

Philanthropic Sector of Pakistan: Performance and Ripple Effect

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Abstract: Economic indicators of Pakistan exhibit fuzzy picture of the country, which contradicts the real situation prevailing on the ground. It remains an important question for many national and international analysts that how Pakistan endures. Beside some other geopolitical reasons, one of the important factors for the sustenance is devoted and determined philanthropic sector of Pakistan. This article analyses the success of nonprofit sector of Pakistan in terms of funds generated indigenously, sectors focused, infrastructure and finally the ripple effect of their activities for the welfare of the society. This article also explores the philanthropic depth of the society through examining the ability to handle natural or manmade catastrophes over the decades.

Key words: Philanthropy % Ripple effect % Philanthropic depth

INTRODUCTION

We are faced with the climax of capitalistic environment in the history where material gain is the core of almost every human activity. All global initiatives from WTO to Bailout Plans are aimed to secure long-term financial benefits of corporate sector. In spite of all out expansion of capitalism recent recession indicated that commercialism is still far away from its proclaimed success of spreading prosperity across the board. Massive downsizing and exceptionally high unemployment raised many questions on the ability of free market system to cater social and financial needs of the society. In the midst of the crisis only third sector rose to the occasion to meet immediate needs of the people including food, basic health and shelter; proving the fact that building social system based on the concept of only financial gain is not the way forward for thriving future of our coming generations. Achievements of philanthropic sector are awesome around the globe; in Pakistan its performance is even more phenomenal. In a country with double digit inflation, depressed levels of foreign direct investments, declining exports, untenable budgetary deficits, ongoing losses during war against terrorism, massive earthquake in 2005, around two million internally displaced people (IDPs) during Swat Operation, historic flood in 2010 and hemorrhaging foreign reserves, it is conceivable to observe hunger, unrest and chaos across entire society. But reality on ground is considerably different; all

because of the remarkable contribution of philanthropic sector of Pakistan towards helping people in need.

Natural Philanthropists: Pakistanis are leading donors to charities in proportion to their income. A large number of hospitals, schools, orphanages and public kitchens are run by charities [1]. In spite of several major natural and manmade catastrophes during last two three decades including Afghan refugees, earthquake, IDPs and recent flood Pakistan continues to robust and resilient. Civil society of Pakistan is succeeding. To fail is to leave some thing undone. Philanthropic organizations in Pakistan are doing what needs to be done so society is certainly not failing. To fail is to disappoint, to fail is to prove undependable. Third sector of Pakistan is reliable and gratifying because they are reaching their set goals [2]. Philanthropy aims to address the root causes of social and economic inequalities [3]. Nonprofit organizations of Pakistan like Edhi Foundation, Shoukat Khanam Memorial Trust, Al-Khidmat Foundation and many more are contributing significant part in reducing social and economic inequalities.

Performance of Philanthropic Sector of Pakistan: Philanthropic sector operates on principles that are fundamentally different from those of the commerce economy. Both sectors are intertwined, but the public benefit sector operates almost invisibly and is undervalued in comparison to the commerce sector.

Table 1: Funds Generated Indigenously by Philanthropic Organizations in Pakistan

No.	Number of Organization	Funds Generated Indigenously (Rs. 000)
1	Punjab (59 Organizations)	2000790
2	KPK (13 Organizations)	4085033
3	Sindh (27 Organizations)	1466524
4	Capital Territory (20 Organizations)	465494
5	Baluchistan (8 Organizations)	42716
6	AJK (4 Organizations)	1725
Total (131 Organizations)		8062282

Source: Gateway to Giving (2009). Retrieved November 05, 2010 from: <http://www.pcp.org.pk/pcp/documents/G2G%202nd%20Volume.pdf>

Table 2: Collection and Disbursement of Zakat in FY2008-09

	Rs. Millions
Collection	4068
Disbursement	
Poverty Support Allowance	2225
Education	967
Healthcare	225
Marriage Assistance to Women	297
Disaster Management	354

Source: http://mozu.gov.pk/Budget/Budget_Allocations_2008-09.htm: Retrieved November 07, 2010

Markedly different from commercial economy the nonprofit sector measures success not by how much wealth is amassed but rather by how much common wealth is shared or given away for collective benefit of the society [4].

Although it is difficult to determine the performance of Philanthropic sector due to its nonprofit and humanitarian status. However author configured some parameters to assess the performance of philanthropic sector of Pakistan. These parameters include funds generated indigenously (Table 1), sectors focused (Table 3) and infrastructure (Table 4-6).

Third sector receive generous contribution from every corner of the country. Table 1 exhibits funds collected by only registered philanthropic organizations [5]. There are several which have not been yet registered and the most important of those in Edhi Foundation which alone probably receives charity more than what these 131 registered organizations receive.

In industrialized economies philanthropic sector is considered as “toothpick” [6] consequently undermining its capacity to contribute in social prosperity. In Pakistani society it is some thing very close to the heart of common man, therefore everyone contributes generously to charities.

Table 3: Sector wise Breakup of Philanthropic Organizations

Sector	% of Organizations
Education	24
Health	24
HRD	12
Advocacy and Rights	10
Infrastructure Development	7
Microfinance	6
Welfare	4
Natural Resource Management	3
Environment	3
Others	7

Source: Gateway to Giving (2009). Retrieved November 05, 2010 from: <http://www.pcp.org.pk/pcp/documents/G2G%202nd%20Volume.pdf>

Table 4: Edhi Foundation

Annual Budget	Rs. 850 million
Edhi Centers in Pakistan	300 Edhi Centers
Ambulance Fleet	400 Ambulances (Guinness Book of World Record)
	2 Air Ambulances
	1 Helicopter

Source: <http://www.thenews.com.pk/22-08-2010/opinion/427.htm>: Retrieved November 07, 2010

Beside funds collected by philanthropic organizations there is another channel which collects charity in the form of Zakat (poor-due), an essential part of Islamic faith. Table 2 explains collection and disbursement of Zakat (poor-due) through Ministry of Religious Affairs Government of Pakistan during financial year 2008-09 [7].

Philanthropic organizations operate in several sectors but main focus remains health, education, human resource development, advocacy and rights. Table 3 provides detail about sector wise breakup of registered philanthropic organization of Pakistan [5].

Infrastructure of philanthropic organizations in Pakistan is commendable. Although there are many organizations with good infrastructure but author selected three programs for the purpose of understanding that how philanthropic sector is operating in Pakistan, these include Edhi Foundation (Table 4), Shaukat Khanam Memorial Trust (Table 5) and Al-Khidmat Foundation (Table 6).

Philanthropic sector needs passion, commitment and determined perseverance to contribute for the global wellbeing [4]. Edhi Foundation is the true depiction of these notions and contributing globally for the welfare of human beings with its centers operating in Japan, America, Canada, Russia, Bangladesh, United Kingdom

Table 5: Shaukat Khanam Memorial (Fast Facts 2009)

Facts	Detail
Area	20 acres in Lahore Pakistan
Beds	115
New Registrations	7981
Outpatient Visits	124372
Chemotherapy	26448
Radiation Treatment	43307
Admissions	6545
Surgical Procedures	4487
Pathology Tests	2494616
Imaging Studies	132578
Staff	1393 (41 Consultants, Physicians & Surgeons)

Source: <http://www.shaukatkhanum.org.pk/about-us/fast-facts.html>: Retrieved November 12, 2010

Table 6: Community Programs of Al-Khidmat Foundation

Program	Detail
Health	
Hospital	33
Clinics	200
Mobile Clinics	27
Diagnostic Centers	54
Rehabilitation Centers	3
Education	
Schools	188
Students	34044
Teachers	2468
Orphan Care	
Model Orphan Homes	3

Source: <http://al-khidmatfoundation.org/community-program.php>: Retrieved November 12, 2010

and Australia. In Pakistan Edhi Foundation offers variety of services, but the most significant part is that there is no other philanthropic organization in the world which offers emergency cover as Edhi does. Table 4 provides only some dimensions of Edhi Foundation's infrastructure [8].

Donations are very important and always will be, for the stability of non-profit organizations [9]. Same is true for Shoukat Khanam Memorial Trust; people of Pakistan continuously and consistently donate for Shoukhat Khanam Memorial Trust to operate smoothly for the benefit of mankind. Table 5 provides fast facts about the organization in a glance [10].

Gap in funding for charities is a cause of frustration for third sector organizations [9], but this is not the case with Al-Khidmat Foundation. Al-Khidmat Foundation grew over the years and entered in different ambitious projects. Table 6 shows a brief detail of different charity programs operating under Al-Khidmat umbrella [11].

Table 7: Afghan Refugees in Pakistan over the Years

Year	Estimated Refugees
1988	3.3 Million
2001	5 Million
2009	1.7 Million registered refugees allowed to stay in Pakistan till 2012

Source: http://en.wikipedia.org/wiki/Afghans_in_Pakistan: Retrieved November 06, 2010

Table 8: Detail of Flood Devastations

Year	Lives Lost	Villages Affected
1950	2910	10000
1955	679	6945
1956	160	11609
1973	474	9719
1975	126	8628
1976	425	9150
1978	393	9199
1988	508	1000
1992	1008	13208
1995	591	6852
1998	47	161
2001	201	0.4 million*
2003	230	1.266 million*
2010	2000	2.5 million*

*Number of persons affected

Sources:

<http://www.unisdr.org/eng/country-inform/reports/Pakistan-report.pdf> Retrieved November 13, 2010

<http://www.bbc.co.uk/news/world-south-asia-10834414>: Retrieved November 18, 2010

http://en.wikipedia.org/wiki/2010_Pakistan_floods: Retrieved November 18, 2010

Philanthropic Depth of the Society: Retrospective analysis depicts exceptional philanthropic depth of the civil society of Pakistan. Starting from Afghan refugees to the devastating flood in 2010 there are numerous examples which speak phenomenal capacity of the society to absorb catastrophes. Pakistan accommodated millions of Afghan refugees over decades; Table 7 provides a brief detail of refugees estimated at different intervals [12]. Pakistan is among the countries with highest annual average of people physically exposed to floods, which occur normally due to storm systems that originate from Bay of Bengal during the monsoon from July to September [13]. In every event civil society showed remarkable philanthropic depth to accommodate and rehabilitate them. Table 8 gives a brief detail of devastations caused by flood over the years [14-16].

Table 9: Estimated Loss to Economy 2004-2009

Rs. billion	2005	2006	2007	2008	2009	2010	Cumulative 2005-10
Direct Costs	67.0	78.0	83.0	109.0	114.0	262.0	712.0
Indirect Costs	192.0	223.0	278.0	376.0	564.0	707.0	2340.0
Total	259.0	301.0	361.0	484.0	678.0	969.0	3052.0
In US\$ bn	4.4	5.0	6.0	7.7	8.6	11.5	43.2

Source: http://www.finance.gov.pk/survey/chapter_10/01_Growth_and_Investment.pdf: Retrieved November 12, 2010

Table 10: People Living under Poverty Line

	Country	GDP Million \$*	Population Living Below Poverty Line**
1	India	3526124	297520000
2	Brazil	2013186	48285305
3	USA	14256275	44428384
4	Indonesia	962471	42285032
5	Pakistan	439558	41048160
6	China	9046990	37535960

Sources: *[http://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(PPP\)](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(PPP)): Retrieved November 12, 2010

**http://en.wikipedia.org/wiki/List_of_countries_by_percentage_of_population_living_in_poverty: Retrieved November 12, 2010

Pakistan lies in a seismic belt and therefore suffers from frequent earthquakes of small magnitude. In 2005 country faced ever disastrous earthquake which left around 73 thousand dead and 3 million people injured or homeless [17]. The society showed once again noteworthy philanthropic depth and worked hard to accommodate and rehabilitates earthquake affectees.

Most affected nation in ‘global war against terrorism’ is Pakistan. Between 2002 and end April 2010, a total 8141 incidents of terrorism have occurred on Pakistan’s soil, resulting in 8875 deaths of both civilian as well as personnel of law enforcement agencies and injuries to a further 20675 people [18]. Lives, homes and incomes have been uprooted, while educational attainment for virtually a whole generation of school-going age in the affected areas of KPK and FATA has been jeopardized due to the war against terrorism. In terms of economic impact, the fall out on Pakistan has also been immense. It is officially estimated that Pakistan has been impacted to the extent of 43.2 billion US dollars between 2001 and 2010 [19].

Ripple Effect: Poor economic indicators of Pakistan suggest gloomy condition of common man. But on ground it is not that chaotic as it is in many other countries with good economic performance. Pakistan is the sixth largest country in terms of population. Table 10 gives a snapshot of people living under national poverty line in these six countries along with the comparison of their GDPs [20-21].

Poverty is the indicator to judge the success or failure of the economy. In top six highly populated countries of the world Pakistan is at the bottom as far as GDP is concerned, but in terms of number of people living

below the poverty line Pakistan is better than the biggest economy of the world. This indicates the significance of philanthropic sector which forms a parallel economy and invisibly contributing to improve the social and economic health of the Country.

Combating poverty needs philanthropic strategies with clear understanding of the causes behind the problem. United States’ poverty rate has remained virtually unchanged for thirty five years; yet gross domestic product, a measure of overall economic prosperity has tripled over this same period [22]. The gap between rich and poor is now approaching levels not seen since the late 1920s [23].

Philanthropic sector is in a good position to design, test and advocate for new set of policies and programs that tackle the challenge faced by the population at the low end [22].

Registration and Certification of Philanthropic Organization in Pakistan: Besides being commendable in delivering exceptional services to the society philanthropic organizations try to fulfill legal directives to uphold transparency and strengthen trust among donors in particular and in society in general. Pakistan Centre for Philanthropy (PCP) is a nonprofit organization registered u/s 42 of Companies Ordinance 1984 and has been notified as a certification agency for philanthropic organizations by the Government of Pakistan. PCP evaluates philanthropic organizations against their objective parameters in the areas of internal governance, financial management and program delivery. PCP devised a fine evaluation and registration process to enhance the credibility of philanthropic organization.

CONCLUSION

Global economy grew exceptionally over last six decades; but could not succeed in reducing inequality of wealth distribution and addressing the problem of low income group. Employment being the significant contribution of industrial age could not meet societal expectations in recent recession. Retrospective analysis suggests that low earning group of the society suffered most. Health and education remain key problems of this segment of the society.

Philanthropic sector of Pakistan contributes rightly at the right place focusing health and education for the short and long-term prosperity of low earning individuals. Civil society of Pakistan played commendable role in helping nonprofit organizations to provide basic facilities not only to low income group but also to the victims of different natural or manmade catastrophes.

Performance and transparency of third sector of Pakistan is equally appreciable; because their credibility encouraged the civil society to trust them. It is this confidence which results in huge collection of charities and donations to successfully operate philanthropic organizations. Third sector and civil society both share this success and exhibit volumes about social and moral strength of Pakistani society.

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