

PART ONE

The Country Report

LEAD-Pakistan

1 | Introduction

This research is the result of a yearlong project initiated by the Asia Pacific Philanthropy Consortium in partnership with Venture for Fund Raising and The Asia Foundation, Pakistan. Funded by the Asian Development Bank, The Asia Foundation, Nippon Foundation and USAID, this publication is part of a multicountry project that identifies non-profit organizations (NPOs) that do not depend on foreign grants, by managing to diversify their fund raising portfolios and rely mainly on indigenous philanthropy. The countries participating in this project include Thailand, Indonesia, the Philippines, Bangladesh, India and Pakistan. The Pakistan chapter developed teaching case studies on the fund raising experiences of 16 non-profit organizations to gain insights into the nature of philanthropy in the country. The best practices identified in this regard will be used to train other NPOs to become financially sustainable.

Research Methodology and Constraints

The teaching case study methodology developed by Frankie Roman¹ was the guiding light of this project. The selection criteria for the case studies set by Venture for Fund Raising dictated that the NPOs chosen must not be dependent on foreign donors and must maintain financial records, which give some indication of their financial status and sustainability. In addition, these NPOs had to represent a variety of sectors from all four provinces in Pakistan.

In order to identify such NPOs, the research team at LEAD-Pakistan sent out over a hundred letters across the country. Perhaps the most perturbing finding of this project was that majority of the organizations approached were found to be dependent on foreign donors. In the initial stages it was difficult for the team to identify even 20 NPOs that did not depend primarily on foreign grants. Although there are several community-based organi-

zations and NPOs in Pakistan which receive no foreign assistance at all, these are usually informal organizations which do not maintain financial records, making it difficult to analyze the effectiveness of their fund raising methodologies and their financial sustainability.

Once the NPOs were identified it was necessary to convince them to participate in the study. All the case studies had to be approved by the organizations and be based on interviews with the major decision makers and other key players in the NPO. In this regard the research team faced no significant resistance and most of the NPOs approached seemed to be willing to share their experiences and speak candidly about their successes as well as failures. Only one of the case studies was prepared without an interview. The case study on the Edhi Foundation, the largest NPO in Pakistan in terms of beneficiaries and volunteers, was based on the biography of its founder, Maulana Edhi. Edhi agreed to have his foundation profiled but was unable to grant an interview on principle. Due to the nature of his commitment to the project, Edhi does not usually grant interviews, but since the Edhi Foundation is the most recognized significant social welfare organization in the country it was impossible to overlook it. Thus the case study was based on Edhi's biography and other research material available on the foundation.

In addition to interviewing and researching the NPOs chosen for this study, the research team also interviewed several citizen-based donor organizations as well as the concerned government donor agencies to gain insights into the donors' perspective on philanthropy in Pakistan.

Structure of the Report

This project was initiated in August 2000. This volume includes summaries of the 16 case studies and an analysis of the tradition of philanthropy in Pakistan. Section I outlines the case study findings, focusing on fund raising methodologies and supporting organizational structures.

Section II is an analysis of the donor market in Pakistan. This section draws on the case study findings as well as on interviews with different donors, and is supported by data from a recent National Survey on Individual Giving initiated by the Aga Khan Development Network. Section II identifies four types of donors: religious, corporate, government and expatriate. Recognizing the project emphasis on indigenous philanthropy, foreign donors have not been included in this analysis.

Using the fund raising experiences of the NPOs profiled, this section contains separate essays analyzing each of the four categories of donors. These donor profiles analyze the potential and nature of giving and identify specific fund raising strategies which have been most successful in enlisting the support of these donors.

Section III is an introduction to the NPOs profiled and includes abridged versions of the case studies. These abridged versions were developed to appeal to a general readership. They are based on interviews with board members, staff and volunteers and draw on a variety of research publications, magazines and newspaper articles.

The non-profit sector in Pakistan is largely informal and undocumented and has been criticized by the media for allegedly being financially unaccountable, inefficient, and unresponsive to the needs of the people and even for operating against the national interest. Though there have been NPOs that have acted irresponsibly, these cases have been few, yet they have been widely publicized and used to defame the entire sector and eclipse the valuable contributions of NPOs and their potential for good. It is hoped that this research project with its emphasis on the ability of NPOs to raise and channel indigenous funds for development purposes will not only serve as a model for other NPOs, but also draw attention to the non-profit sector's capacity for good. ▶

Notes

- 1 Frankie Roman is a professor at the Asian Institute of Management in Manila, and the case study consultant of this project.

2 | Case Findings

General Background of Philanthropy in Pakistan

Pakistanis have a rich tradition of giving, which is an amalgam of influences from various cultures and religions that have prevailed in this land for centuries. According to the 2000 National Survey on Individual Giving, Pakistanis have at 58 percent one of the highest rates of volunteering in the world.

In 1998, individual giving in the country was estimated to value Rs. 41 billion. The survey indicated that Pakistanis donated Rs. 30 billion in cash alone, which was six times the value of foreign grants received in 1997–98.

A large percentage of the giving in the Islamic Republic of Pakistan, with a 97 percent Muslim population, is religiously motivated. Islam enjoins giving as one of its basic principles and creates several incentives and opportunities for philanthropy. Therefore it is not surprising that 20 percent of all individual giving in 1998 was religiously motivated.

However, NPOs in Pakistan have not been able to secure a significant share of this indigenous philanthropy since 65 percent of all monetary giving is directed at individuals. This statistic is reflective of the religious tradition of giving in Islam which instructs Muslims to give directly, and preferably anonymously, to the poor and needy without the involvement of an intermediary organization or individual. This religious injunction, coupled with the public's lack of awareness and trust in the non-profit sector, has resulted in a diminished share of indigenous philanthropy being dedicated to development organizations.

The non-profit sector in Pakistan has generally not inspired much trust in the public because it is perceived to carry the Western agenda of its foreign donors. NPOs in Pakistan are often castigated in the media and the court of public opinion for being inefficient, unaccountable and unrespon-

sive to the needs and realities of the people. Therefore it is not surprising that in 1998, 94 percent of individual giving to organizations went to religious groups and causes.

However there is a growing awareness of the importance of indigenous philanthropy in the non-profit sector, and many NPOs are investigating the means of raising funds through local resources. In this effort to engage indigenous donors, NPOs across the country are becoming increasingly conscious of the need to emphasize transparency, accountability, efficiency, and to adopt a people-centered approach. Perhaps the most credible and concerted effort in this regard has been spearheaded by the Aga Khan Foundation, which initiated an Initiative on Indigenous Philanthropy and sponsored the first National Survey on Individual Giving in Pakistan. Under the guidance of a remarkable steering committee comprised of eminent citizens and members of the non-profit and corporate sectors, the Initiative on Indigenous Philanthropy proposes to establish a Center for Philanthropy in Pakistan, to institutionalize and encourage giving in the country by creating a more enabling environment. The center is expected to play a vital role in bridging the gap between the non-profit sector and individual donors, the government and the business community, and to build the capacity and credibility of the non-profit sector.

This report is a small step in achieving that same goal. It is hoped that this publication along with the teaching case studies will be a valuable tool in helping NPOs in Pakistan to become financially sustainable and get a share of the indigenous philanthropy in the country. It is time we converted this giving for charity into a social investment for development in Pakistan.

Case Findings

Perhaps the most significant finding of the report is that there is no dearth of philanthropy in Pakistan and that the non-profit sector has much to gain by investing in indigenous fund raising.

The history of the non-profit sector in Pakistan dates back to the creation of the country in 1947. It was a time of great national pride, as the people of Pakistan joined hands to address the awesome challenges of nation-building, in the face of a grave refugee crisis and the threat of foreign invasion. Many voluntary and social welfare organizations were established at that time to assist the fledgling government in its efforts to provide basic

services to the citizens. Then in the 1980s there was another upsurge in the number of NPOs in the country, partly encouraged by the availability of government funds for development activities, and partly in response to the military government's human rights policies. Today the non-profit sector in Pakistan is largely uncharted and includes a diversity of sizes, agendas, budgets and interests.

This section focuses on the lessons in fund raising drawn from the experiences of the 16 NPOs profiled. The case findings focus primarily on identifying the best organizational practices and methodologies that were instrumental in the successful fund raising efforts of the NPOs profiled. The emphasis is on the ability to harness human capital and develop appropriate support structures that allow organizations to diversify their sources of funding and achieve a degree of financial sustainability. The following section outlines the lessons learnt in the context of the types of donors targeted and fund raising activities pursued.

Harnessing human capital for fund raising

Since it is widely accepted that people give to people and not to causes, the staff, board and volunteers of an NPO were found to be the key ingredients of a successful fund raising strategy. Based on the case findings, we can outline the following best practices with regard to human resource management for fund raising:

Role of the board

In most of the NPOs profiled, it was noted that the members of their boards of directors were people chosen for their prominence, excellence in their fields and good name. Under these circumstances, board members were best employed in a supervisory position where they could be consulted only when the need arose. Most board members were useful to their organizations because of their personal connections and added much to the organization's credibility through their positive public image/position. In the case of organizations like The Citizen's Foundation and others, the same board member served on the boards of more than one organization, thus he/she was in a better position to not only provide management advice, but also to connect potential donors to appropriate causes. Most board members due to their prominent social status were also in a better position to

approach corporate sponsors and high net worth individuals for donations. However, since these successful, accomplished people were also usually busy, they were often not very helpful in the day-to-day management of the organization.

The Edhi Foundation and the Shaukat Khanum Memorial Trust are two examples of NPOs that rely heavily on the personal appeal of their founders/board members, and have in the past raised tremendous amounts of money on the basis of their good names. However, both organizations recognize that dependence on one particular personality not only makes them financially vulnerable but also limits institutional building. In the interviews with the administration of the Shaukat Khanum Memorial Trust it was apparent that the organization was very consciously trying to reduce its dependence on the celebrity appeal of its founder, Imran Khan, the famous cricketer. According to the administration, the hospital and the Trust are “passing through a transitional phase... we are transforming this organization from a personality-run one to a very professional one.” The Trust has consciously started hiring professionals to handle the administration of the hospital and tries to project them and their offices rather than Khan in its fund raising activities.

The case of the Edhi Foundation is slightly more complex. The foundation is defined and largely managed by Edhi himself. In this sense it is difficult to extricate the man from the cause. Although Edhi recognizes that his own appeal in some ways has limited the foundation, he is wary of distancing himself for fear that without his vigilant supervision the foundation would become wasteful, inefficient and unresponsive to the needs of the population.

Thus it must be noted that while prominent board members are a valuable asset, defining the organization largely by these personalities can be limiting.

Role of fund raising staff

Of the non-profit organizations profiled in this study, the Shaukat Khanum Memorial Trust was the only one with a separate fund raising/marketing department. All the other organizations relied on volunteer fund raising teams or fund raising was assumed to be a general responsibility of everyone associated with the organization. In the case of Shaukat Khanum, it was obvious that having a separate fund raising/marketing department in

each of the major cities, supported by the main marketing department in Lahore, enabled it to foster better relations with local donors in each city.

It was apparent that most of the organizations profiled did not have a scientific approach to fund raising and were often unable to differentiate between the most and the least effective strategies. This was largely due to lack of resources but also because of the non-competitive nature of fund raising in Pakistan which made it easier for NPOs to avoid financial analyses without facing any major consequences. In addition, lack of dialogue/awareness on the effectiveness or potentials of various fund raising strategies discouraged innovation and diversification of fund raising methodologies and sources.

Interestingly, most of the NPOs profiled did not feel that the worsening economic situation in Pakistan had any significant impact on their fund raising ability and there were no real pressures of fund raising experienced.

Role of volunteers

In 1998, volunteerism in Pakistan was valued at Rs. 29.4 billion. The country is featured in the Guinness Book of World Records for having the largest volunteer ambulance service in the world, managed by the Edhi Foundation. There are several examples of NPOs which have built a strong volunteer base to support their development agenda.

Several of the NPOs profiled which had a large volunteer base indicated that it was best to employ volunteers in positions where no other person was being paid to do the same job. Volunteers were also best employed to fundraise within their local communities/circle of friends and family. They could approach potential donors more easily and they were in a better position to know how to convince these potential donors to support their causes.

Many of the volunteers interviewed had once been clients/beneficiaries of their organizations. This personal association with the organization strengthened their commitment to the cause and made them better ambassadors for the organization. Most volunteers were best employed to support causes that they felt passionately about or where they felt they were making a difference. This increased their sense of satisfaction.

The NPOs profiled relied on volunteers for a range of activities, especially fund raising. The majority of these volunteers were women and the NPOs representative interviewed confessed that women made better volun-

teers not only because they were generally more willing to work for free, but also because they were more compassionate in their dealings. Maulana Edhi, the founder of the Edhi Foundation, said, “(From the start) I had recognized that women were better social workers than men; apart from a higher degree of compassion, they had a sense of mission and order and were more energetic.”

Best organizational structure for fund raising

For most of the organizations that had chapters in more than one city, it was seen that having volunteers/staff members in each city made fund raising more successful. Most large organizations encouraged the local fund raising teams to support the local chapter's expenses through their own efforts. Many like LRBT, The Citizen's Foundation, SOS and Behbud, have volunteer fund raising teams in all major cities in the country. These local teams receive support from their headquarters and boards and work closely with the NPO's office in their cities. Others like the Shaukat Khanum and Edhi Foundation not only have fund raising efforts in each city but also have collection offices in all major cities to facilitate donations.

All local fund raising chapters work in conjunction with the organization's board, institutional ideology and fund raising strategy, but approach local donors and initiate fund raisers through their own resources. Having a fund raising committee in each city not only increases the NPO's donor base and encourages participation from local donors, but also allows local fund raising teams to act independently and cultivate a sense of ownership in the NPO's future well-being.

In such an organizational structure the board is in charge of approaching large institutional donors, while the main responsibility for local donations is with the local fund raising team. All letters to local donors are signed by both the chairperson as well as the local fund raising team member who is the NPO's representative in that community. It is the responsibility of that local fund raising team member to cultivate a good working relationship with all local institutional and individual donors.

Lessons learnt from fund raising activities

The teaching cases prepared highlight the importance of certain principles of fund raising in Pakistan, including:

Credibility, transparency and accountability: the cornerstones of successful fund raising.

All the organizations profiled acknowledged the importance of incorporating these three basic principles in their dealings. Interviews with different types of donors further reinforced the significance of credibility, accountability and transparency in the selection of projects to fund. Perhaps the most accountable NPO profiled is the Edhi Foundation, which decades ago introduced a system of receipts acknowledging each donation, no matter how small. The Edhi donation receipts come with a guarantee that “*whoever contributes is entitled to a refund whenever in doubt,*” and the foundation is known for refunding donations on request. With such admirable principles in practice it is not surprising that the foundation is the most recognized and well-regarded NPO in the country.

Emphasizing quality.

The Citizen’s Foundation distinguishes itself from other educational initiatives by focusing on quality education rather than functional literacy programs. This emphasis on quality has helped the foundation attract many donors especially in the corporate and expatriate sectors and ensure their continued support.

Knowing your donor.

Nearly all the NPOs profiled declared that in order to develop a successful fund raising strategy you have to be aware of the donor’s motivations, requirements and their selection criteria.

Being professional.

Although none of the NPOs profiled except the Shaukat Khanum Memorial Trust have a separate fund raising department, nearly all of them agreed that fund raising practitioners have to be very professional in their approach. From identifying donors, to approaching them, to writing proposals and making presentations, at each stage the fund raising committee members have to be prepared, punctual, organized, flexible, patient and attentive to the needs of the donor.

People give to people not to causes.

This is a widely accepted principle of fund raising and emphasizes the importance of recruiting the support of prominent, committed, respected and well-connected supporters, ambassadors and fund raising practitioners. The previous section highlighted the significance of the organizations' human capital for fund raising purposes.

Leading by example; putting your money where your mouth is.

“We spent our own resources and went to others for funding when our pilot project was successful.”

—Mushtaq Chhapra
Chairman
Supporters of The Citizen's Foundation

Several of the NPOs profiled were initiated with the funds of the founding members alone. These included the Citizens-Police Liaison Committee, The Citizen's Foundation, Layton Rahmatulla Benevolence Trust and others. Their founders provided the seed money and only approached the community for donations after demonstrating the viability and benefits of their efforts to the public. All three named organizations reported that the initial investment by the founders and the track record of the organizations inspired other donors to give generously.

Seeing is believing.

“There was no argument more convincing than to see the schools functioning with their own eyes.”

—General Sabeeh Qamar-uz-Zamar
Chief Executive
The Citizen's Foundation

NPOs like The Citizen's Foundation and SOS Children's Village empha-

size the importance of taking potential donors to the project sites to reinforce the credibility of their cause and allow donors to see for themselves how their money are being utilized. Both these NPOs insist that these site visits are the most convincing method in converting potential donors into committed supporters. Other NPOs have inducted their major donors into the organization's board and other decision making bodies. This not only creates transparency but also strengthens the donor's commitment to the project by fostering in them a sense of ownership.

Raising awareness rather than funds.

“The key to fund raising is awareness; it's not looking for money, it's looking for people who will know what you are doing. That is about it. You create consciousness, people give, they really give, but if they don't know (about your cause) and it's just money, money, money, sometimes they won't want to give.”

—Mehnaz Sheikh
General Secretary
SOS Children's Village-Multan

An increasing number of NPOs are beginning to recognize the importance of creating awareness about their organization and cause through a series of marketing schemes which include developing a media strategy, brochures and communications, organizing special events and utilizing public forums to inform others about their organization's objectives and activities.

Building partnerships.

Relying on a single or a few sources of funding has been detrimental to several NPOs in Pakistan. The encouraging case of ALAST is that of the transition of this NPO from donor dependence to self-reliance. ALAST diversified its fund raising portfolio by building and strengthening partnerships in the local community, with the government and corporate donors. Another NPO with strong partners in the government and local and business communities is the Citizens-Police Liaison Committee. And the Layton Rahmatulla Benevolence Trust demonstrates that partnerships can be de-

veloped not only to raise funds but also to expand services to areas where the NPO may not have a presence. This is what LRBT has done in Khewra through its partnership with ICI Pakistan Ltd.

Encouraging community participation.

“Any project with community participation has success, less criticism and it is shared by the people.”

—Jamil Yousaf
Chief

Citizens-Police Liaison Committee

Several other NPOs have also emphasized the importance of community participation to ensure financial sustainability of the project and to indicate the appropriateness of the project’s objectives.

Organizing gala fund raisers; “robbing from the rich” to feed the poor.

High-profile fund raisers have become popular tools targeting corporate and high net worth donors. Although criticized by many for being elitist and wasteful, these gala events have been an important fund raising strategy of many NPOs. The Umeed-e-Noor case study documents the preparation of one such high-profile fund raiser.

Creating marketing opportunities.

An increasingly significant means of raising funds through corporate donors is cause-related marketing. Although a relatively new concept in Pakistan, cause-related marketing has been adopted by several businesses. The Hunza Environmental Committee is one NPO that is using cause-related marketing to raise funds and support for its work. The Escorts Foundation is another NPO that has created marketing opportunities for its corporate sponsors by naming their schools after their sponsors. In addition, gala fund raisers offer a variety of marketing opportunities to corporate sponsors, including sponsorship credit, advertisements in the charity’s annual brochure, public acknowledgement of donation or gifts, and so on.

Pursuing promising income generating activities.

“Philanthropist may give or may not, everyone has their own limitations. Similarly we may or may not get grants or support from local industrialists. Now our objective is to create our own setup to start our own business and use the income/profit from that to support our efforts and become independent of the rest.”

—Riaz Ahmed
Chief Executive, ALAST

Like ALAST, an increasing number of NPOs in Pakistan are beginning to recognize and investigate income generation activities as an important tool for achieving financial sustainability.

Obtaining tax-exempt status.

Income tax exemptions are fast becoming a necessity for all NPOs targeting corporate sponsors. The Layton Rahmatulla Benevolence Trust, Shaukat Khanum and The Citizen’s Foundation have even registered as tax-exempt charities abroad to attract expatriate donors.

People-centered approach.

People-centered organizations have generally been more successful in raising funds through indigenous donors. Thus service delivery organizations, particularly those in the health and education sector, have been most popular with local donors. ▶

3 | Donor Profiling

This section seeks to segment and analyze the donor market in Pakistan. Although none of the NPOs in this study differentiated between types of indigenous donors, nevertheless based on the research, donors in Pakistan can be divided into roughly four major categories: religious, government, corporate and expatriate. This section develops the profiles of these donors, which include an analysis of their significance, insights into their motivation and criteria for giving, as well as their potential for philanthropy. Each donor profile identifies the fund raising strategies that have been most successful in enlisting their support.

While the case studies provided useful insights into how NPOs successfully targeted each of the donors identified, and the recent National Survey on Individual Giving provided the data, the research team also conducted a series of donor interviews to understand the donors' perspective. During these interviews, individual donors and representatives of donor organizations spoke candidly about their experiences with the non-profit sector, their selection criteria, expectations and reservations. They shared their insights regarding the tradition of philanthropy in the country, and made recommendations for creating a more enabling environment for "giving" in order to build on this tradition.

It must be noted that none of the donor profiles can fully capture the nature, potential and role of these donors in philanthropy in the country. However it is hoped that these profiles will lead to further research and analysis to document and encourage social investment in Pakistan.

Religious Donors

Religion has been central to the spirit of philanthropy in Pakistan. Nearly 98 percent of the individuals surveyed by the Aga Khan Foundation team for the Report on Philanthropy in Pakistan cited religion as their main

motivation for giving.

As an Islamic republic where 97 percent of the citizens are Muslims, Pakistan has a rich tradition of religious giving. For Muslims the world over, Islam has often been cited as more than a religion, it is a complete way of life with strong emphasis on the community (ummah¹) and a definite sense of social responsibility.

To emphasize the spirit of social welfare, Islam enjoins zakat, a religious tax compulsory for all Muslims, as one of its five fundamental tenets. Zakat is a kind of progressive tax which amounts to 2.5 percent of each Muslim's wealth² and is used for social welfare purposes. Zakat is one of the earliest forms of a social welfare system and exists in most Muslim societies. The Quran encourages zakat as a means of purifying wealth: "Take alms of their wealth wherewith thou mayst purify them and mayst make them grow." (The Holy Quran 9:103)

According to the estimates drawn on the basis of the National Survey on Individual Giving, zakat receipts for 1998 amounted to Rs. 13.7 billion or 20 percent of all giving in the country. However, this may not be a true reflection of the value of zakat because the Quran favors anonymous giving:

"If ye publish your almsgiving it is well, but if ye hide it and give it to the poor, it will be better for you, and you will atone for some of your ill deeds. Allah is informed of what ye do." (The Holy Quran 2:271)

Thus religious giving is difficult to quantify, and its actual value may well exceed the estimated figure.

Nevertheless, in conjunction with Islamic guidelines, the majority of these zakat receipts are directed at individuals rather than institutions, because Islam instructs Muslims to give directly to the mustahiqeen or needy without the intervention of any intermediary organization or person.

The National Survey on Individual Giving indicates that household income and age have significant impact on a person's choice of giving to individuals vs. organizations. According to the survey, the highest household income group and the elderly were more inclined to direct their zakat to institutions rather than to individuals. But even this institutional giving may not be for development purposes since the survey estimates that 90 percent of zakat to organizations in 1998 went to religious groups, indicat-

ing the inability of NPOs to capture a share of this valuable source of philanthropy in the country.

However there are some NPOs which have had tremendous success in capturing a significant share of zakat receipts. The Edhi Foundation secured 16 percent of all zakat receipts to organizations. This despite the fact that the foundation unlike some other NPOs does not invest in a marketing/advertising strategy because Maulana Edhi believes that his wide network, offering vital public services, is the foundation's best advertisement. "It is not my style to spend money on advertisements," he said. "The concept is wasteful despite the fact that the investment brings in larger donations. I have already advertised through ambulance services and other relevant facilities. Expensive publicity deviates from the foundation's commitment to substance."

Aside from capturing the most significant organizational share of zakat, the foundation also harnesses other forms of religious philanthropy. Maulana Edhi introduced the concept of a hides-collection campaign wherein the hides of animals sacrificed on the occasion of Eid-ul-Adha are collected and then sold in the market to raise funds. Several other NPOs have adopted this innovation as a means of meeting their expenses. In fact this has become a considerably high-profile annual fund raising activity with hides-collection centers set up in many parts of the major cities.

Unlike the Edhi Foundation, other NPOs like the Shaukat Khanum Memorial Cancer Hospital have devised specific zakat appeals. In 1998 the hospital collected Rs.102 million in zakat alone; zakat funds account for nearly a third of all funds generated and have been consistently increasing. Yet getting a portion of the zakat funds is becoming more challenging each year. Mehmood Akhtar, director of marketing at the Shaukat Khanum Memorial Cancer Hospital, explained that with the mushrooming of charities and the drop in the country's per capita income, many credible organizations are finding themselves competing with one another for their share of zakat. According to him the success of any zakat campaign hinges on the reliability of the cause and the creativeness of the marketing technique. "Now the battle will be on how precisely you can convey your message and how much people trust your work," he said. "(You have to ensure that) the appeal should be with them (the public) well in time... and also that your cause is good. You should be able to show people what you are doing; it should be transparent and people will come and visit and see for themselves."

Aside from zakat, Islam creates several opportunities and incentives for giving and discourages hoarding as a sin:

“And let not those who hoard up that which Allah hath bestowed upon them of His bounty think that it is better for them. Nay it is worse for them. That which they hoard will be their collar on the Day of Resurrection. Allah’s is the heritage of the heavens and the earth and Allah is informed of what ye do.” (The Holy Quran 3:180)

Other forms of Islamic giving include sadqa,³ khairat⁴ and fitrah.⁵ Although, unlike zakat, these are not compulsory forms of giving, they do constitute a significant portion of giving in the country. Maulana Edhi explained the significance of these forms of giving in creating an Islamic system of social welfare: “The ingenious Islamic method of sadqa to ward off calamities, encourages charity without making the receiver a debtor. Zakat, khairat and sadqa are simultaneous blessings for the giver and the receiver. When this subtle interaction of interdependent classes is activated it creates a natural cycle of welfare. The Islamic concept of discretion can be best maintained by a collective welfare system.”

Mehnaz Sheikh, general secretary of SOS Village-Multan, cites a remarkable case of sadqa as a form of giving: “There are only a handful of families (who give) over there (in Multan), but they have really come through... (for example) there is one family in Multan which has provided us meat ever since I started. They really believe in sadqa and giving for almost everything. And each and every time I am out (of meat) all I have to do is call them and the meat is there.”

Another significant form of religious giving is *Waqf* or the religious endowment of income generating property regulated by Islamic law. Religious scholars have described waqf as “a permanent dedication, *fi sabili-llah*,⁶ by a Muslim of movable or immovable properties he owns with the purpose of providing stipulated religious, charitable or social services.”

Awqaf (the plural of waqf) were very common during the Ottoman Period; thousands of people founded waqf institutions with their own property and money. In fact according to some historians, at one time awqaf revenues amounted to nearly one-third of the state budget. The establishment of awqaf was encouraged by Muslim clerics and scholars who preached the benefits of this religiously inspired endowment:

“There is great reward in endowing one’s building, property, orchard, etc. in the name of Allah... this act of endowing a particular property or building is such that the person will continue reaping the rewards as long as that property or building is in use. This could continue until qayyamah.⁷ As long as the poor and needy are benefiting from it, the rewards of this act will continue to be written in this person’s book of deeds.”

Awqaf are governed by Islamic law or Shariah, which dictates that the founder of the waqf can determine the terms of the waqf:

“When endowing anything, it is permissible to make the following condition: ‘As long as I am alive, I will use a portion of the income or the entire income for my personal use. After my death, it must be given in such and such good and noble cause’... Similarly a person could make the following condition: ‘Whatever income is derived from this property, a certain percentage of it should be given to my children first. Whatever remains, should be given to such and such good and noble cause.’”

S/he also determines its purpose:

“The purpose for which a waqf may be created must be one recognized in Mohammedan law as ‘religious, pious or charitable’ [Waqf Act s.2(1)]. A waqf may also be created in favor of the settlers’ family, children and descendants [Waqf Act, s.3].”

According to Islamic law once the waqf has been created, all rights of property are transferred from the founder of the waqf or waqif and now vest in the Almighty:

“Once a particular thing has been made waqf, it no longer remains in the ownership of that person. Ownership of that thing is now transferred to Allah. It cannot be sold or given to anyone. No one can interfere with it. It will have to be used

for the purpose for which it was made waqf and cannot be used in any other manner.”

Professor Muhammad Al Habib Belkhoja in his essay on “Waqf and Development”⁸ emphasizes the importance of waqf as a philanthropic institution committed to social welfare initiatives.

“The main objective for which people spend riches in these required endowments and legitimate funds, pertains to fighting against poverty and unemployment, achieving a developed state, establishing a society which has the necessary cultural economic and military power for its assurance and protection, accomplishing moral balance for each member of the community, as well as providing happiness and approval.”

He argues that waqf as an institution is even more valuable today than it was in the past due to the financial innovations and investment opportunities available to us:

“We have found in this era other ways of development than building and land leasing or field and grove farming. There are other options like mortmain rent, trade-off, ground rent, double lease, long-term lease, order of manufacturing and participation, including a mortmain and a constructor's own land. All those means allow for endowment's money raising and for spreading riches to the various areas which people are in need of.”

The case study on the Hamdard Foundation, a waqf established in 1953, has been included to highlight the workings and significance of awqaf in philanthropy in Pakistan.

Aside from monetary giving, Islam has inspired a great deal of volunteerism in the country through its emphasis on huquq-ul-ibad, or rights of people. Edhi cites religion as the inspiration of his foundation: “The five tenets of Islam continue into the sixth for me. Huquq-ul-ibaad, or humanitarianism... within this tenet lies the essence of all religions and the test of all mankind.”

Conclusion

Religion has been the greatest motivating factor in philanthropy in Pakistan, with 98 percent of individuals citing it as their primary motivation for giving. While Islam favors giving to individuals rather than organizations, thus limiting the potential of religious philanthropy to contribute towards development, NPOs like the Edhi Foundation have demonstrated that it is possible to harness religious giving for development purposes. It is hoped that other NPOs will follow the example of Edhi and successfully convert religious giving in the country to a valuable social investment.

Government Donors

The government of Pakistan's relations with non-profit organizations in the country has been a source of considerable controversy. In 1999 the Punjab government denotified 1,941 NGOs on the pretext that they were operating against national interest. In 1998-99 the government deregistered 2,500 NGOs in the provinces of Punjab and Sindh; in 1994 the Punjab Minister of Social Welfare presented a bill to the National Assembly which proposed giving the government arbitrary powers of regulation over the non-profit sector; and the non-governmental sector was regularly targeted in the 1980s under the military dictatorship.

However, the current military government has inducted several members of the non-governmental sector into its offices and has made promising overtures to the non-profit sector. At a recent conference, the Minister for Environment, Local Government, Rural Development and Overseas Pakistanis, Omar Asghar Khan, previously a prominent member of the non-profit sector, conceded that "the Pakistani non-governmental sector has had to brave a hostile environment during the last decade. Previous governments have contributed to the creation of a negative image of the philanthropic and charitable sector by resorting to unfair and malafide tactics aimed at maligning them. Vicious anti-NGO media campaigns, personal attacks on NGO workers, unauthorized scrutiny of NGO records and offices have collectively created an atmosphere where the common man has little trust in this sector."⁹

The minister assured members of the non-profit sector that contrary to previous governments' attitudes, his government is committed to creating "a more enabling environment where citizens will feel encouraged to donate generously towards charitable and development institutions."

There is no denying that the military government has been actively seeking input and assistance from a broad spectrum of civil society, especially NPOs. In addition, the government has also introduced new concessions for the non-profit sector by exempting recognized charitable institutions from the 0.5 percent minimum income tax requirement and by offering a range of exemptions from taxes and customs duties.

According to the Aga Khan Report on Philanthropy, “the state remains the largest and most influential institutional actor with respect to philanthropy” in the country. Thus with a sympathetic government at the helm of affairs, and a vast potential for state giving, there are valuable incentives for members of the non-profit sector to understand the requirements of the government as a donor, and to identify promising means of raising funds and expanding philanthropy through government support.

Government-NPO partnerships

The majority of the 16 NPOs profiled in this study reported receiving some form of government support. The government of Pakistan has several programs designed to support NPOs working in the field of development. These include the famous Social Action Program (SAP) launched in 1992 to expand and bring a qualitative change in the delivery of social services¹⁰ in the country. The primary beneficiaries of the program are the poor, particularly women and girls. Currently in its second phase, the Social Action Program works primarily through the government’s offices but is also committed to financing NPOs by fostering partnerships and establishing funding and communication mechanisms to directly support these efforts.

One of the NPOs that has received funding through the Social Action Program is ALAST, a non-profit, non-political organization dedicated to promoting non-formal education for girls in rural Sindh. In 1997 the government of Pakistan through the SAP advertised for innovative development projects to apply for funds. ALAST submitted its application under the category of Community Girls Primary Schools. After initial investigation and field visits by government officials, the project was approved for funding for two years, 1997-98. During this period, the government grant along with community contributions helped sustain 200 ALAST schools.

Although satisfied with the government’s grant-making procedure, ALAST project manager Qadir Bux Otho disagreed with the terms of the grant. “The Social Action Program gave us two years to make the school

sustainable and to motivate the villagers to support these facilities. But this is too short a period,” he said.

Nevertheless as a social service delivery organization focusing on girls’ education in rural Sindh, ALAST did not have any fundamental objections to the selection procedure employed by the government in deciding grants under the Social Action Program.

In addition to the Social Action Program, in 1997 the government of Pakistan established the Pakistan Poverty Alleviation Fund (PPAF). Funded by the World Bank and the government of Pakistan, the PPAF¹¹ provides loans to its partner organizations through its micro-credit schemes, and finances their capacity building and infrastructure development on a cost-sharing basis. The Fund has identified and financed five partner organizations across the country.¹² These intermediary organizations were selected because of their vast networks and ability to disseminate services at the community level.

Another poverty alleviation program launched by the government is the Microfinance/Khushhali Bank. Financed mainly by foreign donors, the bank’s main aim is “to mobilize funds and provide sustainable microfinance services to poor persons particularly women, in order to mitigate poverty and promote social welfare and economic justice through community building and social mobilization.”¹³ The bank delivers these services through the network of the National Rural Support Program and other NGOs.

The Khushhali Bank, the PPAF and SAP have been criticized for being donor dependent and financially unsustainable. In addition the government has recently come under fire for diverting funds from the SAP and the PPAF. Nevertheless, these three programs are essential components of the government’s current poverty alleviation program, which necessitate partnerships with the non-profit sector.

The most unique component of the government’s role as donor is the National Zakat system. To reiterate, zakat is one of the five basic tenets of Islam; a religious tax levied on all Muslims to be used for the social welfare of the Muslim community or ummah. It is a kind of progressive tax, which amounts to 2.5 percent of each Muslim’s wealth. Until 1980 the payment of zakat in Pakistan was each Muslim’s personal responsibility and was not in any way regulated by the state. However in 1980, then President of Pakistan General Zia-ul-Haq introduced the Zakat and Ushr¹⁴ Ordinance as part of his Islamization program. The Zakat and Ushr Ordinance combined ele-

ments of the traditional Islamic welfare institution with those of a modern public welfare system. The ordinance's moral imperative and much of its institutional structure were directly based on the Quran and the Shariah.

By the early 1990s, income from zakat amounted to 2 percent of public current revenue and 1 percent of social expenses.¹⁵ Collected on an annual basis through the banking sector, zakat receipts funded the National Zakat Council which disbursed funds to the poor and needy (mustahiqeen), through its provincial, district and local zakat committees. According to the 1980 ordinance, zakat had to be given directly to its beneficiaries without any intermediary involved, and zakat receipts could not be used for capital expenditure. Recognizing this gap, the government created the National Zakat Foundation to finance the capital expenditure required for institutional rehabilitation.

The National Zakat Foundation was established through a non-lapseable government endowment of Rs. 100 billion in 1983. The foundation was authorized to offer grants to cover the capital expenditure of registered voluntary social welfare organizations. These grants were made on a cost-sharing basis and after a thorough investigation that included field visits to the applicants' organization/project. Disbursement of the grant was done in advance except in the case of the construction of buildings where the foundation would reimburse its agreed share of costs.

The majority of the NPOs in the study who reported receiving government assistance were being funded by the National Zakat Foundation. In all of these cases the foundation provided grants for capital expenditure only, and that too after a thorough investigation of the organization's three-year records to ascertain their financial and managerial capacities.

The Layton Rahmatulla Benevolence Trust (LRBT) is one NPO that speaks highly of the role played by the National Zakat Foundation. LRBT has received a significant amount of funds from the foundation. According to K. Z. Hassan, LRBT chairman, the National Zakat Foundation has been a consistent and committed supporter. The foundation's grant to LRBT accounts for about 50-70 percent of all capital expenditures of the Trust. And Hassan believes that National Zakat Foundation will continue its support of LRBT because it has "implicit faith and trust in us."

Another profiled NPO that receives significant support from the National Zakat Foundation is SOS Villages Pakistan. The foundation recently committed to give a Rs.10 million grant to SOS Multan to furnish the

Children's Village. However, getting the funds was no easy task. Mehnaz Sheikh, general secretary of SOS Multan Village, explained: "It's a very slow process... since it is so technical and they are usually lagging behind in all kinds of work so the installments come at a very slow rate."

Although there have been similar complaints the National Zakat Foundation on the whole is a valuable source of government funds for NPOs in Pakistan. It is noteworthy that in March 2001, the government merged the foundation with the Bait-ul-Maal¹⁶ and it is still not clear what impact this merger will have on the function and mandate of the National Zakat Foundation in the future.

In addition to monetary support, the government of Pakistan also offers valuable in-kind support to the non-profit sector. The most common means of in-kind government assistance have been land grants. There are numerous examples of government land being gifted to NPOs for social welfare projects. All 22 SOS Pakistan projects in the country are built on land donated by the government. The land for the Shaukat Khanum Memorial Cancer Hospital was a gift from the Punjab government, and the Citizens-Police Liaison Committee's (CPLC) Central Reporting Cell is housed in the Sindh Governor's House.

The CPLC is a unique example of a citizens organization partnering with the government to provide an important public service. About 24 percent of the CPLC's average annual operational expenditure comes from a government grant. The grant covers a portion of the staff salaries, printing, stationery, postage, telegram and other operational expenses. Jamil Yousaf, chief of CPLC, explained why the committee insists on government partnership in the program: "I want the contribution of the government... because I want the feeling to go to the people that the government cares for them. How are you going to develop patriotism, how are you going to develop the love for the country? It can only be when the people start feeling that 'the government is doing something for me.'"

However, recognizing that government dependence would rob the committee of its objective non-political status, Yousaf and his colleagues have made no attempts to increase the government's share in CPLC's receipts. "If I am collecting 85 percent to run this institution, stoppage of 15 percent is not going to deter me. So one of the main reasons for sustainability is independent financing," he said.

Yousaf admitted that government partnership has not made his job easy.

Over the past 11 years, successive governments have been alternately cooperative, weary, and even hostile to CPLC's work. Corrupt politicians and bureaucrats have tried to create obstacles for CPLC, for fear of being exposed themselves. But as in any sector, there are also many good people in the government and Yousaf acknowledged their sincere efforts. After all it was an ex-governor who established the CPLC, and since then there have been many notable politicians, government servants and institutions who have offered their generous and valuable support to the Committee. Most importantly, it is the government notification which allows the CPLC members to exercise their special powers in an effective manner.¹⁷

Another example of a successful government-non-profit partnership is the Cooperation for Advancement, Rehabilitation and Education or CARE. CARE is a charitable trust working towards providing quality, marketable education. Today CARE operates five of its own schools and 21 schools belonging to the Metropolitan Corporation Lahore (MCL). Like CPLC, CARE's experience with the government has been both good and bad. Seema Aziz, chairperson of CARE, explained the organization's rationale for partnering with the government: "It costs huge amounts of money, approximately 70 to 80 lakhs,¹⁸ to build a school. It takes a year to construct a school and students come in gradually. In the government schools, the buildings are already standing there, the children are sitting there. We felt that in this way we could reach out to the largest number of people in a shorter period of time with a lower investment of money."

In contrast, The Citizen's Foundation, a non-profit organization committed to providing quality education to underprivileged children, has avoided government partnership on principle. General Sabeeh Qamar-uz-Zaman (Ret.), chairman of TCF, complained, "The government has given us nothing but headaches...Ministries, the Corporate Law Authority, the Income Tax Department, the provincial education setup, district administration, everywhere one comes across barriers which impose delays, add to costs, and cause great frustration."

Aziz agreed that working with the government has been at times an arduous task, but this has not discouraged her and her colleagues at CARE. "Their interference slows progress," she said. "But this experience has not stopped us. And we've made strides ahead."

The success of CARE indicates that government partnership when managed properly can be a tremendous support to the non-profit sector.

Shortcomings of state philanthropy in Pakistan

Perhaps the greatest limitation of the state as a partner in development efforts has been due to the political turbulence in Pakistan. Between 1995 and 2000 Pakistan has had three different governments and a three-month caretaker government. This political inconstancy makes the government an unreliable partner in any venture. In addition, these mercurial political conditions aggravate existing tensions between the state and the non-profit sector.

Although the current government has been quite supportive of the non-profit sector in spirit and has inducted several members from this sector into positions of power, there still remains a great deal of mistrust between the state and the NPOs. These misgivings are further aggravated by media campaigns maligning the role and reputation of NPOs in Pakistan.

Political specifics aside, any government–non-profit partnership is bound to be precarious especially when NPOs challenge state policy or interests. In such cases government donor agencies may use funds as a means of manipulating the concerned NPOs to suit their interests. Thus while the state may be the largest and most influential institutional actor in philanthropy, NPOs have to be careful not to allow government funding to undermine their objectives.

Corporate Donors

Corporate sponsorship of not-for-profit organizations is on the increase the world over. This is due in part to the changing demands from consumers of the corporations they do business with, and also because of the growing market savvy of NPOs.

In Pakistan, corporate players are becoming more socially responsible because of the obvious business benefits attached to the exercise. These benefits include an enhanced brand image, more investors, increased consumer good will and trust, greater market access and higher employee morale.

According to the Aga Khan Development Network's Report on Philanthropy in Pakistan, the corporate sector in the country has shown an "encouraging pattern of participation" in philanthropy. Nearly 93 percent of the 120 companies interviewed in the survey reported some degree of philanthropic activity. However only 50 percent of corporations surveyed had a

formal policy on giving, and only 36 percent of all corporations directed their philanthropic ventures through citizen's organizations.

Many in the corporate sector conceded that this reluctance to sponsor NPOs and their activities is due to the strained relations between the two sectors. Current relations between corporate and civil society players are estranged at best.¹⁹ Several NPOs profiled in this study reported hesitancy on the part of corporate donors and criticized them for being more interested in marketing opportunities than in doing good.

Successful fund raising strategies targeting corporate donors

Despite the criticism leveled against corporate donors there are several NPOs that have managed to build strong partnerships in the corporate sector and develop a significant corporate donor base. These NPOs have employed different means of capturing corporate donors, including making personal visits, organizing high-profile gala events, pursuing aggressive direct-mailing programs, encouraging field visits to the actual project site, and including corporate sponsors in their decision making bodies/boards.

One such NPO is the Citizens-Police Liaison Committee, a unique citizens organization which functions as an NGO, yet is notified and empowered by the government as an example of state and citizens' honorary participation, for the welfare of the society in general. As an NGO committed to law enforcement and crime-prevention in the business capital of the country, CPLC has been quite successful in raising funds through the corporate sector, due to the nature of its work. All this despite the fact that CPLC does not "aggressively pursue" corporate donors, but relies instead on its reputation as a valuable partner to the business community in its mission to maintain law and order and an investment-friendly climate in the city.

Although only 10 percent of all cash donations to CPLC comes from the corporate sector, Jamil Yousaf, chief of the CPLC Central Reporting Cell, reported that the business community has also offered significant in-kind support and invaluable patronage to the organization. CPLC has been particularly successful in enlisting the support of multinational corporations (MNCs), which were the primary sponsors of CPLC's first walk-for-a-cause fund raiser. The local business community has also been very supportive of the CPLC. In fact many of the founding members of CPLC are from the business community in Karachi,

and several more support the committee in its efforts to create and maintain a secure and investment-friendly atmosphere.

While CPLC has managed to capture a corporate donor base by offering an important public service to the business community, other NPOs in Pakistan have created high-profile marketing opportunities in a bid to secure corporate support. The Layton Rahmatulla Benevolent Trust (LRBT), which among other services offers free eye care to indigent patients, was one of the first NPOs in Pakistan to organize high-profile gala fund raisers; this has now become a popular and lucrative means of fund raising in the country. Today the Trust organizes over 20 such charity balls across Pakistan and abroad each year. Targeting high net worth individuals and the corporate sector, most of these gala fund raisers are sponsored by corporations like Shell Pakistan, which cover the entire cost of the event. For the corporate sponsor, LRBT balls offer a valuable marketing opportunity to enhance their public image. Aside from event sponsorship, the gala fund raisers offer a variety of other marketing opportunities to corporate sponsors, including advertisements in the charity's annual brochure, public acknowledgement of donations or gifts, and so on.²⁰

Aside from their obvious marketing benefits, these gala events also appeal to corporate donors because they are a popular way of entertaining their clients. Therefore, it is not surprising that corporate donors not only sponsor these balls, but also buy the majority of the tickets.

Another increasingly significant means of raising funds through corporate donors is cause-related marketing. Although a relatively new concept in Pakistan, cause-related marketing has been adopted by several businesses. The Hunza Environmental Committee is one NPO that uses cause-related marketing to raise funds and support for its work.

One of the obstacles of popularizing cause-related marketing, as a means of encouraging socially responsible corporate investment, is the lack of trust between corporate players and NPOs as well as a dearth of publicly well-regarded NPOs. Nevertheless it is hoped that the pioneering efforts of the Hunza Environmental Committee and other such NPOs will help pave the way for similar mutually beneficial partnerships between the corporate and the non-profit sector.

Until now we have only discussed initiatives by NPOs to encourage corporate philanthropy in Pakistan. However there are several examples of corporate initiatives to enhance philanthropy in the country. Aside from

sponsoring NPO activities, some corporate players have taken the lead in launching their own development initiatives. One such example is the Escorts Foundation, an NPO committed to the welfare of the village communities settled in and around the Changa Manga forest. Launched under the umbrella of the Escorts Group, a very successful and prominent local business house, the Escorts Foundation not only received initial seed money from the Escorts Group but the corporate house continues to offer valuable financial and professional support to the foundation.

The brainchild of Maryam Bashir, the daughter of the chairman of Escorts Group, the Escorts Foundation is housed in the Escorts Group building and the latter covers all of the foundation's office expenses as well as any other non-project related costs. In addition to the Escorts Group, the foundation has also managed to enlist the support of several corporate sponsors by creating marketing opportunities in the rural areas where it operates. The foundation has devised a very reasonable one-time cost of sponsoring a home school. Each school is named after its corporate sponsor, and the latter's logo and name is clearly advertised on the school's board. This marketing scheme offers valuable advertising to corporations in the most remote areas of the country.

In addition to creating marketing opportunities, Amna Qureishy, executive director of the Escorts Foundation, believes that the most successful and convincing fund raising strategy particularly for the corporate donors has been the foundation's emphasis on field visits to the project site. Qureishy said: "Once we took them (potential donors) to the schools there was no problem, they needed no more convincing."

Similar field visits have been very successfully used by other NPOs like SOS Pakistan to create greater donor involvement in the projects. These visits have not only convinced potential donors to commit themselves to the cause, but have allowed existing donors to strengthen their commitment.

Another such confidence building exercise has been the inclusion of donors to the board/decision making body of the NPO they support. The Escorts Foundation, CPLC, SOS and others, have adopted this approach to create greater transparency in their financial dealings, and to allow their donors to play an active and involved role in the development of the programs they finance.

Like the Escorts Foundation, the Hamdard Foundation is an example of a corporate initiative to finance development and enhance philanthropy

in Pakistan. However, the Hamdard Foundation is not purely a corporate initiative, but rather a religiously inspired philanthropic institution financed by a corporate entity under the rules outlined by Shariah or Islamic law. The Hamdard Foundation is a waqf or a religious endowment of an income-generating property regulated by Islamic law. Supported by Hamdard Pharmaceuticals, a flourishing local business house, the Hamdard Foundation has already sponsored innumerable development initiatives in the fields of health, education, medicine, research and social welfare. The existence of a waqf like Hamdard bears witness to the flourishing Islamic tradition of awqaf in Pakistan and adds a new and unique dimension to the potential of corporate philanthropy in Pakistan.

Shortcomings of corporate philanthropy in Pakistan

Although several of the NPOs in this study reported significant corporate support many of them also accused the corporate sector of not being responsive to the development needs of the country.

The HAWWA women's cooperative, an NGO committed to the social and economic uplift of women through the creation of income-generating activities, reported negligible corporate support for their cause. The director of HAWWA, Kishwar Naheed, conceded that this was partly due to the fact that HAWWA does not have the capacity to organize high-profile fund raisers which corporate donors favor. "They want you to have a big dinner for them, have a dance, and then they'll buy the table and then they'll come ... a big ball is what they want."

The tremendous expenditure and human resources required to organize such events, and the perception that this is the primary means of enlisting corporate support, often discourage NPOs from approaching corporate donors.

Some representatives from the NPOs were particularly critical of multinational corporations (MNCs) in Pakistan. One such representative of an NPO professed accused MNCs of employing double standards and making sponsorship decisions on the basis of marketing opportunities rather than the causes involved. "They are very conscious of social responsibility in their own country of origin but here, when they come here they find that social causes are not so important. Of course they will donate if you are holding a function, if there is a dinner function or a dance function they will buy a

table, but tell them to sponsor a school or sponsor a child, suddenly they will start having cold feet.”²¹

Leaders from the corporate sector have not been unmindful of this criticism and have acknowledged the need for them to adopt a more informed and professional approach to giving. Shaukat Mirza, managing director of Pakistan State Oil²² said: “Right now, what is happening is that companies receive any number of requests from all types of people and organizations. Consequently you are at a loss as to who you should support. More often than not you end up doing what a friend tells you to do. But there is a need for a professional and scientific approach to it. There should be a mechanism for NGO evaluation. More research needs to be done to guide corporate entities to decide which causes and organizations they should give to.”

In addition, some of the NPOs profiled conceded that the fault lay with them rather than with corporations. Organizations like the Shaukat Khanum Memorial Cancer Hospital agreed that they need to build their own fund raising capacities and improve their marketing potential in order to attract more corporate sponsors.

There is no denying that NPOs will have to meet the exacting standards of corporate donors in matters concerning accountability, transparency, credibility and a people-centered approach, if they want to capture a greater share of corporate philanthropy. It is hoped that the Pakistan Center for Philanthropy, led by a steering committee comprised of eminent citizens from both the non-profit and for-profit sectors, will play a vital role in bridging the gap between these two sectors.

Expatriate Donors

As the economic situation in Pakistan deteriorates, a growing number of non-profit organizations are beginning to tap into a new source of potential donors: expatriate Pakistanis. The expatriate community, which is concentrated in the United Kingdom, United States and the Middle East, enjoys greater per capita income than their compatriots in Pakistan, and their donations are further inflated by an increasingly favorable exchange rate.

Today there are an estimated five million Pakistanis living abroad. Nearly 2.5 million of these are in the Middle East, about one million in Canada and the USA and nearly 750,000 in the United Kingdom.²³ This exodus first became noteworthy in the 1970s with the beginnings of the “brain drain”

from the country. Until then Pakistan had been exporting mainly semi- and unskilled labor but the trend changed dramatically when highly skilled, educated and professional Pakistanis began to leave their homeland in pursuit of better prospects abroad.

Over the years this brain drain has magnified and resulted in a tremendous loss of valuable human capital in the country. This loss of human resources was further complicated by the flight of capital with the introduction of the “entrepreneur visa.” A Canadian entrepreneur visa applicant needs to invest at least 150,000 to 250,000 Canadian dollars in Canada while the cost of a US “investor’s visa” is an impressive US\$ one million. These visas have proved to be the most popular among the educated elite in Pakistan, with the Canadian High Commission in Islamabad reporting that nearly 3,000 such visas having been issued in the recent past.²⁴ Thus with an existing large and prospering expatriate sector abroad and with the most promising potential donors leaving the country, it is clear that the expatriate sector is going to be an important means of raising funds for development in Pakistan. In fact according to recent reports these expatriate donors have already proved to be a valuable source of funds.

Successful fund raising strategies that target expatriate donors

Today several NPOs have adopted specific fund raising strategies to target expatriate donors. These include registering as tax-exempt charities abroad, organizing high-profile fund raisers and enlisting the support of expatriate organizations such as the Association of Pakistani Physicians of North America (APPNA).²⁵ Each of these NPOs has reported a generous and encouraging response to their appeals.

The Layton Rahmatulla Benevolent Trust is a pioneer in the field of fund raising through expatriates. One of its co-founders, Graham Layton, was a British national who adopted Pakistan, his host country of over 46 years, in order to set up the LRBT.²⁶ Layton played a vital role in defining the fund raising structure of the LRBT. In 1984 he established the Graham Layton Trust (GLT) UK, a sister organization of the LRBT and the most unique fund raising feature of the LRBT. The GLT, which is registered in London with the Charity Commissioner as a tax-exempt organization, has been one of the most consistent and significant sources of income for the LRBT. In 1999-2000, nearly 12 percent of all LRBT receipts was raised by the Graham

Layton Trust—a 60 percent increase from the previous year. Most of these funds were raised through grant-making organizations in the UK such as the National Lotteries Charities Board, Sylvia Adams Charitable Trust and others. The GLT also raised significant amounts of money through donations made by individuals and organizations in the UK. The Trust usually approaches mosques and other institutions. The GLT has also been quite successful in recruiting influential and powerful support for the LRBT cause in the expatriate community in the UK.

In addition to GLT, Graham Layton also initiated the volunteer-based Friends of LRBT Committees to raise money for the charity. The Friends of LRBT was one of the first fund raising committees in Pakistan to organize special events as a means to raise money for their causes. Today the Friends of LRBT organizes 20 such events annually in Pakistan raising almost Rs. 100 million a year for the charity.²⁷ The LRBT holds similar events abroad to target expatriate donors. In 2000 the Trust hosted special fund raisers in Washington DC, London and New York. The LRBT galas in the USA alone were estimated to have raised over Rs. 2.5 million in 2000-2001.

To organize these special fund raisers LRBT has managed to identify and recruit the assistance of prominent and influential expatriates and expatriate-based organizations. With expatriate-based Friends of LRBT chapters operating in the UK, USA and the Middle East, the Trust has managed to successfully target expatriate donors through a series of gala events. Most of these gala fund raisers are sponsored and supported by expatriate-based organizations like the United Fund for Pakistan (UFB)—a US-based non-profit charitable organization which sponsored LRBT fund raisers in Washington DC and New York in 1999-2000. The UFB has been a regular donor of the LRBT and is represented on the LRBT board of trustees by Farrokh Captain.

There are a few other NPOs in Pakistan that have also had significant success with expatriate donors. The Shaukat Khanum Memorial Cancer Hospital (SKMCH), the only comprehensive cancer hospital in Pakistan, which was established in 1994 to offer quality care to cancer patients irrespective of their ability to pay, has followed LRBT's example of fund raising by organizing gala events abroad. Mehmood Akhtar, director of marketing at SKMCH, regards expatriate donors as an important source of the organization's funds because "first of all the Pakistanis who are settled abroad or are working abroad naturally have per capita income which is higher than what is at home. Secondly the conversion rate advantage is also there

... (and thirdly) over there people have a lot of love and affection for people who want to do something for their homeland. They are more patriotic... good values (of giving) which we also have but there (in the First World) they are practiced more aggressively and seen in their day-to-day lives. I found them to be very generous.”

Like LRBT, SKMCH has also registered as a tax-exempt charity in the UK and USA. But SKMCH enjoys a certain advantage over LRBT and that is the celebrity appeal of its founder, Imran Khan. Khan was then the captain of the Pakistan cricket team and an international celebrity when he founded SKMCH in 1994. Having Khan as the chairman and founder of the hospital has attracted much publicity and funds for the project particularly in the expatriate community. Akhtar, who accompanied Khan on a recent fund raiser abroad, said, “He just has to ask and people are willing to really turn out their pockets.”

On such international tours, the Shaukat Khanum marketing team often takes along local musicians, actors and performers to provide the entertainment for the evening. Imran Khan’s international celebrity friends have also played an important role in these special events. The most prominent of these celebrity supporters was the late Princess Diana. The princess visited the hospital twice and managed to raise a great deal of awareness and funds for this worthy cause. Posters of the princess with child patients still adorn the hospital walls and the organization’s brochures.

While LRBT and SKMCH rely heavily on charity balls to raise money abroad, there is another civil society organization that has received tremendous support from the expatriate sector without the use of these high-profile fund raising strategies. The Citizen’s Foundation (TCF) is a non-profit organization committed to providing quality education to underprivileged children. Founded in 1995, TCF has managed to establish an enviable network of custom-built schools providing quality education to over 15,000 children. TCF receives no foreign grants or government assistance but runs primarily on indigenous philanthropy, a large component of which is financed by expatriate Pakistanis. In fact 10 out of the 24 schools built by the foundation in the last year were sponsored by expatriates, and it is believed that in the coming year almost 30 to 40 percent of the new schools will be sponsored by Pakistanis living abroad. According to General Sabeeh Qamar-uz-Zaman, chairman of TCF, “Pakistanis here and abroad by nature are very loyal, very patriotic and very committed to the development of Pakistan.

They are not coming forward because of the frustration and disappointment they have faced all along and secondly they have not found a credible vehicle to operate through.”

TCF has managed to provide such a credible, accountable and accessible vehicle to the expatriate community. Recognizing the donor base among expatriate Pakistanis, TCF has established a Friends of TCF Trust in the UK. The Trust is registered with the Charity Commission for England and Wales, which means that UK donors can enjoy tax benefits on all donations to the foundation. Similar schemes are being launched in the UAE and in the United States. TCF has partnered with the Association of Pakistani Women in America, Inc. (APWA), a non-profit charitable organization with tax deductible status to receive donations on their behalf.

Like LRBT and SKMCH, TCF has also made its donation and pledge forms, along with audited account statements, easily available on the internet. The TCF website is regularly updated and includes information on the philosophy, history, growth and achievements of the foundation.

Perhaps the most successful fund raising strategy targeting expatriate donors has been developed by TCF’s volunteer-based fund raising committee, Supporters of TCF (STCF). STCF has set up local fund raising chapters all over the country and abroad. Mushtaq Chhapra, chairman of STCF, considers the foreign chapters of STCF to be a most valuable fund raising tool for the foundation. These volunteer groups publicize and explain the work of TCF to expatriate Pakistanis. They organize special events such as theater productions to raise money and awareness regarding the foundation’s objectives and achievements, and also host special dinners to introduce TCF directors to potential high net worth Pakistani donors abroad.

Most of the TCF supporters abroad are prominent, accomplished expatriates who are excellent ambassadors for the cause. By identifying and recruiting the support of these highly regarded expatriates, STCF has managed to raise tremendous funds and support abroad. According to Chhapra, the foundation receives an average of US\$200,000 to 300,000 a year from Dubai alone, where TCF has managed to enlist the support of volunteers like Shehzad Naqvi, regional manager of Citibank Dubai. Naqvi recently hosted a dinner for TCF where he invited prominent potential donors to view a presentation on TCF by the foundation’s directors. According to Chhapra, the directors regularly visit all STCF chapters abroad to participate in similar fund raising dinners. In fact STCF was scheduled to hold a series of fund raising dinners in the UK in August 2001 with the support of the Pakistani High Commis-

sioner and other prominent Pakistani expatriates.

While LRBT, SKMCH and TCF have relied largely on the strategy of organizing special events and developing a network of prominent expatriates to raise funds abroad, the Edhi Foundation has been starkly different in its approach with expatriate donors. The Edhi Foundation is the largest, most comprehensive social welfare system in Pakistan. It offers a wide range of services²⁸ but it is its international relief efforts which have allowed the Edhi Foundation to achieve international fame. Maulana Edhi, the founder and driving force of the foundation, has received several awards and accolades²⁹ for his social welfare efforts both in Pakistan and worldwide. This world renown has won the foundation tremendous moral and financial support outside Pakistan. Although the Edhi Foundation prides itself on being largely funded by donors at home, it does draw on average 10 percent of its revenues from donors outside the country. This statistic is particularly noteworthy because the foundation does not actively pursue international donors but instead lets its work speak for itself. This performance-driven approach to fund raising has been fundamental to the foundation's organizational philosophy, and is a strong indicator of the foundation's results-oriented methodology.

There are several other examples of civil society organizations that have managed to successfully capture expatriate donors. However the majority of NPOs in Pakistan are only just beginning to recognize the promise of expatriate donors.

Conclusion

“Global civil society has grown largely out of a cosmopolitan inspiration to provide security, equity and democracy for all persons, regardless of their territorial position on the planet.”³⁰

The growing contribution of expatriate Pakistanis to development in Pakistan bears witness to the emerging concept of supraterritorial solidarity which extends beyond national boundaries and challenges the very definition of civil society confined by geographical boundaries.

There is no denying that expatriate donors have an important place in

philanthropy in Pakistan. In fact there is now a growing number of expatriate donor groups taking the initiative to invest in development in the country. These expatriate philanthropists act both directly by launching their own NGOs, and indirectly by funding existing civil society institutions in the country. The emergence of these expatriate donor groups has institutionalized expatriate giving and revealed some interesting trends regarding the nature and considerations of expatriate donors.

Largely comprised of professional Pakistanis settled abroad, expatriate donor groups like APPNA, UFP and others have demonstrated a growing willingness to invest in development initiatives³¹ that are credible, accountable, need-driven, fiscally responsible and have an effective monitoring system.

The emergence of these donor groups and the success of existing NPOs in Pakistan with expatriate donors is an indicator of the potential of expatriate donors in philanthropy in Pakistan. As a growing number of NPOs in the country begin to pursue the promise of expatriate donors, there is no denying that in the coming years expatriate donors are going to be a widely recognized and essential component of philanthropy in Pakistan. ►

Notes

- 1 The Islamic emphasis on community is an important factor in most religiously inspired community welfare/development activities.
- 2 Zakat is only paid on wealth that has been held by the individual for more than a year.
- 3 Charity
- 4 Alms giving
- 5 A religious form of giving at the Muslim festival of Eid-ul-Fitar which marks the end of the Islamic month of fasting
- 6 In God's way.
- 7 Day of Judgement.
- 8 <http://www.habous.gov.ma/dorrou/eng/1996/edars06.htm> (1996).
- 9 Proceedings of the Conference on Indigenous Philanthropy, October 16-17, 2000, Islamabad, Pakistan.
- 10 The Social Action Program focuses on improving services in the field of elementary education, primary health, population welfare and rural water supply and sanitation.
- 11 The Fund received \$5million from the World Bank and Rs. 100 million from the government.
- 12 The Kashf Foundation and Family Planning Association of Pakistan based

- in Lahore, the National Rural Support Program in Islamabad, the Taraqqee Trust in Quetta and the Aga Khan Rural Support Program in the Northern Areas.
- 13 Microfinance Bank ordinance, XXXII, August 2000.
 - 14 A religious tax, Ushr is a five percent tax levied on the produce of land, not on its value.
 - 15 S. Jamal Malik [1992]: Traditionale Islamische Institutionen und muslimischer Staat im Spannungsverhältnis: Stiftungen, Almosen und religiöse Schulen. In: Dieter Conrad, Wolfgang-Peter Zingel (eds.): Pakistan. Zweite Heidelberger Südasiengespräche. Beiträge zur Südasiensforschung 150. Stuttgart: Franz Steiner. pp. 77-86.
 - 16 A government agency, established in 1992. Baitul Maal was initially allocated Rs.1billion, which was used to aid about three million families. Ali, M. S., 1997.
 - 17 Mr. Yousaf notes that this special notification is necessary for CPLC to be an impartial and effective organization. He explains that Mr. Shahbaz Sharif, a previous Chief Minister of Punjab, had tried to replicate the CPLC model in his province but the experiment failed because he never amended the police rules and thus the CPLC member had no legal authority.
 - 18 One Lakh = 100,000
 - 19 "At the moment I think there will be a lot of skepticism and uncertainty (between MNCs and NGOs)." Munnawar Hamid, Chairman & Chief ICI Pakistan Ltd. (NGORC Journal March 2001).
 - 20 Please refer to the case study on Umeed-e-Noor for a detailed account of the marketing potential of such charity balls.
 - 21 General (Retd.) Sabeeh-Qamar-uz-Zaman, Chairman The Citizen's Foundation
 - 22 Non-Governmental Organization Resource Center; Journal October 2000.
 - 23 Shamaim Ahmed Rizvi; *Brain Drain and its Impact on the Economy*, Oct 9-15, 2000
 - 24 Ibid.
 - 25 Founded in 1976 in Detroit USA, APPNA is perhaps one of the oldest and most organized network of Pakistanis in America.
 - 26 Under Pakistani Law all Founding Trustees must be Pakistani Nationals.
 - 27 www.lrbt.org.pk
 - 28 Refer to case study on Edhi Foundation
 - 29 ibid.
 - 30 *Global Civil Society* Jan Aarte Scholte; The Political Economy of Globalization edited by Ngaire Woods
 - 31 Dr. Nasim Ashraf, Chairman APPNA explained that in contrast to their compatriots in Pakistan, APPNA members as a principle do not believe in giving for charity but rather prefer to direct funds for sustainable development.

4 | Case Studies

Selection Criteria

Case study selection was carefully executed to ensure representation from all four provinces in Pakistan and a variety of social sectors. None of the cases chosen are donor-dependent and the only significant foreign grant for any one particular NPO amounts to less than 17 percent of the organization's annual budget.

Of the NPOs that were eligible for the study, the research team selected those which were most promising in terms of the diversity of their sources of funding, and most significant in terms of the lessons learnt from their fund raising experiences. Religious or politically motivated organizations were excluded from this study which focuses primarily on discussing replicable examples of fund raising. Table 1 outlines the *raison d'être* for selecting each of these NPOs.

Geographical Representation

The NPOs chosen represent all four provinces in Pakistan and the Islamabad capital territory. The project includes five NPOs from the Punjab, two from Sindh and the federal Capital and one each from the North West Frontier Province and Baluchistan. The remaining five NPOs have country-wide operations.

Sector Distribution

The sector-wise distribution of cases is captured in Table 2.

table 1

Name of Institution	Significance
Anjuman-I-Himayat-i-Islam	The oldest existing charity in Pakistan, the Anjuman's work spans three centuries and offers important insights into our nation's social capital.
Aasthan Latif Welfare Society	This case captures the Society's successful transition from a grant-based organization to one relying wholly on indigenous philanthropy.
CARE	One of the few organizations that works in close partnership with the government. This case highlights the benefits and costs of such an NGO-government partnership.
Citizens-Police Liaison Committee	A remarkable example of an organization whose fund raising strategy relies on the organization's ability to foster important partnerships in the corporate sector, the government and local community, by providing a valuable service.
Edhi Foundation	The largest and most organized social welfare system in Pakistan. According to the Aga Khan Development Network's report on Philanthropy in Pakistan the Edhi Foundation is the only organization at the national level which enjoys public recognition, and Edhi himself is the only prominent social worker who register substantial public recognition.
Escorts Foundation	A non-profit organization supported largely by corporate donors, the Escorts Foundation received seed money for its project from the Escorts Group, a large business house based in Lahore, which continues to be a major donor for the foundation. The Escorts Foundation was selected for this study because of its significant success with corporate donors, and local and multinational corporations in Pakistan.
Hamdard Waqf	The story of the Hamdard Foundation captures the unique Islamic nature of the waqf, which signifies the potential of Muslim philanthropy as a significant force in development initiatives the world over.
HAWWA	Seen as a remarkable example of a non-profit organization relying largely on its own income generation activities to meet its expenditures.
Hunza Environmental Committee	A unique organization offering a much-needed public service through local resources and income generating schemes. With a dynamic marketing strategy and remarkable growth trend, HEC is a model for other such service organizations.

Name of Institution	Significance
Layton Rahmatulla Benevolence Trust	LRBT has managed to build a unique bond between the Pakistani immigrant communities settled abroad and their country of origin. It is a unique case exemplifying the potential of expatriates as significant contributors to development initiatives in their home country.
SOS Villages Pakistan	The only SOS chapter in the world that is completely self-reliant and receives no funds from SOS Kinderdorf International.
Shaukat Khanum Memorial Trust	The only comprehensive cancer hospital in Pakistan that provides free care to indigent patients, SKMCH&RC relies on its income generation activities, donations, special events, school campaigns, zakat appeals and the celebrity appeal of its founder to raise nearly Rs. 400 million a year.
STEP	STEP relies on an innovative fund raising strategy of selective culling or “trophy-hunting”. The proceeds from this trophy hunting are used to expand the conservation program and fund community development to provide incentives for community participation.
The Citizens Foundation	Offers an interesting model of an organizational structure which has adopted a corporate flavor in order to foster essential qualities of efficiency, accountability, transparency, credibility, long-term sustainability and professionalism in its approach.
Umeed-e-Noor	Is supported by an active fund raising committee that relies on high-profile gala events to raise money for the charity. This case study is a diary of the most recent Umeed-e-Noor fund raiser which captures the preparation and planning required to host a successful high-profile charity

Years in Operation

The NPOs selected include organizations as young as the Hunza Environmental Committee which has been in operation for only five years, as well as much older NPOs like the Anjuman-i-Himayat-i-Islam which has been in existence for over 117 years, long before the creation of Pakistan. Six of the NPOs selected have been operating for four to 10 years, another six were established 11 to 20 years ago and the remaining four NPOs have been in existence for more than 25 years. ▶

table 2

Sector	Number of Cases
Education	4
Health	2
Child Welfare	2
Women's Welfare	1
Social Welfare	3
Environment	2
Law and Order	1