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# TIPAN

**Transformation and  
Integration of the  
Provincial  
Agricultural  
Network**



**Northwest Frontier Province, Pakistan**

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**Office of International Agriculture  
University of Illinois at Urbana-Champaign**

**In collaboration with  
Southern Illinois University at Carbondale**

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**CONSULTANT REPORT**

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**AU FOUNDATION PLAN**

**MARCH, 1993**

**Submitted to the  
Northwest Frontier Province  
Agricultural University  
Peshawar, NWFP, Pakistan**

**And**

**the U.S. Agency for International Development  
Mission to Pakistan**

**A Report of Contract 391-0488-C-00-5001-00  
The Transformation and Integration of the Provincial  
Agricultural Network (TIPAN) Project**

**By**

**Office of International Agriculture  
University of Illinois at Urbana-Champaign  
Southern Illinois University at Carbondale**

## **SUMMARY AND RECOMMENDATIONS**

This report contains the following components to be used by the contractor, the NWFP Agricultural University and USAID for their consideration and possible guidance.

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The procedural process, if the parties wish to proceed with the establishment of a Foundation, follows:

1. The Agricultural University should get approval through appropriate channels (assumed to be approval of the Chancellor).
2. Legal counsel should be acquired to provide guidance for registering the Memorandum of Association.
3. Members of the Board of Directors should be selected.
4. Funding should be obtained for employing a Board Secretary.
5. Services of a consultant should be acquired to assist establishing the operational procedures for the executive committee and the Foundation.
6. The consultant should assist possible donor agencies and the Foundation in drawing purposes and guidelines for the creation of an Endowment Fund for the continuation of TIPAN momentum.
7. The strategy for fund raising, management, and operation of the Foundation should be developed.

The Lahore University of Management Sciences (LUMS) is funded by the National Management Foundation and provides a good "role model" to follow. The creation of a Foundation to assist a public university may be a first in Pakistan.

## STRATEGY FOR DEVELOPING A FOUNDATION FOR THE NWFP AGRICULTURAL UNIVERSITY

### EXECUTIVE SUMMARY:

The NWFP Agricultural University can be a major factor in improving the agricultural productivity and income in the Northwest Frontier Province and Pakistan in general. To sustain the input of the TIPAN project, additional funding is needed to enhance the integration of the research program and help outreach activities become a viable component of the AU. Fund raising from external sources is one approach to enhancing the output of the AU. The AU has been the recipient of endowment funds and thus has some experience handling such funds. The establishment of an NWFP Agricultural University Foundation to coordinate fund raising and to provide accountability for donated funds is recommended as a viable approach for soliciting and managing external funds from in-country and out-of-country sources such as USAID and other donor agencies. The Foundation, established as a non-profit corporation organized under the laws of Pakistan, can work with the NWFP AU to facilitate fund raising efforts. The procedure for creating the Foundation appears to include setting up the Foundation as a charitable organization registered under the Societies Registration Act. Legal counsel from Pakistan should be obtained for this process.

The Foundation should be housed on the AU campus and be composed of a Board of at least 9 members, 6 from the private sector and 3 representing technical and professional personnel, from throughout Pakistan. One-third of the Board members should be from outside the NWFP. The Foundation should employ clerical staff and a Board Secretary to work with the executive committee (consisting of the Secretary, the Vice Chancellor, and two Board members) in carrying out the day-to-day business of the Foundation under Board determined guidelines. Initial Board terms of 2, 4, and 6 years are recommended with renewal terms of 6 years (Board members may succeed themselves). Funds for the initial year of operation should be obtained through both local and donor organizations such as USAID. Priorities of fund raising should be determined by the board in conjunction with the Agricultural University.

Action should be implemented to seek an endowment to enable the AU (research, outreach, and instruction) to maintain the momentum of the TIPAN Project which will terminate in mid 1994. The assistance of USAID Pakistan should be obtained to assist with the location of possible donor sources for the endowment. Income from the endowment fund could be used to preserve the human capital at current levels by providing funds for professional representation abroad, contacts with the International Centers, and additional advanced degrees to fill areas where there are now limitations (such as Business advanced degree training) or where limitations will be created by retirements or other personnel moves.

The Foundation should promote networking with graduates by promoting the creation of an Alumni Association and other organizations to interact with graduates of the AU. Other sources of fund raising within Pakistan should be identified and plans developed to make linkages with these sources.

The report contains a draft of a **Memorandum of Association** which provides beginning guidelines for creating an NWFP AU Foundation. Steps the AU should take to implement the recommendations of the report include establishing the legal corporation, selecting a Board of Directors, securing office space, staffing the Foundation, establishing the management process (executive committee), and identifying sources of funding (especially for an endowment to maintain the TIPAN momentum).

## FOUNDATION STRATEGY

**Purpose:** The NWFP Agricultural University System, having a well-trained faculty, excellent facilities, and Province wide access through its research stations is poised to make many contributions to the people of the NWFP and the Nation. The mission is clear: enrich the educational opportunities of a diverse student body, encourage research and its practical applications, deliver important public service programs to the Province and Nation through economic development activities, technology for agriculture and industry, and improvements to the city, village, and rural quality of life. The NWFP AU has been sustained through public support and enriched through assistance from outside donor agencies. Additional financial investments from both public and private sources are necessary if the AU is to truly excel. How well the NWFP AU will be able to carry out the mission of excellence will depend on the ability to identify and attract others to share the vision for the future. The creation of a not-for-profit corporation is recommended as a means of identifying other donors, from both public and private sector, to join in the partnership to serve the Province and Nation.

The creation of an institutionally related Foundation has proven effective in increasing the funding for public and private universities. To be effective, a Foundation must be well perceived by both internal (University administration, faculty, staff, institution's governing board and students) and external audiences. The degree that the University and Foundation can institutionalize the development process often determines the success of the program.

### Background

#### Introduction: University/Foundation Structures

In the U.S.A. and many other countries, most public universities establish an independent incorporated foundation to guide their fund-raising and development activities. Three main advantages account for this:

1. The Foundation is a mechanism for keeping gift funds separate from public funds.
2. Expanded opportunities for making "insiders out of outsiders" (outside board members for example become associated with the University through the Foundation).
3. Greater flexibility in expenditure of funds.

There are three basic University/Foundation structures generally employed for the fund raising/development partnership as follows:

1. Separate from the University
2. Institutionally controlled (least common)
3. A combination of the two (most common)

An institution such as the Pan-American School of Agriculture (Zamorano-Tegucigalpa, Honduras), which is a private school receiving funds and governance from a Foundation Board, has a successful fund raising foundation. The school is located in a rural area and access to board members, transportation and telecommunications facilities are more easily arranged in a major city, thus the advantage of a Foundation geographically separate from the University. In addition, graduates of Zamorano are dispersed throughout Central and South America and serve as good contacts to identify donors. The disadvantage of having the Foundation removed from the University (both geographically and by activities), is the lack of input and assistance from University staff, faculty and administration. For the NWFP AU, the joint venture is favored which provides an office on the campus, campus representatives as ex officio board members, and board members representing major constituencies from throughout Pakistan. A Foundation can most effectively contribute to the institution when the

relationship between the two (University and Foundation) is interactive, responsibilities are clear, and the structure is conducive to success.

### **Goal: Institutionalization of Development**

In order to maximize its fund raising potential, the Foundation must know who its prospects are and how well it is perceived by its internal and external audiences. Internal audiences include administrators, faculty, staff, students and the governing board of the institution. Internal audiences should be afforded the same thoughtful consideration as Foundation donors. Internal individuals may often be donors to the Foundation and should be full partners in the fund-raising operation if it is to succeed.

The process of determining fund-raising priorities, while ultimately the responsibility of the governing board, should be open to examination of all internal constituencies. The Foundation should be involved in the planning process of the institution to enable long-range planning efforts to meet fund-raising goals. Ad-hoc fund-raising priorities in response to "urgent" demand tend to dilute fund raising resources and slow down progress towards meeting long-range plans, often leaving the decision makers open to charges of favoritism.

Generally, joint venture foundation modes best further the goal of institutionalizing development:

1. Coordination between development staff and officers, deans and directors of the organization relative to needs and mission, operates much better than a totally separate foundation.
2. The involvement of faculty and staff in fund-raising activities is fostered by joint venture foundations.
3. When the foundation and the institution cooperate at the highest level in a joint venture foundation, the institution may assume more financial responsibility through its own budget process, thereby freeing donated money for programs not reimbursed by public funds. Examples of such cooperation are the payment of some salaries for development by the university and situations where the university provides office space for the foundation.

### **Relationship of the Foundation with University Governing Bodies**

In joint ventures, the Foundation board members (or the Foundation) may serve on governing boards or boards of the institution (such as the Syndicate or other boards) in either an official or ex officio capacity. Reporting to governing bodies is often a required responsibility (and desired) of joint foundations. The Foundation may appropriately develop unofficial relationships with the University governing board as follows:

1. Institution board members are cultivated and solicited for gifts or asked to assist in identifying possible donors.
2. Institution board members may act as "door openers" for cultivating and soliciting donor prospects.
3. Institution board members may be invited to get to know foundation board members at special events such as annual orientation for new members or welcoming receptions.

### **Communication with the University Administration**

The University Foundation will best succeed when a relationship of mutual respect and confidence exists between the University administration and Foundation staff. Many ways exist, both official and unofficial, for fostering confidence and building respect. Some official relationships that help develop rapport follow:

1. Institution Vice Chancellor and other top level administrators serving as **ex officio**, non-voting members of the foundation board.
2. Institution Vice Chancellor serves on the executive committee of the foundation.
3. Institution administrators serve on or as staff to various foundation committees (e.g., Finance, Nominating, Endowment Investment or Study).

Many unofficial relationships are possible which can help bond relationships such as the following:

1. In addition to ex officio board members from University administration, officers such as deans, chairmen and directors should be invited to and encouraged to attend meetings of the board.
2. The University should include foundation staff as visitors to University events and include them in meetings with important visitors to the University. Board members should be considered as "Chief Guest" for special University events.

### **Communication with Faculty**

Individual faculty members, as well as staff and administrators, need to realize that assisting the Foundation is an appropriate activity. When members of the University community become involved, and learn about Foundation activity, they can often suggest possible donors and, in time, may become donors themselves through gifts or estates. Official faculty relationships can be developed by means such as the following:

1. The Board may include a faculty representative as an ex officio member.
2. Board members may make periodic presentations to faculty groups. University units (such as a department, or the Faculty of Crop Protection Sciences) may work with the foundation to raise funds for identified needs not available through public funds (such as travel funds for professional meetings).
3. To keep board members informed of individual faculty accomplishments, faculty may be selected to make presentations at foundation meetings to help determine foundation priorities. Unofficial relationships can be significant promoters of fund raising success by the foundation. Such activities as the following can contribute to the success of the joint relationships:
  - a) In a joint venture foundation arrangement, the single most important point of contact is the front line fund-raising done by the members (or employed staff) of the foundation working with individual faculty or unit (such as Faculty or Station) priorities.
  - b) The presence of development-related articles of interest to faculty appearing in communications to faculty/staff (example, through the faculty or special newsletters).

### **Communications with Students**

University personnel and Foundation directors should recognize that every satisfied student is a potential donor. Input from students regarding their special needs should be considered in developing the priorities for Foundation fund raising activities. Examples of how students may interact with the Foundation follow:

1. The Board may ask for a student representative to serve as an ex officio member.
2. Students may be selected to make presentations about University priorities to the board or members of the board.

3. Student organizations may wish to work with the board in fund raising activities for either their own priorities or those of the University in general.
4. The foundation can recognize outstanding students at board meetings and through other means.
5. If an alumni association doesn't exist, the board may work with the advanced classes and the AU to help establish an alumni association of University graduates.

Many unofficial opportunities exist to enable interaction between the Foundation and students, such as the following:

1. Sponsoring development related articles of interest to students in student newsletters or other means of communicating to students.
2. Through class gift programs to outstanding students.
3. Selecting students to serve the board on scholarship committees, award activities, and other related University/Foundation activities.
4. Involving students as "ambassadors" in fund-raising activities or programs to promote the public awareness of the University.

#### **Communication with the Alumni Association and other University Related Groups**

An alumni association is vital to the success of a University fund-raising program. The Foundation should help establish an alumni association as well as other organizations that bring groups of AU graduates together (examples are class reunions, geographic groups of alumni). The following are examples of official relationships which may assist the development of good relations between the Foundation and groups of alumni:

1. The leader of the alumni association, or related organizations of graduates, may serve as ex officio members of the foundation board.
2. Representatives of the foundation can assist with annual meetings by sponsoring such meetings or simply by attending.

Unofficial relationships with alumni groups and the Foundation can assist the overall efforts of the Foundation in many ways, examples follow:

1. Keep alumni groups informed of upcoming activities of the foundation.
2. Solicit alumni members for help in identifying potential donors to the foundation.
3. Solicit alumni members for donations to the foundation (a satisfied alumnus should wish to further support the activities of his/her university).

The successful operation of a University Foundation must be based on "pride and ownership" of the University. The Foundation can be the coordinating body of fund raising for the University and the University administration, faculty, staff, students and alumni the team that enables the Foundation staff to be successful.

#### **Establishing Foundation Accounts**

The following general guidelines provide direction when establishing or utilizing an account within the NWFP AU Foundation for the benefit of the University teaching, outreach, and research programs.

### **Sources of Funds**

Money held in the Foundation generally comes from private sources and includes contributions from alumni, faculty and staff, friends of the University, private foundations, corporations, business, and other organizations. Gift income must conform to appropriate tax regulations governing charitable contributions and cannot be restricted by the donor for his or her direct benefit (this clause not meant to apply to income from life estates or other special arrangements where the donor retains benefits throughout his/her life or for a specified time).

### **Fund Categories**

**Current funds to support general operating needs** are used to pay incidental expenses of a faculty, program, station or other unit and can be expended at the discretion of the fund's fiscal agent (dean, department chair, director, etc.). Current funds should be invested to accrue interest if possible.

**Current funds to support scholarships** are specifically designated and restricted for scholarships. Part or all of the balance in these accounts may be expended. Such funds generally accrue interest.

**Endowment funds** are specifically designated accounts in which the principal of the fund is generally held in perpetuity; and for which interest accrued can be expended only for the purpose of the fund. Endowment funds generally maintain a given minimum balance.

### **Control of Funds**

Funds established for a particular unit of the University (faculty, department, station, or unit) are managed by the Foundation. Authorization for disbursements must be by the designated fiscal agent for the account and processed through the Foundation accountant. The Foundation should maintain a foreign currency account for accepting foreign funds and for making purchases outside of Pakistan.

## **Proposed Investment Policies for Foundation Funds**

### **Endowment Funds**

An endowment is generally intended to produce income to support a designated program, scholarship, or activity in perpetuity. The Foundation must take steps to preserve (against inflation), the purchasing power of such funds, while at the same time allowing a reasonable level of spending. Current and future beneficiaries of these funds should receive equal benefit. The Foundation investment advisory committee should be informed of the guidelines for endowment funds and provide direction for investing which will meet these guidelines and protect purchasing power.

The goal with endowments is to attain an average annual real total return (net of investment, management fee, and expenses) equal to or greater than the sum of the annualized rate of inflation plus the annual spending rate. As an example, if inflation rate is 4% and the spending rate of the endowment is 5%, the Foundation goal would be to attain an annual rate of return of at least 9% (long term, over at least a three- to five-year period).

The spending rate is usually set at an established date (for example at the end of a fiscal year) upon the recommendation of the investment committee. Spending rate should be determined on a moving average basis of a given percentage (for example 6%) of the last three years average market values.

The endowment investments should be managed by specialized investment managers and the process should be monitored quarterly by the Foundation investments committee.

### **Guidelines for Disbursements of Foundation Funds**

Policies and procedures for the expenditures of Foundation funds should be established to meet the following goals:

- \* Provide proper documentation and detail of disbursement for audit purposes
- \* Maintaining an unquestioned status as a not-for-profit organization
- \* Disbursing funds in accordance with the wishes of the donor
- \* Prohibiting the use of funds for the direct personal benefit of AU employees
- \* Obtaining goods and services efficiently and at the most reasonable cost
- \* Accounting properly for all equipment donated and purchased
- \* Avoiding, when possible, duplication of generally accepted policies and procedures by adopting the established purchasing guidelines of the University

### **Gifts and Grants**

Solicitation of gifts and grants may be accomplished appropriately by Foundation board members and staff as well as by AU personnel. Gifts and grants should be appropriate to the University and within the scope and mission of the units concerned. Gifts and grants are accepted by the University Foundation only if approved by the University Vice Chancellor. Any negotiations concerning the terms and conditions of general gifts or grants are to be carried on between the Foundation, the unit(s) concerned and the AU Vice Chancellor (or his designated representative).

#### **Unrestricted Gifts**

An unrestricted gift is a gift without restrictions on the gift or the conditions of the gift. The terms are general and broad so that the University has discretionary control over the use of the funds. Since an unrestricted gift creates no obligations on the part of the University for any particular performance, it is readily accepted and acknowledged.

#### **Restricted Gifts**

A restricted gift (grant) is one in which the donor has placed constraints on the use of the funds. These constraints may be very broad, such as restricting the use of the funds to certain units or for certain general uses. Constraints may be quite specific on the use of the funds, requiring specific actions to be performed by the recipient. In the case of very specific conditions, the term **grant** is usually used to designate the funds. A grant is differentiated from a restricted gift only in that a grant usually causes specific conditions be imposed by the sponsor which require specific, definite actions to be performed by the recipient.

When the gift or grant requires that the donor be provided with a final report and accounting for the funds, it falls in the category of being a sponsored program. In cases where the program will cause an indirect consumption of appreciable University resources, a review should be made prior to acceptance as to the advisability of applying an overhead charge to the gift or grant. In cases where University resources are used excessively, it may be desirable to decline the grant.

#### **Scholarships and Fellowships**

Scholarships and fellowships are gratuitous payments to provide financial assistance to students during their training. The major obligation of the University in accepting such funds is in seeing that established academic requirements and conditions of the payments are made. Scholarships and

fellowships are awarded in accordance with criteria generally based upon academic achievement and/or financial need.

### **Endowment Gifts**

An endowment is a gift of property or money, the income of which is to be used for a specified purpose. The conditions of the gift generally specify the way in which the income may be used, although when such information is absent, the decision may be left to the Foundation.

Endowment gifts may be received and accepted with the conditions that (1) the principal may be held intact or expended upon authorization of the Board or that (2) the Foundation may use only the income of the gift and, if desired, place other funds with the gift.

Acceptance of a gift, or offer of a gift, to create an endowment should be reviewed by the unit(s) involved, the University administration and by the Foundation. Previous guidelines for maintaining the purchasing power of an endowment should be considered.

### **Non Monetary Gifts**

Non-monetary gifts should be accepted only after the artistic or real value has been determined. Such gifts should not be accepted unless they enhance the goals and objectives of the Agricultural University.

Loans of property (such as art work, specialized piece of equipment or vehicle) should be accepted if they meet needs of the University but only with the condition the University will take reasonable care but not be responsible for loss or damage of the property.

### **Creation of an NWFP AU Foundation**

The fund raising capability of the Agricultural University could be centered around the activity of a Foundation. The Foundation would provide accountability for donors to the AU, and facilitate the development of the AU. The Foundation Board should include private sector representation to help link the private sector with the AU. The creation of endowment accounts within the Foundation could help serve specific AU needs such as scholarships, research innovations and in-service training designed to update faculty members. External donors should recognize the presence of a Foundation and provide their support for the AU through the Foundation. Organized as a non-profit corporation with management (Board) made up of non-AU employees, the Foundation should have status as a non-government organization (NGO). The Foundation Board would be responsible to see that the intent of donors is met. To facilitate the creation of an NWFP AU Foundation, a **Memorandum of Association of the NWFP Agricultural University Foundation** is prepared and presented in appendix 1. If the AU wishes to follow through with the creation of a Foundation, local counsel should be obtained and the proper papers filed under the Societies Registration Act. The Memorandum of Association presented in appendix 1 covers required components for operating a foundation but may need some alterations to fit the customary documentation for Pakistan practices.

### **Conclusions and Recommendations**

The NWFP Agricultural University should proceed to create a Foundation to serve as the focus for development activities of the AU. The Foundation will be a repository for funds contributed (endowment funds, unrestricted gifts, and scholarships) to further the programs of the University. The following recommendations are submitted:

1. The establishment of a charitable and educational non-profit corporation, under the laws of Pakistan should be completed using the accompanying Memorandum of Association as an initiating document. Legal counsel should be acquired to guarantee appropriateness of the incorporating document (Appendix 1) and register the Foundation under the Societies Registration Act, XXI of 1860.
2. The Agricultural University should provide office space, personnel, utilities, and operational facilities to facilitate development of the Foundation.
3. Selection of a Board of Directors for the Foundation should be initiated and members that can contribute to the programs of AU selected for the task.
4. Funds for the initial year(s) of operation should be solicited from outside donors. USAID Pakistan, either independently or through the TIPAN project, should help obtain operational funding for the initial year as outlined in Appendix 2. (Operational budget for the NWFP AU Foundation) and assist the creation, initial operation and development of the Foundation.
5. In addition to the employees of the Foundation, the NWFP AU should assign at least one full-time equivalent faculty member (one person full-time or two people one-half time) to carry out development activities in collaboration with the Foundation Board and Board Secretary.
6. The Foundation Board and the University, working in concert, should determine the fund-raising agenda priorities and implement them. Suggestions follow:
  - a) To support the continued vitality of the instruction, outreach, and research activities of the NWFP AU System, an endowment fund should be established and funded to provide contingency support for the new facility, funding for out-of-country degree training for faculty replacements, funding for faculty travel to professional meetings, funding for innovative research and outreach programs, and other enrichment funding for viable needs not met by GOP or NWFP funding (see Appendix 3, Request for Creation of an Endowment for the NWFP AU).
  - b) The development of an alumni association and planned giving plan for alumni should be initiated.
  - c) Funds drives should be conducted specific, worthy projects requested by on campus or station personnel.
  - d) The Foundation office should be equipped and clerical help trained in computer technology enabling development of a prospects database, proper correspondence generation, and financial accountability. Planned giving programs should be initiated for AU employees, alumni, and friends of the AU.
  - e) Other priority agenda needs should be determined by the Foundation Board in collaboration with the AU and with the assistance of USAID, Pakistan.
7. The Board should identify sources of funding in Pakistan to contact for help. With the AU, priorities should be established to provide possible donors a choice for contributing to the needs of the University.
8. The Board should establish linkages with other Foundations in Pakistan (such as the Lahore University of Management Sciences, LUMS) for guidance in achieving Board and AU goals and priorities.
9. The NWFP Agricultural University System (instruction, outreach, research) must continue to develop a "sense of pride and ownership" within all constituencies of the AU community if fund raising efforts are to succeed.

**APPENDIX 1**  
Foundation Memorandum of Association

**Northwest Frontier Province Agricultural University**  
**Memorandum of Association of the**  
**NWFP Agricultural University Foundation**

**Article I**

**Name and Incorporation**

**Section 1. Name.** The name of the organization shall be the "NWFP Agricultural University Foundation." It will hereinafter be designated and referred to in this Memorandum of Association as the "Foundation." The Foundation will be registered under the GOP Societies Registration Act.

**Section 2. Type of Organization.** The Foundation shall be a wholly nonprofit corporation, organized under the laws of the Northwest Frontier Province and the Federal Government of Pakistan. Its purposes shall be wholly charitable and educational. The period during which this corporation shall continue is perpetual.

**Section 3. Location.** The principal office of the Foundation shall be in Peshawar, Pakistan on the campus of the NWFP Agricultural University.

**Section 4. Object.** To assist in developing and increasing the facilities of the NWFP Agricultural University System (to include teaching, research, and outreach) for broader educational opportunities for, and service to, its students, alumni, citizens of the Northwest Frontier Province, and nation by encouraging gifts of money, property (real or personal), works of art, historical papers and documents, museum specimens, and other materials having educational, artistic, or historical value, and by such other proper means as may be permissible under the statutes of the NWFP and Nation as may further the purposes of the Foundation.

**Article II**

**Powers**

In achieving the purposes for which it is organized, the Foundation shall possess and may exercise all of the powers conferred by NWFP and National Statutes and, in addition, all of the following powers:

**Section 1.** To receive at the option of the Foundation from any source, by gift, devise, bequest, or otherwise, any money or property (real or personal), absolutely or in trust, to be used, either the principal or the income therefrom, for the furtherance of the Foundation's purposes. The Foundation reserves the right to decline any gift, devise or bequest (of any kind) if such gift fails to meet Foundation objectives or creates additional obligations on the NWFP Agricultural University Foundation. The Foundation will not accept gifts involved in illegal or immoral activities.

**Section 2.** To make gifts, donations, contributions, loans, and grants of all or any part of the Corporation's income, assets, and property for the furtherance of any of the Foundation's purposes.

**Section 3.** To acquire, hold, own and vote to sell, give, assign, donate, transfer, pledge, or otherwise dispose of the capital stock of any other corporation.

**Section 4.** To purchase, lease, hold, acquire, reinvest, use, mortgage, pledge, exchange, sell, assign, convey, transfer, and otherwise dispose of both real and personal property, tangible and intangible.

**Section 5.** To borrow money and issue notes and evidences of indebtedness in order to further Foundation objectives and needs.

**Section 6.** To enter into, make, and perform contracts with and guarantee the obligations and performance of any individual, firm, partnership, association, corporation, or other entity.

**Section 7.** To engage in any act and do anything incidental to or convenient or necessary for the furtherance of the Foundation's purposes.

**Section 8.** Where the terms and conditions imposed by the donors of any gifts or bequests require immediate transfer to the NWFP Agricultural University System, or where such transfer enables the Foundation to further its purposes and objectives, the Foundation may transfer absolutely all right, title, and interest in such property (real and personal), to or for the use and benefit of the NWFP Agricultural University, subject to said terms and conditions. Whenever any gift or bequest is made as a memorial, involves maintenance, provision for such maintenance shall be included in the gift unless this requirement is waived by the Board of the Foundation.

**Section 9.** To receive and administer funds for scientific, educational and charitable purposes, for the public welfare and for no other purposes, and to that end take and hold, by request, devise, gift, purchase, or lease, either absolutely or in trust, for such objects and purposes, any property, real, personal, or mixed. Amount or value will be without limitation except such limitation, if any, as may be imposed by law. To sell, convey, dispose of any such property and invest and reinvest the principal and income thereof, and deal with and expend the principal and income of such funds for any of the objectives of the Foundation without limitation, except such limitation, if any, as may be contained in the instruments under which such funds are received or other limitations imposed by law.

**Section 10.** To receive any property, real, personal, or mixed in trust, under the terms of any will, deed of trust, or other trust instrument for the purposes of the Foundation and in administering the same, carry out the directions and exercise the powers contained in the trust instrument under which the property is received. Such powers to include the expenditure of the principal as well as the income, for one or more of such purposes, if authorized or directed in the trust instrument under which it is received.

**Section 11.** To receive funds from other foundations, charitable organizations, governments, local bodies and persons, whether corporate or otherwise, and under such terms and conditions as may be agreed upon between the Foundation and the donor.

**Section 12.** To use the financial and other resources allocated to it for the execution of its functions.

**Section 13.** To enter into agreements, contracts, and arrangements with governments, organizations, institutions, bodies and individuals for the purposes of carrying out its functions and activities.

**Section 14.** To deposit in the archives or library of the NWFP Agricultural University whatever articles or manuscripts having scientific or educational value which may be loaned or given to the Foundation by the owners or by persons in legal custody.

**Section 15.** To award scholarships to outstanding students and scholars.

**Section 16.** To make awards in recognition of outstanding original research, service, instruction or other noteworthy activities related to the objects of the Foundation.

**Section 17.** To award students certificates and other academic distinctions in relation to the objectives of the Foundation.

**Section 18.** To encourage, promote, support, or arrange symposia, seminars, lectures, classes, demonstrations and exhibitions to advance the objectives of the Foundation.

**Section 19.** To found, subsidize, aid, assist, establish, maintain, run, administer and manage trusts, funds, grants and other benefactions in the furtherance of the objectives of the Foundation.

### Article III

#### Board of Directors

**Section 1. Number.** The initial Board of Directors shall consist of nine (9) members to be selected as provided in this article. The maximum limit of the membership may be fixed from time to time by the Board.

**Section 2. Membership.** Member means a person who is either a founder member and signatory to the Memorandum of Association of the Foundation or is duly elected to membership at the discretion and election of the Foundation Board.

**Section 3. Qualifications and Selection of Directors.** Members of the Board will represent the following constituencies:

- A. Private Sector representatives - At least 6 (or two-thirds) of the Board will be members of and represent the Pakistan Private Sector.
- B. At least three (or one-third) of the Board will be professional persons (doctors, attorneys, bankers, educators, etc. to include a Vice Chancellor from a Pakistan University) and may represent either the public or private sector.
- C. At least six (or two-thirds) of the Board will be from the Northwest Frontier Province. At least three (or one-third) of the Board will not be residents of the NWFP.
- D. Ex Officio Members - The Vice Chancellor will be an ex officio (non voting) member of the Board. To provide a viable and continuing contact and communication between the Foundation and the University, its administration, faculty and students, involving the goals, needs and programs of the University and to enable the Foundation Board to more effectively and efficiently carry out the purposes and objectives of the Foundation, ex officio (non-voting members) may be added by the Board. Additional ex officio members to be considered for inclusion include the following: The Director of Research, Director of Outreach, Director of Teaching, one representative selected by the Faculty, one representative selected by the Academic Deans, one representative selected by the Research Station Directors, one scientist selected by the Agricultural Researchers Association, one student selected by the students, and one alumnus selected by the alumni association. The Board may consider appointing other ex officio members.
- E. Ex Officio members of the Board and all NWFP Agricultural University employees on the Foundation Board shall be non-voting members.

**Section 4. Terms of Office of Directors.** Founding Directors shall serve as follows: initially, nine Directors will be selected and this group will elect their Chairman and Vice Chairman who will serve for three years. The Chairman and Vice Chairman will serve six-year terms on the Board. Other members will draw to determine the following lengths of service on the Board: two-year term - three directors; four-year term - three directors; and six-year term - three directors. New Directors will be elected every two years for six-year terms. Board members may be elected to succeed themselves.

**Section 5. Terms of Office of ex officio Members of the Board.** Ex officio members shall serve on the Board for the duration of their current positions or as determined by their constituency.

**Section 6. Powers and Duties.** The Board of Directors shall exercise all of the powers of the Foundation except as otherwise delegated by the Memorandum of Association.

**Section 7. Annual Report.** The Board shall prepare an annual report on the affairs of the Foundation and provide it to members at least 10 days prior to the annual meeting with copies to the Foundation office and the NWFP Agricultural University library.

**Section 8. Officers of the Board.** The members of the Board shall from themselves elect a Chairman and Vice Chairman and entrust to them such powers and responsibilities as the Board may deem fit. The Chairman shall be the Chief Executive Officer of the Foundation. The Chairman and the Vice Chairman shall hold office for a period of three years provided that each shall be eligible for re-election thereafter. The Chairman, and in his absence the Vice Chairman, shall preside over all of the meetings of the Board. In case of the absence of both the Chairman and Vice Chairman, the members of the Board may elect any other member to act as Chairman for that meeting.

**Section 9. Vacancies and Removal of Directors.** In the event of removal, death, disability, resignation or addition of a director, his/her successor shall be promptly filled by a special resolution passed by at least three-fourths of the existing Board strength of the directors still in office, such director to serve out the unexpired term. Notwithstanding any other provisions of the Memorandum of Association, the Board may remove any member for cause by a special resolution passed by at least three-fourths majority of the existing Board strength.

**Section 10. Meetings of the Board of Directors.** There shall be at least two regular meetings of the Board, one during the fall semester and the other during the spring semester each year. The time and place of the meeting will be determined by the executive committee. Notification of the entire board will take place at least one month in advance of each meeting. The spring semester annual meeting

will be the official annual meeting. Special meetings may be called by the Chairman or by not less than one-third of its members after any other members have received a minimum of seven days notice thereof provided that the members may in writing, before or after the meeting waive such notice.

**Section 11. Attendance.** When it is not possible for a member of the Board to attend a meeting of the Board, he/she shall, with the approval of the Board, appoint an alternate member who shall attend and vote at such meeting on behalf of the appointing member.

**Section 12. Quorum.** Four or one-third of the total numbers of members of the Board, whichever is greater, shall constitute a quorum for the transaction of any business by the Board. In the absence of a quorum, a meeting may be adjourned until such time as a quorum is complete.

**Section 13. Acts of the Board.** Except as otherwise provided by law or where a special resolution is required, the act of the majority of the members of the Board present at a meeting (at which a quorum is present) shall be the act of the Board provided that in the case of a tie, the Chairman shall cast the deciding vote. In absence of an official meeting of the Board, a resolution signed by all of the members of the Board shall be valid and effective as if passed by a duly called meeting of the Board.

**Section 14. Executive Committee.** The management of the aforesaid NWFP Agricultural University Foundation shall be vested in the Board of Directors. The Board shall appoint an Executive Committee and delegate to this committee power to transact corporate business in accordance with objects as above outlined. This committee shall consist of at least two voting members (including the Board Chairman), the Board Secretary, and the NWFP Agricultural University Vice Chancellor (ex officio member). The Committee shall have all powers of the Board of Directors except that such Executive Committee shall have no power to encumber or convey the real property of the NWFP Agricultural University Foundation unless expressly authorized by the Board. The Executive Committee, under the Direction of the Board of Directors, shall have charge of the funds and investments of the Foundation. This committee will be responsible for preparing and submitting to the Board each year for its approval, a budget covering the operating expenses of the Foundation for the succeeding year.

**Section 15. Delegation of Responsibility.** The Board, except as otherwise provided in this Memorandum of Association, may constitute and appoint committees for general or specific purposes or authorize any officer or officers, agent or agents, to enter into any agreement or execute and deliver any contract or other instrument in the name and on behalf of the Foundation and such authority may be general or confined to specific purposes.

**Section 16. Secretary.** The Board shall appoint either from among themselves or any other suitably qualified person, a Secretary of the Board on the terms and conditions determined by the Board. The Secretary, subject to the general control and supervision of the Board, shall carry out the following:

- A. Functions as may be assigned to him/her by the Board.
- B. Subject to the Board, be responsible to administer all affairs of the Foundation in accordance with the policy and directives of the Board.
- C. Prepare a plan of work for the Foundation and implement the plan after its approval by the Board.
- D. Record or cause to be recorded in the official books, all proceedings of the Foundation including those of the Board.
- E. Give all notices in accordance with law and Foundation rules.
- F. Be custodian of the records of the Foundation.

## **Article IV**

### **Finances**

**Section 1. Funds and Securities.** The funds of the Foundation shall be deposited in a bank(s) under State and or National supervision. The funds will be invested under bylaws prepared and approved by the Foundation.

**Section 2. Accounts.** The Secretary shall cause to be maintained complete records of all transactions, assets and liabilities in accordance with the requirements of law. The first accounting year will be closed on the next 31st day of December. Thereafter, each accounting year will begin on 1 January and close on 31 December. The Board may change the accounting year.

**Section 3. Auditing of Accounts.** The accounts of the Foundation shall be audited and examined each year by an audit committee of the Board and by an independent auditor. All examinations and reports shall be made available to the administration of the NWFP Agricultural University and any other public body upon proper demand which may have a bona fide interest therein.

**Section 4. Bank Accounts.** All funds of the Foundation not otherwise employed or invested shall be deposited to the credit of the Foundation in such scheduled bank or banks as the Board may designate for orders of payment (cheques and drafts) which are payable to the order of the Foundation. Such deposits may be delivered, endorsed, and signed by such officer of the Foundation as may from time to time be determined by the Board. All cheques, drafts or other evidence of indebtedness issued in the name of the Foundation shall be signed or endorsed by such officers, employee or employees of the Foundation as shall from time to time be determined by the Board. Each of such officers or employees shall give such bonds as the Board may require. Deposits may be made in savings or checking accounts, as the Secretary may consider advisable, only in banks previously approved by the Board. Cheques for amounts in excess of Rs. 12,500.00 shall be signed by any two of the following: Secretary, Board Chairman or duly authorized member of the Executive Committee, but salary checks issued monthly or at regular intervals and other regular disbursements for which appropriations have already been set up in the approved budget of the Foundation, and checks in amounts of less than Rs. 12,500.00 shall not require more than the signature of one of the above persons.

**Section 5. Safekeeping of Securities and Records.** All securities owned by the Foundation or held under its control shall be adequately safeguarded as approved by the Board. The Secretary shall be responsible for the safekeeping of all records pertaining to the activities of the Foundation. Upon the termination of his appointment as Secretary, he shall ensure that these records are properly transferred to the successor.

**Section 6. Donations.** The Foundation shall not make any donations or grants to or affiliate with any other charitable institutions/fund/trust which are not approved under the Religious and Charitable Institutions Rules, 1975.

**Section 7. Investment Committee.** The Board shall appoint an Investment Committee to assist the Secretary and Executive Committee with Foundation Investments. The members of this Committee shall be persons who are active and knowledgeable with current investment policies, practices and programs. The Committee will recommend to the Executive Committee current and long-range policies to be used for Foundation Funds.

**Section 8. Application of Income and Properties.** The Foundation shall utilize its money, property and income solely towards the promotion of the objects of the Foundation and no portion thereof shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise, by way of profit or by any other means to the members of the Foundation and/or their relatives.

**Section 9. Utilization of Income and Donations.** Except as authorized by agreement with donor, the Foundation shall utilize its income and donations received by it during the preceding year for achieving its aims and objects and any money set apart or not utilized shall not exceed 25 percent of its income and spendable donations or Rs. 25,000.00 whichever is less unless a greater carryover is approved by special resolution of the Board. Excess amounts are to be invested in Government securities or otherwise as determined by the Board.

## Article V

### Expenses of Foundation Staff

**Section 1. Petty Cash Fund.** A petty cash fund may be advanced to the Secretary and/or Chairman of the Board out of which payment may be made for routine and emergency expenses. The amount of this fund may not exceed Rs. 12,500.00 at any time unless authorization for a larger amount is given by the Board or the Executive Committee. The fund shall be reimbursed from time to time by a regular check of the Foundation on the presentation of itemized receipted bill for expenses paid from it by the Secretary.

**Section 2. Reimbursement of Board Members.** Board members or other authorized persons, carrying on work for the Foundation, shall be entitled to reimbursement for necessary and appropriate travel expenses when away from the headquarters of the Foundation and on the business of the Foundation, such expenses to be submitted to and approved by the Board.

## Article VI

### Amendments

**Section 1. Changes.** No change may be made in the Memorandum of Association and the Rules and Regulations of the Foundation without the prior approval of the Central Board of Revenue.

**Section 2. Amendments.** Subject to the provisions of Section 1 of Article VI, changes to the Memorandum of Association may be amended, repealed and new rules and regulations may be adopted at any meeting of the Board by a special resolution passed by at least three-fourths majority of the existing Board strength.

## Article VII

### By-Laws

**Section 1. By-Laws.** The Board may make By-laws to provide for matters not specifically or sufficiently provided herein.

## Article VIII

### Dissolution

**Article 1. Dissolution.** Should the NWFP Agricultural University Foundation be dissolved, then all its funds will be transferred to the NWFP Agricultural University, or some other responsible agency for use compatible with the purposes and objectives of the Foundation, to be maintained and disbursed under the original agreements made with the Foundation when the money or property was donated to the Foundation.

**APPENDIX 2**  
Operational Budget for the NWFP Agricultural University Foundation.

**Operational Budget for Year One**

<u>Budget Item</u>	<u>Amount - Rupees</u>
1. Foundation Secretary (salary plus benefits)	200,000
2. Office Supplies	25,000
3. Office Clerk	60,000
4. Computer, printer, software	250,000
5. Travel, operational expenses, meeting expense	100,000
6. Miscellaneous expenses	100,000
7. Full-time faculty equivalent -	to be provided by AU

**Discussion:** Since the NWFP AU is the recipient of the Foundation, the AU should provide space, furnishings, and utilities for the start up of the Foundation. The AU should be willing to reassign a full-time equivalent position (one full-time or two one-half time people) to the Foundation for assignment to development duties. The faculty assigned development work should be sent to LUMS to learn about development work there and in addition, should be sent to study development work at one or two U.S. Universities. Funds for training personnel in computer skills for running a foundation should be provided and the accountant (clerk) should be involved in the current financial management training program being conducted on the AU campus.

**APPENDIX 3**  
Request for funds to establish an endowment in the  
NWFP Foundation for the benefit of the NWFP AU.

**Sample Request**

To preserve the human capital of the AU at the present levels and to provide funds for mobilizing the outreach, instruction, and research efforts (as perceived by the TIPAN Project) the creation of an endowment fund of at least Rs. 60,000,000 is needed. The fund should be established, as set forth earlier in this document, to maintain equivalent value over time and provide revenue to the AU above the income level needed to maintain a constant fund principal. In creating the endowment, the NWFP AU Foundation should have a matching requirement of at least 10% of the total in order to encourage the mobilization of funds from other sources. Income from the endowment could not be used until the entire fund was in place (and then only earnings could be used). Funding the endowment should proceed as follows:

1. Funds should be provided by donor in two increments, the first increment of Rs. 27,000,000 should be endowed immediately and the additional donors Rs. 27,000,000 provided as soon as the matching Rs.6,000,000 is available.

2. Funds from the endowment could not be spent until the entire amount was in place and earnings had accumulated for application to the endowment purposes.
3. Guidelines for the endowment should be developed by the Foundation Board and appropriate donors (such as USAID) promptly after creation of the NWFP AU Foundation and selection of the Board of Directors. Needs to be met could include the following:
  - a) Funds for advanced training for at least one Ph.D in Business Administration and one Master of Business Administration degree (or two MBA degrees).
  - b) Training of replacement faculty for retiring or otherwise vacated faculty position.
  - c) Meet needs of "seed money research" for timely research projects.
  - d) Travel grants for training, professional meetings or other updating programs for faculty/researchers.
  - e) Equipment maintenance/repair/replacement under rigidly developed guidelines.
  - f) As conditions and research needs change in the NWFP, faculty/researchers will need to be retrained in order to provide useful services to the system. Funds should be designated for retraining people to change from positions no longer needed to areas of need. For example, if a tobacco researcher is no longer needed, he/she could be retrained for work in oilseeds or forage research. Likewise, a physicist could be retrained to become a climatologist.
  - g) Other areas as agreed between the Foundation, AU, and donor organization.