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Investing in indigenous philanthropy in Pakistan

David Bonbright

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Pakistan is a generous nation. Individual cash giving amounts to five times as much as foreign aid grants. Most of this goes to individuals in need and to religious organizations. Research carried out by the Initiative on Indigenous Philanthropy suggests there is considerable potential for channelling some of this money into long-term development, but there are obstacles in the way. Although Pakistanis are generous givers, they do not as yet have much confidence in NGOs. This is one of the problems a Pakistan Centre for Philanthropy could address.

The Steering Committee for the Initiative on Indigenous Philanthropy was established two years ago by a number of citizen leaders with backgrounds in business, government and NGOs, with initial encouragement (including funding for original research) and ongoing secretariat support from the Aga Khan Development Network. They had a hunch – correct as it turned out – that the level of indigenous giving in Pakistan was much greater than was generally recognized. Their interest was in the potential for channelling some of these resources to address the causes of poverty and underdevelopment rather than just the symptoms, and so beginning to make the shift from foreign aid dependency to self-reliance. But first they needed to ascertain the facts about giving in Pakistan.

Individual giving in Pakistan

The Initiative-sponsored first ever National Survey of Individual Giving provided ample evidence that a rich vein of religious giving could be expanded to include social and development goals.

At Rs 70 billion (£1 billion/ US\$1.6 billion), aggregate giving and volunteering in 1998 is equivalent to 2.2 per cent of GDP. This puts Pakistan among the more 'giving' nations in the world. When it comes to volunteering, Pakistan does even better: at 58 per cent, the nation's rate of volunteering exceeds even the famously high rate of 56 per cent in the United States.[1]

The significance of an aggregate individual giving/volunteering figure of Rs 70 billion annually is underscored when it is compared with government expenditures. Aggregate provincial and federal government spending on health and education in the 1996–97 budget was Rs 84 billion, while the government's Social Action Plan (SAP) spent roughly Rs 54 billion in the same year.

A comparison with foreign aid is also instructive. Foreign aid for 1997–98 was made up of Rs 6 billion in grants and Rs 112 billion in concessional loans. So the Rs 30 billion Pakistanis gave in money alone was five times as much as the amount Pakistan received in outright grants from foreign aid.

Motives for giving

Religion, specifically Islam, provides a universal context for giving. Of the total share going to organizations, 94 per cent went to religious institutions and causes. Religious faith is cited as a motive for 98 per cent of donors.

Consistent with the Islamic integration of secular and religious life, the predominant Islamic motive for giving in Pakistan coexists comfortably with different motives.

Pakistanis attribute their practice of giving to an almost equal combination of religious faith (98 per cent), human compassion (98 per cent), social responsibility (87 per cent) and civic duty (84 per cent).

Giving to individuals

A substantial 65 per cent of all monetary giving went to individuals, including 93 per cent of personal zakat. Citizens' organizations, or NGOs, must surely ask themselves how they can add value – for the beneficiaries as well as the givers – to what Pakistanis are already doing directly. If they could find some answers to that question, it would surely yield

increased levels of indigenous support for their organizations.

Giving for many is an end in itself. The majority of individual respondents displayed a lack of interest in the actual performance of an organization when determining to whom they should give. Fifty-six per cent of zakat donors did not know how their gift was utilized. On the other hand, when asked what kind of information they wanted from organizations, 88 per cent of taxpayers expressed an interest in receiving regular reports. There is clearly an opportunity here for NGOs to communicate their value to society by demonstrating how effective they are.

Somewhat at odds with the religious calendar, Pakistanis are largely spontaneous in their giving, preferring to donate time, goods and money as requested or as needed, rather than in relation to a specific event or time of the year.

Corporate giving

In-depth interviews were conducted with senior officials, including 20 CEOs, of 120 companies. The questions focused on the role of development NGOs as perceived by the country's business community, and explored the underlying factors governing the volume and direction of corporate giving.

The survey found strong evidence that corporate leaders are willing to 'play their part' in social development: 93 per cent of the companies surveyed undertake philanthropic activities.

It is widely asserted among corporate leaders that the government has been unable to keep pace in providing social services to the growing population. It is also recognized that citizens' organizations have considerable potential to fill the gap. But at present the most common form of corporate philanthropy is giving direct to needy individuals and families, ameliorative rather than developmental in character. Business leaders expressed an in principle openness to a more developmental approach, but they do not yet have the confidence in or experience with NGOs to see themselves as leading investors in this approach.

About one-third of the companies interviewed felt that if their support was to be extended through NGOs, it would have to be on the basis of careful screening. Several factors were cited, including track record, previous experience with the NGO, effective reporting, resource utilization, and the quality of personnel in the NGO. These findings imply a natural inclination on the part of business people to support effective, accountable organizations.

Attitudes to NGOs

Through consultations and surveys with government, NGOs, business and media, the Initiative confirmed that NGOs are generally not well understood. Although government has already done much to encourage private philanthropy, specifically through generous tax incentives for charitable giving, government officials in particular know little about NGOs.

NGOs therefore need to seek actively to commend themselves to society at large, to government, and to potential Pakistani donors and volunteers. New mechanisms for self-regulation could help in that they would distinguish ‘the good, the bad, and the ugly’ and therefore foster greater social legitimacy for bona fide organizations. NGOs also need to measure and communicate the impact of their work rather than merely describing their activities.

The media should also be encouraged to do more to inform society about citizen-led development – its successes and lessons – as well as to expose abuses of the public trust.

International research

The Initiative also surveyed international experience in promoting philanthropy, including countries as diverse as Mexico, Brazil, South Africa, India, Philippines, Indonesia, Turkey, Canada, the UK and the USA. One thing to emerge clearly is that the establishment of grantmaking foundations by corporations and wealthy individuals significantly increases the impact and effectiveness of their giving. Trends in legal and fiscal frameworks were also highlighted.

What next?

The Steering Committee is now publishing its findings^[2] and preparing for a high-profile national philanthropy conference later this year. The Aga Khan Foundation will help bring international expertise to the conference.

But the Steering Committee is not waiting until after the conference to take action. It has such confidence in the potential of indigenous philanthropy that it has already asked the Aga Khan Foundation to develop a prospectus for a Pakistan Centre for Philanthropy to take up the ‘philanthropy promotion’ baton. And members of the Steering Committee have already raised the funds to cover the Centre’s first year of operations.

The Centre’s four-part programme will involve:

- supporting the efforts of potential social investors (individuals and corporations) to ‘professionalize’ their grantmaking by establishing foundations and formalizing corporate giving programmes;
- identifying credible social investment opportunities and spurring NGOs to effective self-regulation and demonstrable performance accountability;
- working with the government to promote an enabling legal and fiscal framework for philanthropy, and to build government capacity to facilitate the work of NGOs;
- working with the media and others to raise awareness in society about the significance of citizen giving and volunteering and the work done by NGOs.

Pakistanis are beginning to move away from foreign aid dependence and towards self-reliance. Outside funders should support this shift by investing in indigenous philanthropy, although we see a continuing need for outside funding for such activity in Pakistan for the foreseeable future.

1 *Giving and Volunteering in the United States* (1999) Independent Sector, USA.

2 The report summarizing the findings is entitled *Enhancing Indigenous Philanthropy for Social Investment* and the volume of research studies is entitled *Philanthropy in Pakistan*. Both are available from the Aga Khan Foundation (Pakistan), House No 12, Street No 84, Sector G-6/4, Islamabad, Pakistan. Tel +92 51 276 812. Fax +92 51 276 815. Email philanthropy.isb@akfp.org

David Bonbright is Director, NGO Enhancement Programmes, at the Aga Khan Foundation. He can be contacted by email at David.Bonbright@Akdn.ch

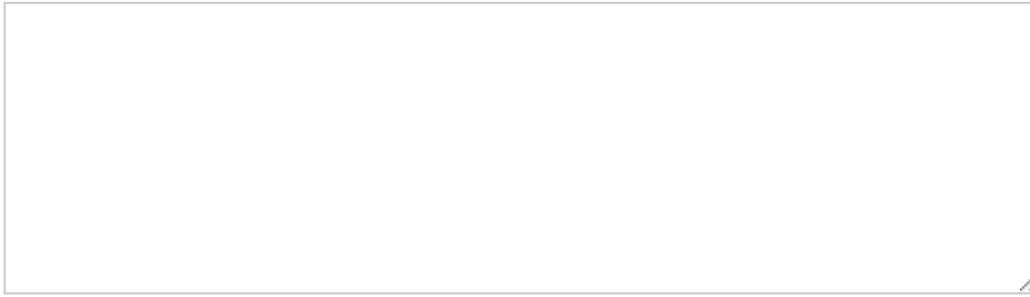
Asad Azfar is the Director of the NGO Resource Centre, a project of AKF that plays a key role in supporting the Initiative on Indigenous Philanthropy. He can be contacted by email at Asadazfar@yahoo.com

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