member of the general body, Board of Directors, Chairman, Managing Director or other officer or employee of the Fund shall be indemnified by the Fund against, out of funds of the Fund to pay, all cost, losses or expenses which they may incur or become liable to pay by reason of any contract entered into or act or deed done by them in discharge of their duties in good faith and any loss occasioned by any error of judgment, damage or misfortune which may happen in the execution of their duties in connection with affairs of the Fund unless the same shall happen through their own willful neglect or default.

AMENDMENT

88. These Articles may, with the prior approval of Securities & Exchange Commission of Pakistan and Commissioner of Income Tax, be amended, modified, substituted, altered or repealed by a three fourth majority of the members present and voting on a special resolution for the purpose at a General Meeting of the members, provided that a notice in writing specifying intention to propose the resolution as special resolution shall have been served on the members of the Fund at least twenty-one days prior to the meeting. The quorum for such General Meeting where any amendments, modifications, substitutions, alterations, or deletions of any of the Article is to be considered, shall be the presence of at least half of the civil society members on the rolls of the Fund so that the total number of members present for such General Meeting shall not be less than the number fixed for the quorum in Article 30 of these Articles of Association.