

**Subject: Fraud in USAid Grant for Social Mobilization and Capacity Building GZD-CAD Project Dera Ismail Khan.**

Social Mobilization & Capacity Building Consultancy Contract was signed between Taaleem Foundation and its Associates (**Infra D Consultants and American Refugee Council**) and Gomal Zam Dam Command Area Development Project in Feb, 2018 with cost of PKR 239.401 million. The objective of the project was to formulate 393 water users associations along with to build the capacity of the water users associations through conduction of workshops.

Legally the contract was signed between the above stated parties but before submitting the bid for the consultancy a Joint Venture Agreement (attached) was also signed between the Taaleem Foundation and C-Digital (an IT related company/Firm Islamabad own by an inhabitant of Dera Ismail Khan) in order to fix the share of USAid Grant of PKR 239.40 Million on 50% basis. The Role of the C-Digital was to pave the way for Taaleem Foundation and its Associates to win the bid through back-doors. The sharing rule was describe in article no 2.1 & 2.2 of the JV Agreement as follow.

2.1 If TF and its partners are awarded the project, both parties agree to maintain a Joint Venture office at DIKHAN & Islamabad (in contract document there is no provision of Office in Islamabad) for the performance of the Project

2.2 Each Party's share in equity and its share in profit or loss is;

- Equity Share

100 % Taaleem Foundation

- Profit Share

- a) 50% Taaleem Foundation & its Partners ( Infra D-Consultants & ARC )
- b) 50% C-Digital & its Partners

In original contract which was signed between Taaleem Foundation and the Gomal Zam DAM Project, C-Digital has no role for implementation of the project. Therefore it is a fact that the Grant which was provided by the government of USAid for poor farmers of the district DIKHAN and TANK was planned to unlawfully divided between the TF & the C-Digital. Neither C-Digital has any role in implementation nor is it part of any legal contract. The agreement shows that it has already been decided on 14 September 2017 (**06 months ago before initiating the project**)that half of PKR 239 Million (119.5 Million) is the share of the C-Digital and remaining 119.5 million will be used for implementation and unutilized remaining amount will be further divided between the Taaleem Foundation and its partners.

Through this document it is easily observed that only 50 to 60 million will be utilized for the welfare of the farmers and rest of 200 Million was planned to share amongst the partners. It is a fraud with the USAID GRANT and it is requested that an enquiry will be established on C-Digital along with termination of the contract and all firms and organization will be black-listed so further they will not be given any chance for such frauds. The attached Agreement is also self-explanatory. C-Digital is not an approved firm of the Gomal zam dam project

Thanks

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## Joint Venture Agreement

This Joint Venture Agreement (hereinafter referred to as the "Agreement") is made and entered into this 14<sup>th</sup> September 2017; by and between:

**TAALEEM FOUNDATION** duly organized and existing under and by virtue of the laws of Islamic Republic of Pakistan with its registered office at Basement, State Life Building # 05, China Chowk, Blue Area, Islamabad (hereinafter referred to as "**TF**")

AND

**CDigital**, duly organized and existing under and by virtue of the laws of Islamic Republic of Pakistan with its registered office at 275C, Street 13, Chaklala Scheme - III, Rawalpindi - Pakistan (hereinafter referred to as "**CDigital**")

The parties are collectively referred to as the Parties or individually as the Party in this Agreement.

**WHEREAS**, the Parties hereto have agreed to form a Joint Venture (hereinafter referred to as the "**Joint Venture**" or the "**JV**") for the purpose of preparing and submitting Bid/Price & Technical Proposal and, subsequently, if being awarded the project, execute the project for "Social Mobilization & Capacity Building of Farmers" under Gomal Zam Command Area Development Project by Project Implementation Unit, Gomal Zam Command Area Development Project, Government of Khyber Pakhtunkhwa, D.I.Khan Pakistan, (hereinafter referred to as the "**Client**"), within the scope of bidding documents provided for this Project.

**WHEREAS**, in the event that the Joint Venture is successful in its bid/proposal and bid/proposal is accepted, the Parties have agreed to perform the Contract in accordance with the agreed terms and conditions thereof and in the spirit of mutual co-operation to achieve the objective of the Joint Venture.

**NOW, THEREFORE**, and in consideration of the foregoing promises and other considerations and covenants hereinafter set forth, the Parties hereby agree as follows:

### Article 1. Form of Agreement

- 1.1 The TF & CDigital shall jointly prepare and submit Bid/Proposal in the name of TF & its Associates.
- 1.2 Parties subsequently, shall jointly perform the Project, if awarded to TF & its Associates.
- 1.3 Any alteration of the Agreement shall not be permitted without prior written consent of both parties.



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- 1.4 The relationship between the Parties shall be limited to the performance of this contract in accordance with the terms of the Agreement, and nothing in the agreement shall limit either of the Parties from other activities.

#### Article 2. Joint Venture

- 2.1 If TF and its Partners are awarded the Project, both Parties agree to maintain a Joint Venture office in DIKHAN & Islamabad for the performance of the Project.

- 2.2 Each Party's share in the equity and its share in profit or loss is;

- Equity Share

100% Taaleem Foundation.

- Profit Share

a) 50% Taaleem Foundation & its Partners

b) 50% CDigital & its Partners

#### Article 3. Technical Proposal

- 3.1 Technical Proposals will be prepared jointly & submitted by TF & its Partners. CDigital will provide all or any type of assistance required by TF.
- 3.2 In connection with the Contract in case of award, Parties shall make decisions by mutual consent of both parties.

#### Article 4. Proposal / Estimation Work

- 4.1 Financial Proposals will be prepared & submitted by the Parties with mutual consent.

#### Article 5. Organization

- 5.1 A Management Board shall be formed with four (4) representative members. Project Manager (Mrs. Zeb U Nisa) is nominated by Taaleem Foundation and agreed by CDigital, Team Leader and One Administrative /Financial & Technical member from each party respectively will be nominated by the head of each organization.
- 5.2 The site organization shall be established by the Management Board for the successful performance of the Project.

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**Article 6. Execution of the Project**

- 6.1 All works/ operation shall be carried out Taaleem Foundation under the integrated site organization to be established for the project.
- 6.2 Finances will be managed jointly through joint account & team management.
- 6.3 Both Parties shall be responsible for providing the personal as per this JV agreement.

**Article 7. Validity**

- 7.1 This Agreement shall come into effect from the date of signing and remain valid until the conclusion of the project unless terminated as provided for in this Article here under.
- 7.2 This Agreement shall be automatically terminated if any one of the following events occurs:
- i) failure in being awarded the Project; or
  - ii) cancellation of the Project by the Client; or
  - iii) failure of the J.V. to win the Project from the Client or Expiry of six months from the date of signing of this Agreement, whichever is later.
- 7.3 In case of termination of the Agreement according to any event provided for in the Article 7.2 above, no Party shall make any claim for indemnification against the other Party for whatsoever reason.

**Article 8. Confidentially**

No Party shall use this Agreement or information supplied by the other Party for any purpose other than intended by this agreement, nor transmit any written information or documents or this Agreement, to any third party for any purpose not intended by the Agreement without permission in writing to do so by the other Party.

**Article 9. Governing Law**

This agreement shall be governed and construed in accordance with the laws of the Islamic Republic of Pakistan.

**Article 10. Arbitration**

- 10.1 All disputes or differences that may arise out of, in relation to or in connection with the Agreement shall be settled amicably between the Parties at the level of their heads of

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organization.

- 10.2 However, in case any dispute or difference is not so settled, each Party may refer the matter to arbitration for final settlement in conformity with the Arbitration Act by one or more arbitrators appointed in accordance with such rules for the time being in force.
- 10.3 The arbitration shall take place in Islamabad, Islamic Republic of Pakistan and be conducted in English language.
- 10.4 None of the Party shall be entitled to suspend the performance of the Agreement merely by reason of a dispute and / or a dispute referred to arbitration.

IN WITNESS WHEREOF, the authorized representatives of the Parties hereto have executed this Agreement on the day, month and year first above written

For and on-behalf of

CDigital

Name: Mr. Muhammad Ahsan Bashir

Title: Managing Director

Date: 14 September 2017

For and on-behalf of

Taaleem Foundation

Name: Mr. Zafar Iqbal Qadir

Title: Chairman

Date: 14 September 2017

Witness signed hereby;

Name: Ishaq Hussain

CNIC: 12101-0129477-9

Date: 14 September 2017

Name: Riaz Hussain

CNIC: 121013-6842070-9

Date: 14 September 2017