



Waqf Experience in Pakistan

**PRESENTED AT INTERNATIONAL
WEBINAR ORGANIZED BY IWI
AND IEP**

Presentation Outline

- Private Philanthropy in Pakistan
- Economic Potential of Waqf
- Institutional Structures
- Regulatory and Policy Framework

Private Philanthropy in Pakistan

Poverty & Weak Revenues

- Multi-dimensional poverty in Pakistan stands at 38.8% **(UNDP)**.
- Government is constrained by a low tax to GDP ratio (11.2%) and high debt servicing (~45% of tax collection) **(MoF)**.
- Large fiscal deficit (~6.6%) and very low spending on development (~19%) and even less on direct support to the poor **(MoF)**.
- Government funds comprise only 6% of the total funding for the non-profit institutions in Pakistan while the average for several developed and developing countries is 40% **(Pakistan Center for Philanthropy)**.

Low Levels of Financial Inclusion

- Microfinance outreach in Pakistan is approximately 5 million people, which is less than 10% of the total poor population in the country **(Pakistan Microfinance Network)**.
- About 100 million Pakistani adults lacked access to formal and regulated financial services as of 2016 **(world Bank)**.

Private Philanthropy in Pakistan

Success Stories of Dynamic Third Sector Contribution

- SIUT is a privately funded dialysis and kidney transplant centre in Karachi. It is the country's largest public sector health organisation providing services free of any cost.
- Shaukat Khanam Cancer Hospital and Research Center is the country's largest cancer hospital with an annual budget of Rs 10 billion (\$ 96 million). The hospital was built through private donation drive in 1994.
- Edhi Foundation which originated from Karachi holds the Guinness record for the world's 'largest volunteer ambulance organization' since 1997.
- Indus Hospital in Karachi provides free of cost treatment. It is a private hospital working on donations and has treated 2.3 million patients during 2007-2016.
- Among the numerous food distribution centres, Saylani Welfare Trust provides meals twice a day to more than 50,000 people in the city of Karachi free of cost.

Private Philanthropy in Pakistan

Private Philanthropy Estimates at Federal and Provincial Levels

- Annual corporate philanthropy is around Rs 4.8 billion which is around 0.6% of the PBT of the listed companies. However, the share of corporate philanthropy in overall private giving is not significant **(PCP)**.
- Estimated charitable giving in Pakistan stands at Rs 300 billion (\$2.8 billion) in 2015 **(PCP)**.
- In the provincial studies, the amount contributed in the year 2013 stood at Rs 67.9 billion (\$0.65 billion) in Sindh and Rs 103.69 billion (\$1 billion) in Punjab **(PCP)**.
- Another estimate contends that people in Pakistan pay around Rs 554 billion annual charity **(PPI)**. It is 83.77% of the total PSDP for the 2015-16 budget.
- Total annual giving by Pakistani Diaspora in the USA which includes money, goods and time exceeds \$1 billion **(PCP)**.

Introduction to Waqf

- *The institution of Waqf implies holding or setting aside certain physical assets by the donor (waqif) and preserving it so that benefits continuously flow to a specified group of beneficiaries or community.*
- *A Cash Waqf is “the confinement of an amount of money by a founder(s) and the dedication of its usufruct in perpetuity to the welfare of society”.*
- Waqf Deed
- Donor (waqif).
- Trustee-manager (Mutawalli or Nazir).

Economics of Waqf

- ◉ Private funding of public goods.
- ◉ Reduces private concentration of wealth.
- ◉ Builds social safety nets.
- ◉ Funding source for skills enhancement and capacity building.
- ◉ Transfer of financial resources and beneficial services beyond markets.

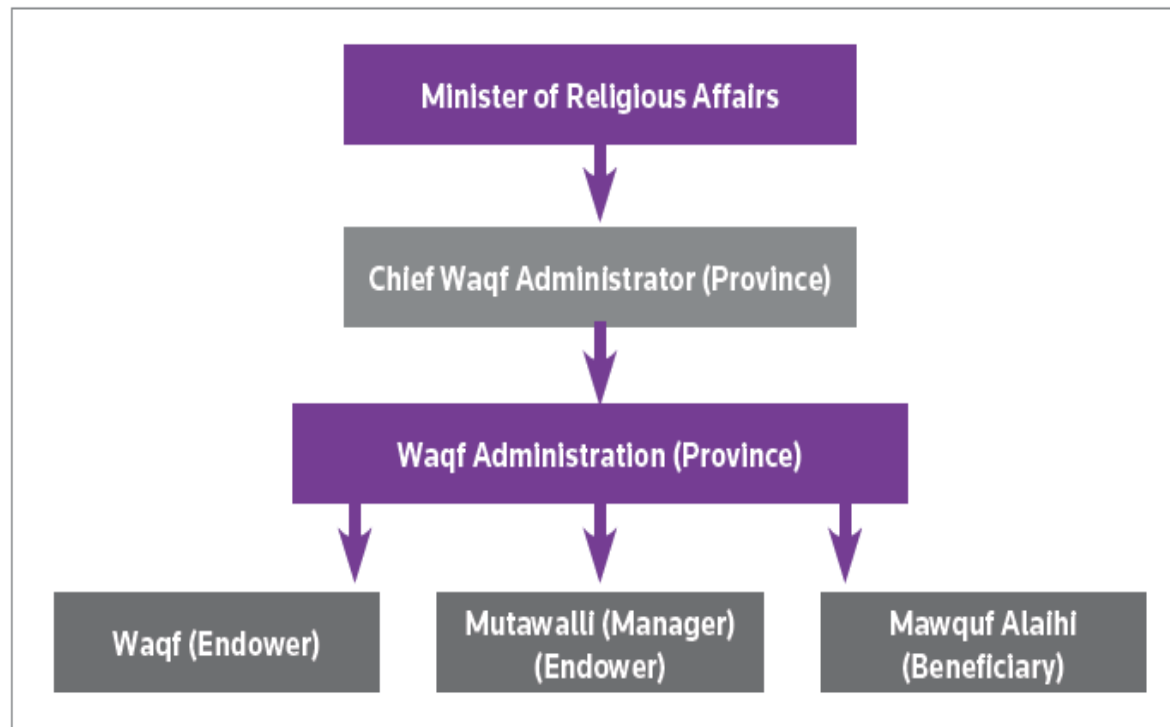
Distinction of Waqf

Zakah	Waqf	Ordinary Sadaqah
<ul style="list-style-type: none"> Compulsory 	<ul style="list-style-type: none"> Voluntary 	<ul style="list-style-type: none"> Voluntary
<ul style="list-style-type: none"> Heads of Zakah are specified in Holy Qur'an. 	<ul style="list-style-type: none"> Beneficiaries can be anyone. 	<ul style="list-style-type: none"> Beneficiaries can be anyone.
<ul style="list-style-type: none"> Specific financial flows. 	<ul style="list-style-type: none"> The flow of benefits on a sustained basis. 	<ul style="list-style-type: none"> Specific financial flows.
<ul style="list-style-type: none"> Transfer of ownership to a living Muslim is necessary. Hence, allocation and disbursement are usually contemporaneous. 	<ul style="list-style-type: none"> Naturally open to institutionalization due to the donation being of an asset that remains intact or has potential to grow. 	<ul style="list-style-type: none"> May or may not be open to institutionalization depending on the nature and value of sadaqah.

Institutional Structure Regionally



- In Pakistan, the four provinces – Punjab, Sindh, Baluchistan and Khyber-Pakhtunkhwa – have independent *Waqf* administrations headed by a chief *Waqf* administrator. The head of the *Waqf* administration i.e. the Chief *Waqf* Administrator exercises unfettered powers in matters relating to *Waqf* in the given province.



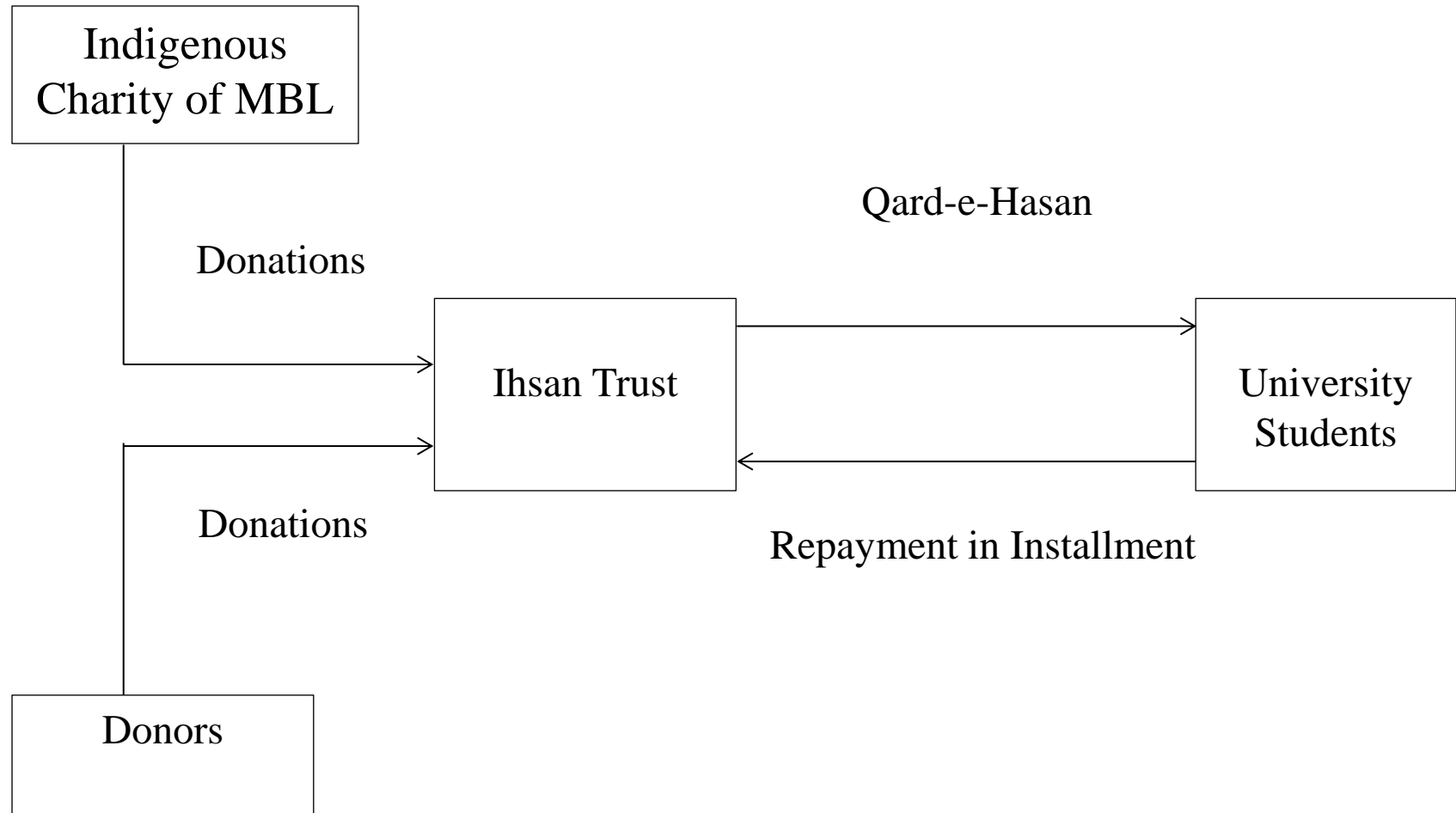
Challenges

- Jurisprudential debates on allowance of Cash Waqf, Temporary Waqf, Ibdal (exchange) and Istibdal (substitution).
- Law recognizes Waqf in limited context for mosques, shrines and Madrasa.
- If government becomes owner and people have distrust on government, they prefer to pay charity to private institutions.
- Liquid money paid as Sadqat rather than organized or marketed as Cash Waqf.
- Since funding infrastructure requires reaching particular funding target, people usually prefer to pay Sadqat to established institutions for funding their regular services.

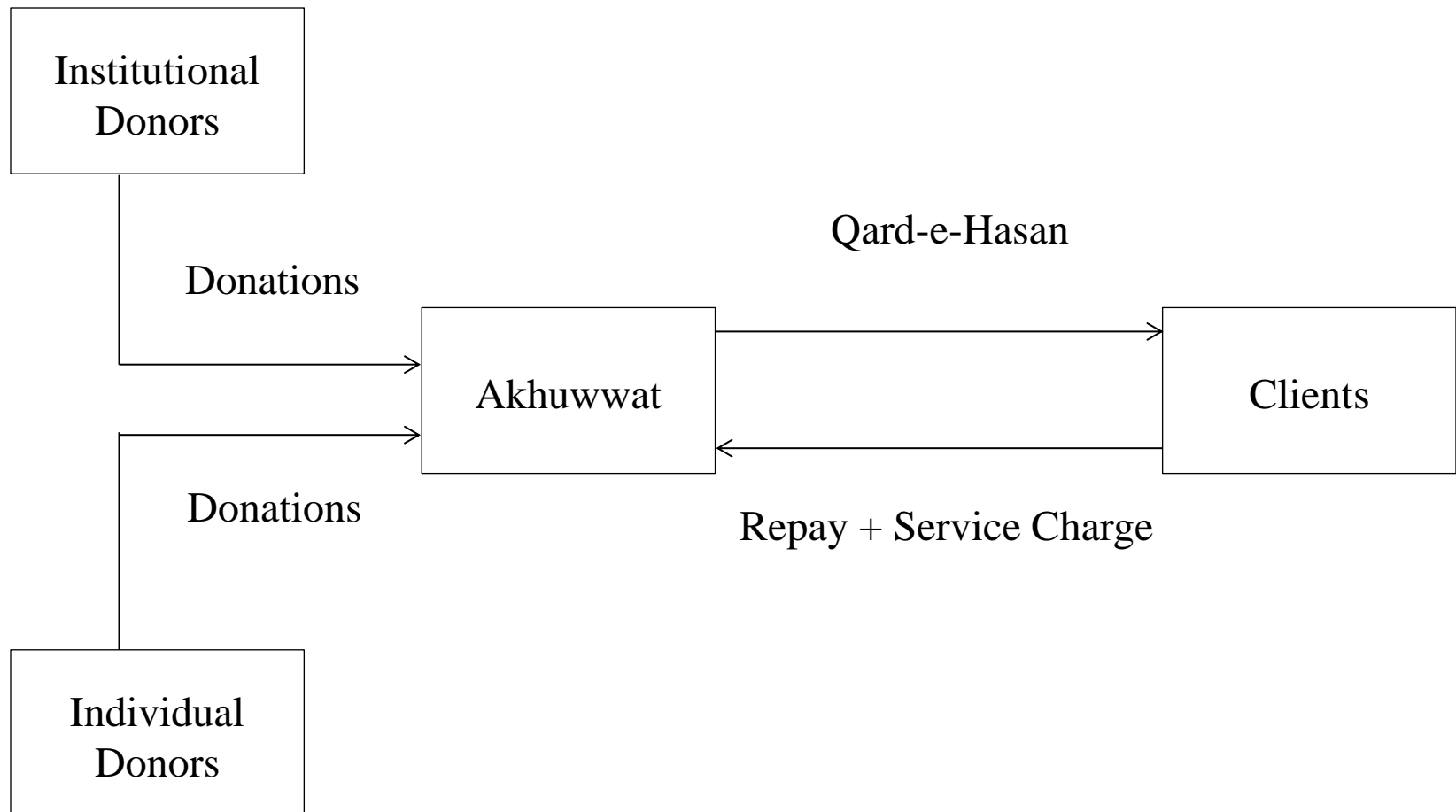
Regulatory Framework Globally

Attributes / Countries	Malaysia	Indonesia	Singapore	India	Pakistan	Bangladesh
Permanence	Temporary, permanent	Temporary, permanent	Permanent	Permanent	Permanent	Permanent
Creation	Only for one-third of assets. Waqf-Khas needs Sultan's permission. No private Mutawalli.	Permission to create. Registration required. Un-registration not punishable.	Only for one-third of assets. Registration necessary, else a fine.	Permission to create. Registration required. Un-registration not punishable.	Permission to create. Registration required. Un-registration not punishable.	Permission to create. Registration required. Un-registration not punishable.
Donor	Muslims and non-Muslims	Muslims and non-Muslims. Individuals as well as organizations.	Muslims	Muslims and non-Muslims	Muslims	Muslims and non-Muslims
Endowed Assets	No mention of financial assets.	Specification of immovable and movable assets (including financial).	No specification of financial assets.	No specification of financial assets.	No specification of financial assets.	No specification of financial assets.
Beneficiary	Family Waqf not recognized.	Family Waqf not recognized.	Family Waqf not recognized.	Family Waqf recognized.	Family Waqf not recognized.	Family Waqf recognized.
Ownership and Administration	Waqf registered in the name of the Islamic Religious Council as proprietor.	Badan Wakaf Indonesia does not own or manage the assets, but supervise.	Majlis Ugama Islam Singapura administers all Waqf.	State supervises, but does not own or manage assets.	State supervises. Chief Administrator appoints a manager to control, manage and maintain Waqf assets.	State supervises. But, the Chief Administrator can assume responsibility for administration by notification.
Trustee	Islamic Religious Council or Majlis is the sole nazir or trustee.	Private entities can be a trustee.	Private entities can be a trustee, but with a limited role.	Private entities can be a trustee.	Chief Administrator appoints a manager. Mosques/shrines have religious purposes committee.	Private entities can be a trustee.

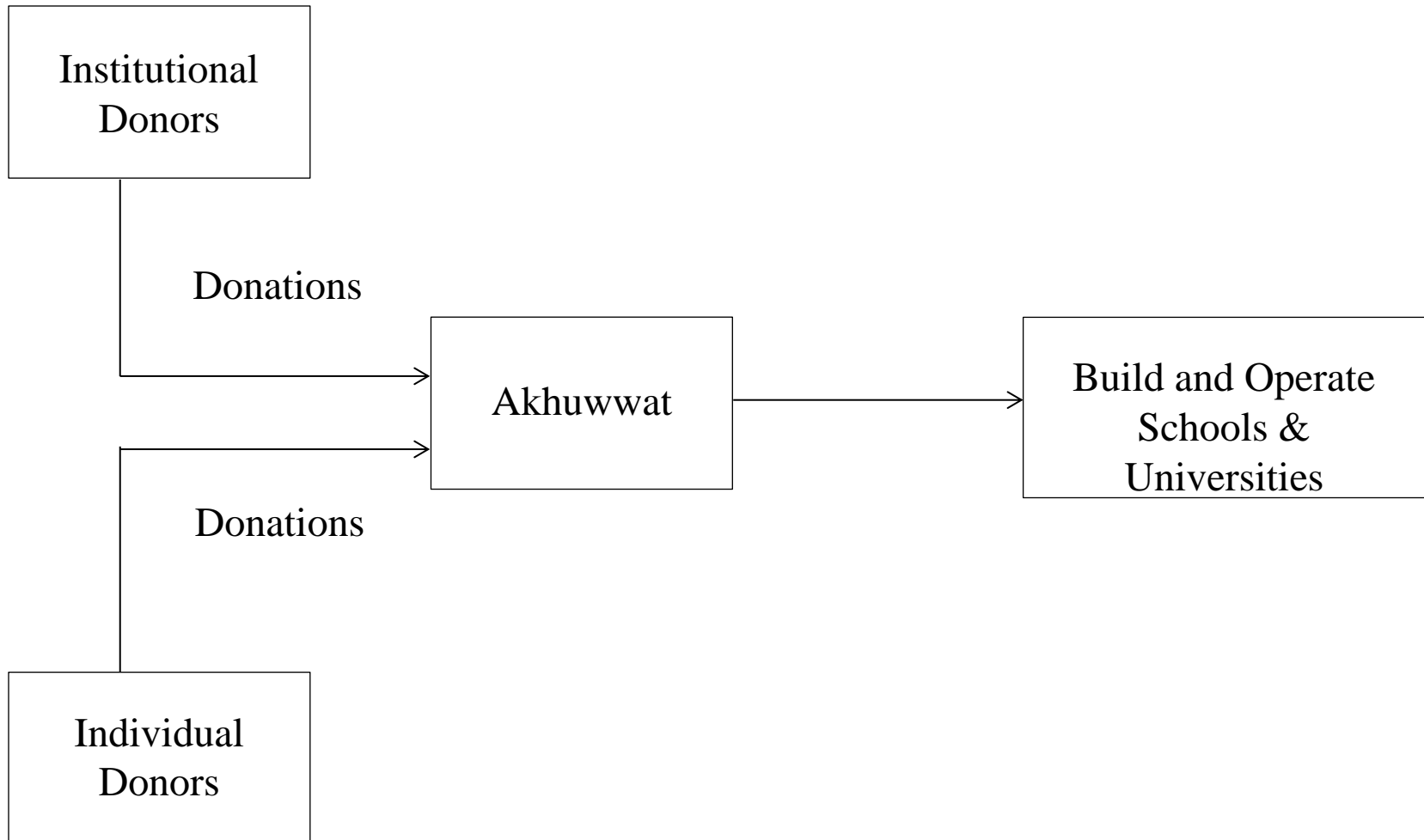
Ihsan Trust Education Finance



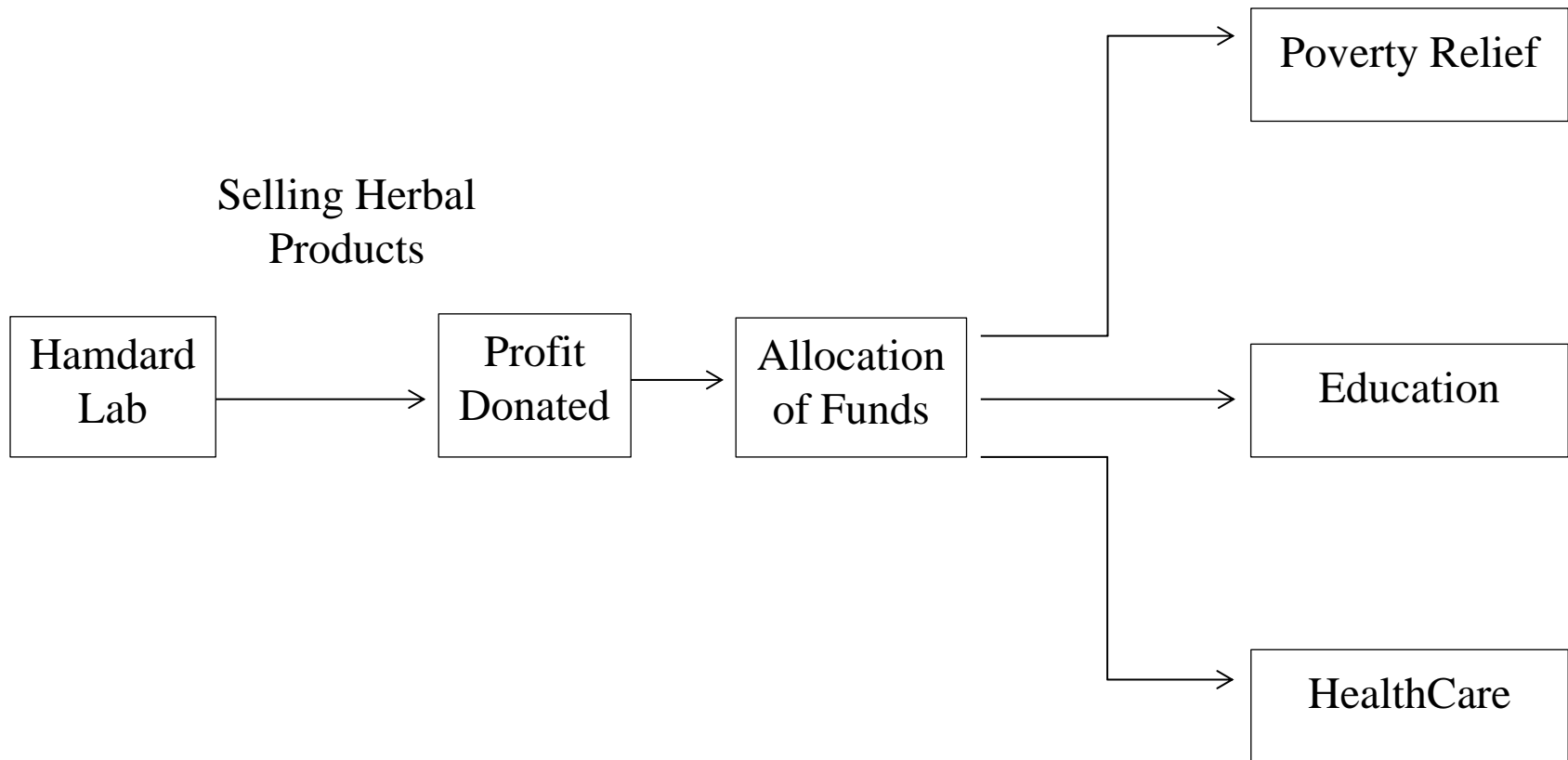
Akhuwwat Qard Based Microfinance Program



Crowdfunding for Provision of Public Goods



Hamdard Waqf Model



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Thank You

Questions & Feedback

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