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A Theoretical Analysis of the Contextual Environment of the NGO Sector in Pakistan

Abstract

This paper is a theoretical analysis and overview of the contexts and background of the Non-Governmental Organizations (NGOs) in Pakistan. It discusses the history and evolution of non-profit sector in Pakistan. It is important to understand the contextual and historical facts about Pakistani NGOs in order to fully understand the needs for organization development and improvements of service delivery. The study examines the dynamics that have influenced the growth of NGOs in Pakistan and their corresponding impacts. This is a review paper where we first discuss the current facts and figures about NGOs in Pakistan i.e. what types of organizations are considered as NGOs and why NGOs especially development NGOs gained prominence in the last two decades. Secondly, it discusses the history and growth of NGOs over a period of time that dates back to the British colonial rule. Thirdly, the study summarises some of the laws and statutes under which NGOs are governed in the country. Finally, it elaborates on the support NGOs with focus on one the largest support organization in Pakistan and their role in capacity development.

Keywords: NGOs, Pakistan, History of NGOs, Development Sector, Capacity Development

Introduction

The NGO sector in Pakistan is an emerging phenomenon that gained prominence during the post-invasion of Afghanistan by the United States and its allies. Pakistan is the sixth populous country in the world and there are numerous challenges on ground which can sometimes go unnoticed. If we look at social, economic, fiscal and development indicators of Pakistan they are very low. This means that the challenges are very high. Now the first challenge is how to reach out to the masses. If we look at the government setup; it is insufficient to reach everywhere and to everyone. As a result inequity arises and in order to address these inequities and to fill the gaps we need NGOs. In Pakistan broadly speaking there are three types of NGOs (1) International NGOs; (2) National NGOs and (3) Local NGOs. International NGOs are professional, stable and their understandings of developmental and humanitarian issues are very clear. They are primarily involved in outsourcing and subcontracting their work. The national and local NGOs are a reactionary result of different humanitarian and complex emergencies that Pakistan faced during the last two decades. During this time period the number of NGOs has increased manifolds due to the availability of foreign funds. These NGOs are not a result of planned and systematic way of development. Although these NGOs have contributed a lot but in terms of quality their work has not been up to the mark. There are serious capacity development challenges for NGOs but at the same time we should also realize that NGOs need

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more time and resources before we can expect quality output from them. It is obvious from this discussion that the development NGOs grew in a haphazard fashion in response to different emergencies and situational needs with the support from international organizations. As the growth of these NGOs did not occur in a planned and designed manner therefore, they need more time and encouragement to improve their capacities and performance.

Non-governmental organizations (NGOs), in general, have not been explored comprehensively in a manner to understand the various types, functions and rationalities associated with the expressive and instrumental dimensions of the sector. There is no single legal definition of the term NGO under any law or statute (Pasha et al 2002). The existing laws and statutes governing the registration of NGOs are vague and archaic, and they do not classify the NGOs properly according to their types, functions and jurisdiction. The term NGO is associated with a wide range of organizations, networks and alliances working in social, economic and cultural fields. They include both formal and informal organizations such as schools, hospitals, professional associations, philanthropies, academia, pressure groups, think tanks, human rights organizations, development organizations, relief organizations, shelter organizations, resident's welfare associations and many more. The informal organizations include faith-based educational organizations especially Madrasahs⁴, voluntary organizations of self help, neighborhood associations and cultural associations such as Jirgas and Baradari⁵ (councils of elders).

The last decade saw two major humanitarian crisis in Pakistan-the earthquake of 2005 and floods in 2010. Both these disasters were the biggest disasters in history of Pakistan in terms of severity, human and financial losses. These natural disasters along with military conflicts in the north-west and tribal areas of Pakistan displaced around 3 million people from their home towns (UNHCR Global Report 2010). Many bilateral and multilateral aid agencies came forward to support people of Pakistan during these disasters. The domestic crisis and the increased inclination of the international donor agencies to work with local NGOs led to the mushrooming growth of NGOs. The unprecedented increase in the size and scope of NGO sector can be attributed to, among others, two major factors: (1) accessibility, capacity and outreach problems faced by the public sector agencies and (2) huge foreign assistance being channelled directly through the NGO sector. As a result the NGO sector has experienced significant growth in the past decade; from 50,000 to 60,000 NGOs in 2001 the current estimates reflect that there are over 100,000 NGOs in Pakistan (Naviwala 2010).

History of NGOs in Pakistan

Non-profit and voluntary organizations have rich traditions in Pakistani society and their origin and existence dates back to earlier centuries. Culturally people have strong religious affiliations and there exist a large number of faith based voluntary organizations which offer religious education to children and provide assistance to poor families. The primary source of funding for these organizations is *Zakat*⁶ and *Sadaqa*⁷.

Before independence, during the British colonial era, the Indian-Pakistan subcontinent saw the growth of a number of associations that drew support from students, professionals, landlords and merchants. Such associations were limited to a geographical area and took a wide variety of forms like literary and debating societies, societies for social and religious reforms, lawyer associations, teachers' associations, etc (Seal 1968). There were two major reasons for the rise of such voluntary organizations: (1) to have a common platform to negotiate with the colonial rulers matters of native's interests and (2) to counter the influence of Christian missionaries (Bano 2008). The sudden increase in the number of such voluntary associations led the British government to introduce the Societies Act of 1860 to regulate the activities of these associations. Another act related to regulation of voluntary organizations was passed in 1882 by the British parliament which was called the Trust Act of 1882. Present-day non-profit and voluntary organisations in Pakistan are regulated under the same acts with some minor adjustments. This has led to a debate that the legal framework guiding the NGO sector in Pakistan is archaic and needs major

⁴Madrasah is an Arabic word of Semitic origin and it refers to a place where learning and studying is done. By and large the sole purpose of Madrasah education is to enable children to study the Quran and understand the Islamic Shariah law.

⁵Jirga and Baradari is an assembly of elders that takes decisions by consensus. Their jurisdiction can vary from settling personal disputes to decisions having implications for the whole village, clan or tribe.

⁶Religious charity that is obligatory, every year, on every adult Muslim who has a regular source income or has savings from previous years. It is an obligatory component of Muslim faith.

⁷Sadaqa refers to an Islamic term meaning voluntary charity. This concept encompasses any act of giving out of compassion, love, friendship (fraternity) or generosity.

revisions. Rehman (1991) reported that with insignificant internal and external support the voluntary organizations remained very small at the time of independence and there were only 150 registered voluntary organizations in Pakistan in 1951.

During 1950s, the government of Pakistan with the support from United Nations formulated first ever national social welfare policy and developed village-level social welfare programs. Similarly, national and provincial welfare councils were setup to provide necessary administrative arrangements for social development. Although these developments were not successful in increasing the number of NGOs but it laid the foundations for institutionalizations of the welfare orientations of the NGOs which is prevalent even today. For instance, the grants in aid programs for NGOs supported only welfare activities like shelter homes, orphanage, prevention of beggary, widow homes, juvenile delinquency etc. (UNDP 1991).

In 1960 voluntary social welfare agencies (registration and control) ordinance was promulgated. This led to a significant increase in the number of NGOs during 1960s. Under this law every voluntary social welfare organization had to register with social welfare department. The government also introduced financial support for organizations involved in welfare activities for children, youth, women, juvenile delinquent, socially handicapped and social education (UNDP 1991). Availability of resources encouraged the NGOs to grow in number yet the scope and functions of the NGOs remained limited (Carlan 1996).

In 1980s due to the Soviet invasion of Afghanistan many Afghan nationals migrated to Pakistan. In order to help the Afghan refugees many international NGOs established their offices in Pakistan. International NGOs and their work offered new experiences to the public, private and voluntary sector of Pakistan. These NGOs worked with Afghan refugees and provided services in health, education, vocational training and small infrastructure projects. During the same period registration of NGOs as a specific form of voluntary organization, specializing in service delivery and development issues, started taking place in Pakistan. This was a significant shift in the working and scope of NGOs and instead of focusing on social welfare issues alone; NGOs started focusing on service delivery and development matters. The fact that NGOs arose as a distinct phenomenon in 1980s can largely be attributed to the influence of international NGOs working in Pakistan (Pasha et al 2002; Bano 2008). Carlan (1996) observed that with very little effort on their own, the NGO sector became a central player in Pakistan's national development activities.

A number of positive developments, both on the domestic and international fronts, supported the proliferation of NGOs in Pakistan during the 1990s. First and foremost was the return of democratic government to power in Pakistan. Secondly, the global trend in support of neo-liberal policies promoting privatization and deregulation had a positive impact on the growth of NGOs locally. Thirdly, the realization that government alone cannot reach out everywhere and NGOs can complement the role of government also favored the growth of NGOs. Last but not least, the government was facing financial deficits, and it was in need of joint ventures for better provision of social services (Pasha and Iqbal 2002). The growing partnership between government and NGOs was evident from the increasing reference to partnerships with NGOs in *five year plan*⁸ documents. With the demonstrated success of a few prominent NGOs like Aga Khan Rural Support Organization, Orangi Pilot Project and Edhi foundation; NGOs were given a central role in the government funded programs of social development like the social action program and the family planning program (Carlan 1996).

In summary, tracing the history and growth of NGOs in Pakistan we observed that every time period had its own dynamics and that greatly influenced the growth and evolution of NGOs. In most cases NGOs responded to the vacuum left by public sector agencies in reaching out to the masses. Interestingly, the last two decades observed greater emphasis and importance in the role of NGOs in service delivery and development activities. During the 1990s the global trend in favor of the neoliberal policies and the corresponding shift in the overseas development assistance i.e. the foreign aid also promoted and encouraged NGOs throughout the globe including Pakistan. Finally, the last decade saw mushrooming growth of NGOs in Pakistan due to the multiple disasters and increase in humanitarian and relief activities by international donor organizations. However, with the exponential growth of NGOs in Pakistan more difficult questions and issues arose for example: what are the capacity development needs of the NGOs and how it would be undertaken? What institutional mechanisms would be adopted to make NGOs

⁸ Five year plan is a comprehensive national economic and development plan laid out by the Planning Commission, government of Pakistan

sustainable once the foreign funding is no more available? What will be the new relationship of NGOs and the State? So on and so forth. These questions and more are likely to attract the attention of future researchers, scholars and practitioners.

NGO Registration Laws

The laws governing the non-profit sector in Pakistan are both obsolete and unclear. No single legal definitions of the term “non-profit organization” or non-governmental organization exist under any law that gives legal status to such organizations (Pasha et al 2002). Similarly, the exact number of NGOs currently working in Pakistan is also not known. According to an estimate there are around 100,000 NGOs currently in Pakistan (Naviwala 2010). How many of them are registered and how many are not is not known? How many of NGOs are active and how many of them are dormant is also not known? NGOs registration laws do not require renewal. Hence, once registered the organizations remain in books forever even if it is no longer in existence. Also, poorly maintained records make it difficult to find the exact number of NGOs, their location and year of registration (Salahuddin 1994). Presently, voluntary organizations are registered, with different names, under four different laws: Societies Registration Act of 1860; the trust act of 1882; the Voluntary Social Welfare Agencies (registration and control) ordinance of 1961; and the Companies ordinance of 1984. More than 90 percent of the NGOs in Pakistan are registered under three acts i.e. the Societies Act of 1860, Voluntary Social Welfare Agencies (registration and control) ordinance of 1961, and the Companies ordinance of 1984 (Pasha et al 2002). A brief summary of these three acts is provided in the following table:

Table 4.1 NGO Registration Acts

Act	Definition
Societies Act of 1860	The society is an organization, association or undertaking established by people on their own free will. These societies can be setup for the promotion of science; arts; instructions; the diffusion of knowledge; political education; charitable services; the foundation and maintenance of libraries/reading rooms; painting galleries; collection of natural history; mechanical and philosophical inventions; religious and educational services.
Voluntary Social Welfare Agencies (Registration and Control Ordinance), 1961	A voluntary social welfare agency is an organization or association established by people on their own free will to render welfare services. Such organizations are dependent resources on contribution from public and/or donation from the government aid (NGO Resource Centre, 1991). These organization can render their services in one or more than one fields for instance child welfare, youth welfare, women welfare, welfare of physically and mentally handicapped, welfare of beggars, recreational programs, social education, family planning etc.

Table 4.1 – Continued

Act	Definition
	Associations or organizations, established for promoting commerce, arts, science, religion, sports, social services, charitable or any other useful purposes may be registered as non-profit companies provided that they utilize or intend to utilize their profits or other income to promote

Companies Ordinance of 1984	their objectives and in no case shall they make payment of dividends to their members. In many instances, registered non-profit companies are support organizations engaged in enhancing the capacity of smaller NGOs or delivering social and welfare services. In some cases they are engaged in research with donor funding as well.
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Source: Social Policy Development Center (SPDC) report by Pasha et al 2002.

For NGOs in Pakistan, there are no restrictions on generating resources. These resources can come from local as well foreign sources. NGOs can generate their funding through membership fees, donations from public or private firms or individuals. The income tax obligations of NGOs are governed by the Income Tax Ordinance 2001 and the Income Tax Rules 2002. There are also some provincial tax laws that may apply to certain types of NGOs. An NGO operating in Pakistan for three or more years can apply for tax-exemption status to the Federal Board of Revenue (FBR). It is generally observed that the compliance of these rules and regulations are very weak. A large number of NGOs cannot be traced from the records of tax authorities. This dilemma highlights that NGOs are not sharing their records and reports with the government and at the same time the government system is weak in its efforts to monitor and trace them.

In summary, the laws and acts governing the NGO sector are outdated and need revisions. The existing laws are confusing and there is no uniformity in classifying and categorizing the NGOs. The need for updating the old laws has become more imminent in wake of the new roles and responsibilities that NGOs have assumed during the last two decades. The NGOs registration mechanism is also very weak and outdated. Poorly maintained records make it difficult to know the exact number, functions, budget, employees’ details etc. of the NGOs. Many of my interview respondents commented that the government has to come up with new laws and regulations that can address the present day requirements of NGOs with the aim to facilitate the sector rather than controlling it. Such legislative steps can also help the government to have a complete database of the NGOs and they can classify and categorize NGOs on the basis of their specialties, objectives, strengths and weaknesses.

Hence, the government may seriously consider updating the existing laws and policies that govern the registration and functioning of NGOs. Revising the rules and statutes can help the government to strengthen the NGOs for improved performance and better results.

Support Organizations

During the decade of the 1990s NGOs emerged as major actors in the field of development in Pakistan. It was believed that the advantages of the NGOs such as flexibility, participatory style and working closely with communities are best suited to address the complex task of poverty alleviation and rural development, in which physical capital is required along with human and organizational resources (Korten 1980; Carroll 1992). Additionally, globalization, deregulation and adoption of neoliberal policies around the world had a burgeoning effect on the growth of NGOs. It was during this period that another form of non-profit organizations commonly known as support organizations emerged in Pakistan.

Support organizations are also commonly known as “intermediary organizations” or “bridging organizations” (Carroll 1992; Brown 1991 cited in Sanyal 2006). Two important features make support organizations distinctive from traditional NGOs. First, they have many constituencies to work with, for instance local actors, national organizations and international agencies. Second, their activities include diverse and innovative programs like capacity development, community development, research and advocacy, information collection and diffusion, networking etc., and all these functions of intermediary organizations are different from traditional NGOs activities. These characteristics enable intermediary NGOs to establish links with other organizations and institutions in the developmental aid system and hence they have more potential for making sustainable and large-scale impacts (Sanyal 2006). As support organizations are involved in lobbying national governments and international agencies they are local as well as global actors at the same time (ibid).

As the work of RSPs was expanding geographically and programmatically it was decided to establish Rural Support Program Network (RSPN) in 2001. The purpose of establishing RSPN was to coordinate and link the RSPs strategically so that they can move in one direction and have commonality of strategies and methods. Another rationale behind establishing RSPN was to provide a one window operation to the donors to access the rural communities through the RSPs. Presently; there are 12 RSPs which are engaged with grassroots organizations throughout Pakistan. They have an outreach to 4.7 million households and their future vision is to expand their coverage to 18 million households (RSPN 2011).

The mission of RSPs is to establish a nationwide network of grassroots organizations to mobilize rural communities in order to plan, implement and manage their own developmental activities. These activities include livelihood development and poverty alleviation through savings and micro credit schemes, strengthening and facilitating human development efforts and connecting the communities with government line departments, donors, NGOs and the private sector. As RSPs interact with many actors simultaneously; therefore due consideration is taken into account for maintaining a distinctive role as a facilitator alone. This strategy helps the communities and other stakeholders to keep their association independent of RSPs. Additionally, RSPs also avoid following a preconceived package approach for the communities. The whole idea behind the social mobilization exercise is to find out and support the activities that are identified by the communities according to their own needs and priorities. If the identified activity is viable given the resources and time constraints; then the RSPs work with the communities and facilitates them in arranging the needed resources. The required resources may include support and funding from the government and donors, credit for micro finance schemes, technical assistance, or specialized trainings (RSPN 2011).

Following the social mobilization strategy, RSPs have played an important role as a support organization. They have established successful partnerships and undertaken capacity building of many grassroots organizations. Some of the areas where the RSPs have worked closely with the communities and achieved significant results include: microfinance and enterprise development, natural resource management, crop maximization and food security, vocational training, community investment fund, micro health insurance coverage for poor, community physical infrastructure projects, low cost housing, establishing and managing community schools and improving quality of education at the primary level (RSPN 2011). In addition to these initiatives RSPs have undertaken special projects with donors and government from time to time and delivered impressive results. Notable among such special projects are the relief, recovery and rehabilitation activities during the earthquake of 2005, floods of 2010 and their current role in the helping internally displaced people (IDPs) who have left their home towns in the northwest and tribal areas of Pakistan and are living in IDP camps (RSPN 2011).

The rural support organizations (RSPs) have been successful in managing credible recognition with international donors and the government of Pakistan. Based on their record they have been awarded the contract to implement the USAID's small grants and ambassador's fund program for smaller NGOs. In addition to this RSPs are currently engaged with many bilateral and multilateral aid agencies and international NGOs and are working for institutional capacity building of non-profit organizations in Pakistan. In summary, the NGO sector in Pakistan is growing in size, activities and operations due to the increasing interest of the government and donor agencies. A majority of the NGOs are small organizations and they lack long term sustainable plans and goals. Intermediary NGOs though less in number are gradually emerging and the rural support programs (RSPs) are an example of support organizations in Pakistan.

Securitization of Aid

Foreign aid has a long history and perhaps its origins date back to earlier centuries. However, international aid in its modern sense became a prominent part of international relations after the Second World War. Presently, it is used as a foreign policy tool to set the parameters of bilateral and multilateral relations between governments. Aid took the form of financial assistance and technology transfer mainly channeled through large scale government owned projects in the developing countries. However, during the 1980s with the advent of neoliberal ideas a policy shift occurred in overseas development assistance. Structural adjustment reforms aimed at reducing and shrinking the size of the government and promoting competitive markets were linked to grants and loans extended by donor countries to the recipient countries mostly from the developing world.

During the last two decades, in addition to the neoliberal policies, donors have introduced different mechanisms and models of engagement with the recipient countries. They regularly update and revise their existing approaches as they go along and learn new ideas. From the initial focus on engagement with host governments alone the donors are now entering into partnerships with NGOs. Little (2003) identified three prime reasons for donors' preferences for working with NGOs. First, NGOs have no connection with geopolitical interests as states have, and NGOs are primarily concerned with the development agenda. Second, NGOs provide an opportunity for the citizens in the developed world to engage with issues of poverty and social justice as supporters, volunteers and contributors. Third, NGOs have strong connections with communities and masses, especially women and minorities, which the government often lacks. Funding for NGOs takes the form of a grant or contracting. In the first case NGOs propose certain projects and receive funds from donors to carry out those projects. In the latter case NGOs are engaged by donors to undertake specific roles and responsibilities that are outsourced and subcontracted to NGOs.

The 9/11 attacks on United States and the current policy adopted by many Western countries related to "war on terror" have brought several changes within the aid industry which have threatened the capacity of NGOs to maintain room for maneuver (Lewis and Kanji 2009). Strong links were observed between poverty and conflict, and lately this relationship has been more widely acknowledged and translated into new aid policies. According to Harmer and Macrae (2004) there is an increased tendency by donors towards "securitization of aid." This policy shift includes renewed engagement by donors with failed states to reduce security threats as opposed to the earlier approach of investing in those states that were willing to adopt reforms. In other words, this also means linking political, military and humanitarian responses to unstable regions and conflict zones. The debates about securitization of aid have received mixed responses. Some argue in favor of it, suggesting that this approach is a move towards better donor coordination and a step towards improving international security and reducing terrorism. On the other hand some people argue that it is a means of promoting donors' national security interest and diverting funds from achieving social and economic development.

Conclusion

This chapter helps us in understanding the context of this research. The NGO sector in Pakistan is growing in size, activities and operations due to the increasing interest of the government and donor agencies. Initially established to look after welfare activities; the NGOs are currently involved in diverse activities including service delivery, relief, advocacy, development and much more. The NGO registration mechanism is very weak and outdated. Poorly maintained records make it difficult to know the exact number, functions, budget, employees etc. of the NGOs. Similarly, systems to support the NGO sector are missing. Small grant-in-aid programs for NGOs to facilitate the government in welfare activities existed at one time. However, long term financial and institutional mechanisms from government as well as the donors to strengthen the NGOs are absent. Government and donors need to fully understand the NGOs and support them towards success and self reliance.

The increasing support and interest of the donor agencies to help NGOs is also a source of rift and mistrust between the government and NGOs. The government has started to criticize the donors' approach of providing funds to NGOs directly. The lack of trust and coordination between the government and NGOs has also hampered the capacity development of NGOs. Hence, despite good intentions donors have increased the tension between government and NGOs. On the other hand, there also exists a trust deficit between the government and donors. The government believes that the undue preference of donors for NGOs is a deliberate effort to marginalize the public sector agencies. Finally, some segments of the society are also suspicious about the donors' activities and funding. The hostility and mistrust that prevails in the Pakistani society, in some cases, offsets the positive contribution of donors in the development of Pakistan. More details about the prevalent mistrust among the developmental aid sector stakeholders are discussed in the subsequent chapters. Lately, the ideas like securitization of aid have also undermined the perceived morality of development aid.

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