



The Johns Hopkins University  
Institute for Policy Studies  
Center for Civil Society Studies



Social Policy and  
Development Centre



Aga Khan Foundation  
(Pakistan)

# Dimensions of the Nonprofit Sector in Pakistan

(Preliminary Estimates)

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and  
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SPDC Working Paper No.1

2002

The Johns Hopkins  
Comparative Nonprofit sector Project

Prepared by  
Social Policy and Development centre

**THE JOHNS HOPKINS  
COMPARATIVE NONPROFIT SECTOR PROJECT  
PAKISTAN**

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*Prepared by*  
**Social Policy and Development Centre**  
*In collaboration with*  
**Aga Khan Foundation (Pakistan) and**  
**Center for Civil Society, Johns Hopkins University, USA**

**2002**

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## FOREWORD

Dimensions of the Nonprofit Sector in Pakistan is first of a series of Working Papers being produced by the Social Policy and Development Centre (SPDC) as part of an international research initiative -the Johns Hopkins Comparative Nonprofit Sector Project spearheaded by the Centre for Civil Society Studies, Johns Hopkins University, USA. In Pakistan, this study is being undertaken by SPDC in collaboration with the Aga Khan Foundation (Pakistan).

The objectives of this study are to: document the size, scope, internal structure, finance and legal position of the nonprofit sector in the country; examine the relations between the nonprofit sector and government and identify the ways in which this relationship can be improved; to improve public awareness of this sector; and provide a more reliable basis for designing policies toward it. The essential rationale for this study is to accelerate the maturation of nonprofit sector by providing comprehensive information and analysis about the dimensions of the sector. The study will also provide the first true baseline of the sector.

The Working Papers provide a vehicle for the initial dissemination of the work of the project to a wide range of audience including policy makers, scholars, development practitioners, policy analysts, international donor organizations and country-wide or regional nonprofit organizations. Working Papers are intermediary products, and they are released in the interest of timely distribution of Project results to stimulate scholarly discussion, and to inform policy debates.

The study has been supported by Aga Khan Foundation (Pakistan). The Foundation's support for this study builds upon AKF's own programmatic interest in strengthening civil society and building human capacity in Pakistan. The study has been funded through the Pakistan-Canada Social Institutions Development Programme, which is supported generously by the Canadian International Development Agency (CIDA) and the Aga Khan Foundation Canada. The United States Agency for International Development (USAID) through a grant to the Aga Khan Foundation U.S.A. under the Pakistan NGO Initiative, has funded the support received from the Johns Hopkins University.

We are pleased to be able to make the early results of this project available in this form and welcome comments and inquiries about this paper or the project as a whole.



Dr. Kaiser Bengali  
Acting Managing Director

## PAKISTAN'S NONPROFIT SECTOR AT A GLANCE

[Estimates as of June 2000]

Number of Organizations	45,000
<b>Organizational Major Activities [%]</b>	
<i>Education and Research</i>	
Religious Education	<b>46</b>
Primary Education	29
Secondary Education	9
Other Activities	5
<i>Civil Rights and Advocacy</i>	
Lobbying for civic amenities	<b>18</b>
Civil Rights Promotion	15
Other Activities	2
<i>Social Services</i>	
Material Assistance to the Needy	<b>8</b>
Income Support	4
Burial and Funeral Services	2
Other Activities	1
<i>Development and Housing</i>	
Residents Welfare Associations	<b>7</b>
Community and Neighborhood Development	5
Other Activities	1
<i>Health</i>	
Primarily Out-Patient	<b>6</b>
Primarily In-Patient	4
Other Activities	1
<i>Culture and Recreation</i>	
Sports	<b>6</b>
Other Activities	4
<i>Religion [Management of Religious Events]</i>	
	<b>5</b>
<i>Business and Professional Associations</i>	
Traders/Shopkeepers Associations	<b>4</b>
Other Activities	3
	1
Full-Time-Equivalent Paid Employment	264,000
<b>Top Five Employers (by activity) [%]</b>	
Primary Education	25
Religious Education	17
Higher Education	14
Secondary Education	14
Hospital Care – Primarily Inpatient	6

## PAKISTAN'S NONPROFIT SECTOR AT A GLANCE

Continued

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Full-Time-Equivalent Volunteers	212,000
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### Five Activities with Top Volunteer Efforts [%]

Religious Activities	15
Religious Education	15
Lobbying for civic amenities	10
Primary Education	8
Sports	7

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Paid Employment as percent of Non-Agriculture Employment	2.3
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Paid Employment plus Voluntarism as percent of Non-Agriculture Employment	4.1
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Paid Employment as percent of Public Sector Employment	10.0
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Paid Employment as percent of Private Sector Employment	1.4
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Estimated Membership	6000,000
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### Revenue and Expenditure

Annual Operating Cash Expenditure	[Rs in Million]	12,959
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Estimated Annual Wage Bill	[Rs in Million]	5,191
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Imputed Value of Voluntary Time	[Rs in Million]	3,721
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Annual Cash Revenue	[Rs in Million]	16,400
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Annual In-kind Revenue	[Rs in Million]	135
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Operating Cash Expenditure as percent of GDP	0.41
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Cash plus In-kind Revenue as percent of GDP	0.52
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### Cash revenue Structure [%]

Fees and User Charges (including Membership fee)	50
Private Indigenous Philanthropy	37
Private Foreign Philanthropy	7
Public Sector Payments	6

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Conclusion





## **DIMENSIONS OF THE NONPROFIT SECTOR IN PAKISTAN**

Political theorists sometimes divide society into three components: the state, private enterprise and civil society. This tripartite division is embodied by 'the prince', 'the merchant', and 'the citizen'. The prince symbolizes governmental power; the merchant represents economic power; and the citizen embodies the power of the peoples. Civil society can also be identified as the public space between individual citizens and the state, in which their activities occur collectively and in an organized form (Stewart, 1997).

Nonprofit Organizations (NPOs) are an important part of civil society and are distinct from both the state and private enterprises. Their unique position outside the market and the state, comparatively smaller scale, connection with citizens, their flexibility and capacity to tap private initiative in support of public purpose have positioned NPOs as strategically important participants in the search of a 'middle way' between sole reliance on the market and the state. (Salamon, 1999)

NPOs have mushroomed across the world in recent years, in large due part to widespread "crises of the state" that have been underway for two decades in virtually every region of the world. Despite their growth in number and size, NPOs remain dimly understood. A gross lack of basic information about NPOs makes it difficult to determine what their role and capabilities really are and to highlight the difficulties they face in scaling up.

The need was felt, therefore, to accelerate the maturation of the nonprofit sector by providing accurate information and analysis about its dimensions. The Johns Hopkins Comparative Nonprofit Sector (CNP) Project<sup>1</sup> facilitates to make the sector visible to most policymakers, business leaders, the media, and even to many people within the sector itself. More specifically, the CNP Project seeks to deepen our knowledge of the NPS in a variety of ways:

- By describing the sector more precisely than what has yet been done to document its size, structure, revenues, and composition;
- By explaining why the sector takes the form it does and what factors seem to encourage or to retard its development;
- By evaluating the impact of the organizations within this sector, and their contribution;
- By publicizing the resulting information so that public awareness of the sector can be improved; and
- By indigenizing the capacity to carry on this work in the future.

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<sup>1</sup> Details of this International Project may be acquired from <http://www.jhu.edu/~cnp>. Pakistan is among some 40 nations (developed as well developing) that are participating in this large international research. The Pakistan country study is undertaken by Social Policy and Development Centre (SPDC) and the Aga Khan Foundation (Pakistan), with financial support from AKF, CIDA and USAID.



This paper attempts to fulfill one of the prime objectives of the CNP, in the context of Pakistan, by documenting the size, structure, expenditure, revenue and the sectoral composition. The next section provides an operational definition of the nonprofit sector (NPS). The sector in the legal context is explained in section II. The data collection strategy, survey locations and estimation procedure are described in section III. Principal findings are furnished in section IV. The contextual picture of the nonprofit sector is exhibited in section V, while Section VI presents the concluding remarks.

## I- THE DEFINITIONAL ISSUE

What exactly are NPOs? The many existing definitions of 'nonprofit' add to the confusion, as do the activities undertaken by these organizations. Known variously as the 'non-governmental', 'voluntary', 'community based', 'charitable', 'welfare societies', this set of institutions include within it a sometimes bewildering array of entities – schools, hospitals, dispensaries, human rights organizations, sports clubs, *madarsa* (schools primarily providing religious education), residents welfare associations, organizations involved in material assistance to the needy, community based organizations involved in lobbying for civic amenities, and many more.

Despite their diversity, however, most of these entities also share some common features<sup>2</sup>. In particular:

- They have an institutional presence and structure;
- They are institutionally separate from the state;
- They do not return profits to their members, managers or directors
- They are fundamentally in control of their own affairs;
- They attract some level of voluntary contribution of time or money and also membership in them is not legally required.

The criteria consisting of the characteristics stated above, namely, organized, private, self-governing, nonprofit distributing and voluntary provide the basis for an organization's inclusion in the NPS<sup>3</sup>.

In this regard, the structural and operational definitions of the nonprofit sector cover organizations registered under various laws as well unregistered entities. The unregistered segment of the organized sector generally includes small grassroots level organizations. These organizations though organized, in the sense that they have a definite identifiable existence, structure and operational management procedures, choose to remain unregistered.

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<sup>2</sup> See Salamon et al. (1999) and Salamon and Anheier (1996) for more information about the definition and criteria.

<sup>3</sup> For further details regarding the definition of the NPS, in the context of Pakistan, see SPDC (2001).

More specifically, for the purpose of primary data collection of NPOs, organizations registered under various laws, trusts, foundations, and unregistered organized entities are also considered.

Several types of organizations were not covered by this study due to time and resource constraints as well as country's socio-political environment. These include religious worship organizations, political parties and trade unions. Given the current political environment and the growing tension between religious parties and the military government, any exercise of data collecting pertaining to religious organizations poses practical problems. The same is true for political parties because the government has banned political activities (such as holding public meetings, processions, etc.) thereby, exacerbating tension between political parties and the government. Keeping practical problems of primary data collection in view (secondary data on political parties and religious organizations is not readily available), political parties and religious worship organizations were excluded from this exercise, although they are included in the definition of NPS.

However, these groups characteristically set up 'daughter-organizations' to undertake voluntary, charitable and welfare activities and are involved in providing collective social good, which have been incorporated into the study, bridging the information gap to a degree. These 'daughter-organizations' are run as independent agencies or as distinct wings, and are registered under laws pertaining to registration of nonprofits, and receive a large amount of resources (in the form of donations and voluntary time) from both domestic and trans-national sources. These extensions of religious organizations and political parties are covered by the study. Moreover, to the extent that the religious organizations have *Maktabs* or *Madaris* (religious schools) attached to them, these were part of the survey.

Professional associations such as associations of medical practitioners, lawyers, accountants, engineers, architects, etc. are created to grant professional affiliations and practising licences to these professionals without which, they cannot operate. These associations require a compulsory membership to be in a particular profession. They are, therefore, non-voluntary. Although, such associations by definition cannot distribute profits and thus could be termed as nonprofits but they do not fulfil the criterion of voluntarism and, therefore, do not merit inclusion as NPOs. Similarly, housing associations were also excluded on the same grounds.

## II- LEGAL STATUS OF NONPROFIT ORGANIZATIONS

The legal framework governing the nonprofit sector in Pakistan is both archaic and confusing<sup>4</sup>. There does not appear to be a legal definition of the term 'nonprofit organization' under any law that gives legal status to these types of organizations.

Nevertheless, there are a number of laws under which a nonprofit organization may register itself. However, there are a good number of NPOs in Pakistan, which have not registered themselves under any of the laws. Thus, the sector may be divided into 'registered' and 'un-registered' components.

A significant number of organizations are registered under four laws: the Voluntary Social Welfare Agencies (Registration and Control Ordinance), 1961; the Societies Registration Act, 1860; the Companies Ordinance, 1984; and The Trust Act II, 1882. A brief description of organizations provided in these laws is as follows:

### **Voluntary Social Welfare Agencies (Registration and Control Ordinance), 1961**

A voluntary social agency is an organization, association, undertaking established by persons of their own free will for the purpose of rendering welfare services and depending for its resources on public subscription, donation or government aid (NGO Resource Centre, 1991). These agencies can carry out their function in one or more fields such as child welfare, youth welfare, women's welfare, welfare of physically and mentally handicapped, welfare of beggars, recreational programs, social education, family planning etc.

### **Societies Registration ACT, 1860**

The society is an organization, association or undertaking established by persons of their own free will. These societies may be established for the promotion of science; literature; the fine arts; instructions; the diffusion of useful 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.

### **Companies Ordinance (Section 42), 1984**

Associations, formed for promoting commerce, arts, science, religion, sports, social services, charitable or any other useful purposes may be registered as nonprofit companies, provided that they apply or intend to apply their profits, if any, or other income in promoting their objectives and prohibit the payment of dividends to their members. In most cases, registered nonprofit companies are organizations engaged in research with donor funding, clubs and very large organizations engaged in delivering social and welfare services

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<sup>4</sup> Legal Framework on nonprofit organizations is discussed at length in the Memorandum of Legal Background, (SPDC, 2000)

### **The Trust Act, 1882**

A trust is an obligation annexed to the ownership of property. It is a 'gift' of property to a person or institution providing benefit to both parties. For the creation of a trust it is necessary that there should be a creator or author of the trust, a person in whom the confidence is reposed i.e. the trustee, and a person for whose benefit the trust is created i.e. the beneficiary (Janjua, 2000). A trust may be created for any lawful purpose, which can be revoked. The Trust Act, with a component for Public Trusts, provides legal cover for private acts of public charity, and allows the creators of the trust tremendous flexibility in their operations.

### **III- DATA COLLECTION STRATEGY**

A crucial feature of CNP project is the effort to develop reliable empirical estimates of the key feature of the nonprofit sector. Specifically, the purpose of the data collection exercise was to estimate;

- The size of the nonprofit sector in terms of paid and voluntary employment, operating and development expenditure, number of organizations and number of memberships;
- The sectoral composition according to the characteristic activities of organizations in the sector and according the International Classification of Non Profit Organizations (ICNPO)<sup>5</sup>;
- Nonprofit sector revenue by sources

The following subsections provide details of data assembly strategy that was used to generate the information needed for the estimation of the above key dimensions of the sector.

#### **Available information: Why there was a Need for Primary Survey**

The estimates of some parameters of our interest are available from government publications as well as previous national level organizations surveys<sup>6</sup>. However, these estimates indicate great variation among the parameters. For example, a significant variation exists between the estimates from the surveys conducted by the Federal Bureau of Statistics, Government of Pakistan. The estimates of employment in nonprofit social sector, based on Labour Force Survey (1996-97) indicate an employment level of 604,000, while the estimated level of employment in the nonprofit institution as generated from the data of Household Integrated Economic Survey (1996-97) is about 180,000. Further, more the government surveys do not provide information on variables other than employment and wages.

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<sup>5</sup> For a detailed description, please see Salamon and Anheier (1996).

<sup>6</sup> The Organizational Surveys at national level include; Government of Pakistan (1990), United Nations Development Program (19991) and Trust for Voluntary Organizations (1993).

On the other hand, various organizations have conducted sample surveys of other registered organizations. For instance, a sample survey sponsored by United Nation Development Program reports employment in the nonprofit sector, at the national level as 234,255 during 1991. Unfortunately, the raw data of these surveys is not accessible, and, therefore, it is difficult to estimate the parameters of our interest at the ICNPO disaggregated level. Another problem in using these estimates is the issue of wide variation. For instance, one study reports that the percentage of revenues from membership fees is 41 percent (Trust for Voluntary Organizations, 1993), while the another study reports the same to be at 3 percent (Government of Pakistan, 1990) only.

Perhaps, the most important drawback of these organizational surveys is that all of them have ignored the unregistered component of the nonprofit sector. This clearly reveals the problem of underestimating the sector's parameters.

On these grounds it was decided to conduct a systematic nationwide primary survey to get estimates as close as possible to the true picture of this sector.

### **The Crux of the Primary Survey**

The objective of the primary survey was to produce final estimates that adequately include the contribution of both registered and unregistered organizations and to provide reliable estimates at possible ICNPO disaggregated level. To achieve these objectives, a three-pronged strategy has been adopted: a survey of randomly selected organizations registered under specific Acts; a population-based survey of un-registered organizations and organizations registered under the Acts other than those covered in the first component; and a survey of nationally renowned organizations. The detailed strategy for these three components is provided in the following sections.

### **Survey Locations**

Twelve districts, which represent heterogeneity with respect to income, ethnicity, social norms and languages, have been selected. Most of these districts contain cities having population of more than one million. These cities are termed as Self-Representing Cities (SRC) by the Federal Bureau of Statistics (FBS). The FBS also considers these districts as a separate stratum in the stratification plan for the urban domain in conducting nationwide surveys. A schematic view of the sample districts and population is given in Table 1.

### **Survey Strategy for Registered Organizations**

The first, activity was to develop a comprehensive listing of organizations in the country from which a sample can be drawn. Although there are various Ordinances that register nonprofit organizations, effectively, there are three Acts that approximately cover 80 to 90 percent of the registered domain, viz. Voluntary Social

Welfare Agencies Ordinance 1961, Societies Registration Act 1860, and Companies Ordinance (Section 42) 1984.

<b>Districts</b>	<b>Population (Million)</b>	<b>National Population Shares (%)</b>
Faisalabad	5.341	4.09
Rawalpindi	3.352	2.57
Multan	3.083	2.36
Sargodha	2.653	2.03
Sialkot	2.688	2.06
Gujranwala	3.374	2.58
Lahore	6.212	4.79
Karachi **	9.802	7.51
Hyderabad	2.840	2.18
Sukkar	0.877	0.67
Peshawar	2.038	1.56
Quetta	0.759	0.58
<b>Total</b>	<b>43.019</b>	<b>32.98</b>

**Source:** District Census Reports, Population Census Organizations, 1998

\*\* Karachi Division, including 5 districts

Fortunately, registration authorities with respect to the above Acts, maintain records of registered organizations. These records provide names, addresses, registration numbers with dates of registration, and in some cases the area of activity of the registered organizations. The cumulative numbers of registered organizations under the above three Acts were compiled from various registration authorities across the country. Table 2 displays these numbers<sup>7</sup>.

A stratified random sample selection approach was adopted with the selected districts as a separate stratum. Computer generated random numbers are used for selecting organizations<sup>8</sup>. Taking a loss factor<sup>9</sup> of 44 percent into consideration, an initial sample of about 2000 organizations was drawn from all the registered organizations.

<sup>7</sup> It was extremely difficult to compile the domain of organizations registered under the Trust Act II, 1882. The Trust Deed is registered by declaration a Rs.10 non-judicial stamp paper. No separate register is maintained by the registration authorities. The copy of the Deed is kept in the offices of Registrar or Sub-Registrars (Deputy Commissioner or District Court). In Karachi alone, there are 23 offices responsible for registering Trust Deed.

<sup>8</sup> For technical detail of random sampling, visit [www.randomizer.org](http://www.randomizer.org)

<sup>9</sup> During a Pilot survey of registered organizations for pre-testing structured questionnaire, conducted by SPDC 44 percent organizations were found inactive, closed or untraceable.



**TABLE – 2** **Estimated Universe Of Registered NPOs**

[Cumulative Numbers upto June 2000]

	<b>Voluntary Social Welfare Agencies Ordinance, 1961</b>	<b>Societies Registration Act, 1860</b>	<b>Companies Ordinance, 1984</b>	<b>Total</b>
<b>Pakistan</b>	<b>12703</b>	<b>43007</b>	<b>509</b>	<b>56219</b>
<b>Provinces</b>				
Punjab	5421	27702	45	33168
Sindh	4572	11877	442	16891
NWFP	1675	1343	15	3033
Balochistan	1035	2085	7	3127

**Sources:** National Council of Social Welfare (1997), Provincial Social Welfare Departments, Provincial Directorates of Industrial Development, and Registrar, Joint Stock Companies

Additional interviews were also conducted in lieu of those organizations that were not locatable due to change of address or other logistical reasons. The district-wise sample distribution is given in Table 3.

**TABLE 3** **District-Wise Sample Allocation Of Registered Organizations**

<b>Districts</b>	<b>Total Organizations</b>			<b>Sample Drawn</b>			<b>Total Sample</b>
	<b>Act 1961</b>	<b>Act 1860</b>	<b>Act 1984</b>	<b>Act 1961</b>	<b>Act 1860</b>	<b>Act 1984</b>	
Faisalabad	291	2726	4	64	53	1	118
Gujranwala	402	1582	1	87	31	1	119
Sialkot	209	1190	1	45	23	1	69
Lahore	821	7328	22	178	142	2	322
Multan	115	2287	1	25	44	1	70
Rawalpindi	560	1471	11	121	28	1	150
Sargodha	242	1085	0	52	21	0	73
Karachi	2267	8825	428	591	171	9	771
Hyderabad	282	1868	5	61	36	1	98
Sukkur	433	40	1	94	1	1	96
Peshawar	343	695	10	74	28	2	104
Quetta	501	513	4	108	10	1	119
<b>Total</b>	<b>6466</b>	<b>29610</b>	<b>488</b>	<b>1500</b>	<b>588</b>	<b>21</b>	<b>2109</b>

During the compilation process, it was observed that organizations registered under the Societies Registration Act, 1860 are relatively less heterogeneous, with respect to their activities, than organizations registered under the Social Welfare Ordinance, 1961. Therefore, 70 percent of the sample was drawn from the Act of 1961, while 29 percent share was given to the Act of 1860. The remaining 1 percent of the sample was drawn from the Act of 1984. The analysis was carried out on the basis of actual distribution of organizations by applying survey weights.

### **Strategy for Unregistered Organizations**

A population-based sampling strategy was adopted to estimate the size, scope, expenditure, and revenue structure of un-registered organizations and those organizations registered under other legal frameworks than the three Acts mentioned above. The target geographical areas were the sample districts, mentioned above.

For each district, a list of urban Population Census Circles and villages (mauza, deh) in rural areas with known populations was prepared from District Census Reports (Pakistan Population Census, 1998). Appropriate numbers of urban circles and villages were randomly selected from the list covering 3 and 5 percent of rural and urban populations respectively. The exact boundaries or demarcation maps of these selected areas were obtained from Population Census Organization.

A “snow-ball” technique was used to develop a listing of all nonprofit organizations in the sample area with clear demarcation using the following steps:

- An initial listing of all nonprofit organizations in the area was compiled with the help of sampled registered organizations of the area, knowledgeable individuals, local social workers, local guides residing in the sample area, police stations, mosques, school teachers, parliament members, local councilors, member ‘Zakat’ Committee, village heads, and people found at other social gathering places (smoke shops, restaurants, sports clubs, etc.)
- A Structured questionnaire was administered to all identified un-registered organizations and other organizations not covered under the 1860, 1962 & 1984 three Acts, seeking information about organization’s own parameters and also about any other nonprofit/non-government organizations in the same locality or neighborhood.
- A Survey was conducted of the added organizations to determine their own parameters and names to get information on additional nonprofit organizations in the same locality.
- The above process was repeated until no further organization could be found.

Only the locally based organizations were surveyed in detail. Organizations active in the sample area but based elsewhere were excluded. This was necessary to prevent the possibility of double counting while extrapolating the sample to the population. The survey results were then extrapolated on the basis of per capita organizations.

### **Adjustment For Under-Represented Component of The Sample**

It is quite probable that small sample may tend to under-represent or underestimate the NPS by discounting the role of nationally renowned centralized organizations, especially with respect to employment and resource flow. Since these organizations are few in number, the probability of their random selection is much less. Therefore, special measures have been taken to embrace these organizations in the survey through a stratification procedure.

The, 'snow-ball' technique was used again to develop a universe of such organizations. An initial list was prepared with the help of information available from NGO Resource Center (2000), World Bank, United Nations Development Program, etc. In making the initial list, expert knowledge in the field of nonprofit activities was also utilized. After being identified, these organizations were contacted seeking information about their own parameters and about other renowned organizations in the country. Additional organizations emerging from this process were subsequently contacted for information.

### **Field Strategy**

A structured questionnaire was administered for the above primary surveys. The questionnaire has been developed and pre-tested in the Pilot Survey, conducted in Hyderabad and Badin Districts of Sindh province. The questionnaire consisted of the following modules: Organization Structure and Activities, Employment, Voluntarism, Expenditure, Problems and Challenges, Sources of Revenue, Output, Target Groups and Assets owned by organization.

In the case of registered organizations **and population-based survey**, face-to-face interviews were conducted with the key or informative personnel. Local enumerators and guides (male and female) were hired in order to ease the process of locating and contacting the selected organizations. An intensive training, especially for population-based survey was given to supervisors and enumerators before starting the survey. A detailed instruction manual was also provided to enumerators in order to lessen the differences in interpretation and understanding of the terminology and definitions. The supervisors were responsible for field editing and confirmation, in case of any anomalous figures.

A shorter version and self-explanatory questionnaire was administered via courier service to survey the nationally well-known organizations. These organizations were provided with free coupons to send back the questionnaire at no cost to them. This was followed by personal visits and communication with these organizations.

### Applying Survey Weights

For both the survey of registered organizations and population-based survey, standard survey weights were applied to arrive at national and provincial estimates. The sample organizations were weighted/adjusted using the following formula:

#### *Registration-Based Survey*

$$\left[ \frac{\text{Total Organizations in the Act} \times \text{Proportion of Estimated Active Organizations}}{\text{Number of Sample Organizations}} \right]$$

#### *Population-Based Survey - Urban*

$$\left[ \frac{\text{Total Urban Population (Province)}}{\text{Sample Population Surveyed}} \right]$$

#### *Population-Based Survey - Rural*

$$\left[ \frac{\text{Total Rural Population (Sample Districts)}}{\text{Sample Population Surveyed}} \right]$$

Conservative estimates are obtained from the rural population-based survey. Due to the low geographical coverage of rural areas, it was decided to extrapolate these organizations with the population of sample districts (instead of province) to avoid any overestimation.

### Adjustment for Nationally Renowned Organizations

On the whole, questionnaires were sent to 104 large and nationally known organizations. Despite persistent follow up, only 56 of them responded. After adjusting non-responses, these organizations were treated as a separate stratum and included in the data set accordingly. The universe of registered organizations was also adjusted to avoid any double counting.

## IV- DESCRIPTION OF RESULTS

This section summarizes some of the most salient findings from the work SPDC has undertaken to explore the key dimensions of nonprofit sector in Pakistan. The estimates of various parameters of nonprofit organizations, reported here are based on primary surveys of registered organizations, population-based surveys and a census of nationally renowned organizations conducted during 2001-2002.

### Composition of Nonprofit Sector

Table 4 presents the estimated number and percentages of organizations according to the major ICNPO categories. Most of organizations reported multiple activities in diverse ICNPO sectors. The following distribution is based on the responses of the following question: "What is the most important service or activity your organization carries out?" These activities were then placed under various groups according to ICNPO classifications.

**TABLE 4** Estimated Composition of Nonprofit Sector

Major ICNPO Groups	Number of Organizations	%
Culture and Recreation	2452	5.5
Education and Research	20699	46.4
Health	2700	6.1
Social Services	3704	8.3
Environment	103	0.2
Development and Housing	3264	7.3
Civil Rights and Advocacy	7815	17.5
Business and Professional Associations	1705	3.8
Religion	2184	4.9
<b>Total</b>	<b>44625</b>	<b>100.0</b>

About 45,000 organizations<sup>10</sup> are estimated in Pakistan according to the definition discussed above, i.e., focus entities were Private, Not profit distributing, Self-governing and Voluntary organizations. According to ICNPO grouping, the highest percentage (46%) of organizations reported Education as their main activity. The second largest component in the nonprofit sector consists of organizations engaged in advocacy (18%). Organizations providing social services are at 8%, while 5% organizations reported religious activities as their main service. Organizations working in health sector are relatively few (6%).

However, the grouping of activities may not depict a clear picture of the sectoral composition. It would, therefore, be useful to display ranks of individual activities. This information is given in Table 5, which also provides the share of urban located organizations for each activity.

It is evident from the table that 'Religions Education' is the leading activity<sup>11</sup> not only of the group 'Education and Research' but also of the sector as a whole. It is imperative to note here that the activity of religious education if organized and administered by a committee of volunteers is included in the NPS sector. A number

<sup>10</sup> According to survey estimates, about 53 percent registered organizations were inactive, closed or untraceable. Size and composition of the NPS are based only on active and traceable organizations.

<sup>11</sup> Religious education refers to education of the Holy Quran and other curriculum of Islamic 'Fiqa' and 'Shariah'. It may or may not include primary education and not necessarily degree awarding. Our field experience, however, suggests that majority of registered entities also provide primary education.

of 'Madarasas' (religious school) operate and run by private individuals, especially in rural areas but violate criteria of 'organized' and 'voluntary'. These entities are excluded from the analysis. Primary education is provided by about 8 percent, while organizations providing secondary education is 5 percent. About 3 percent organizations provide vocational/technical/special education.

Type of Activity	Share of Organizations	Urban Share
Religious Education	29.5	68.6
Lobbying for Civic Amenities	14.6	81.0
Primary Education	8.5	92.3
Religion	4.9	75.8
Secondary Education	4.8	77.8
Resident Welfare Associations	4.8	81.8
Material Assistance To The Needy	4.5	79.8
Health Treatment, Primarily Outpatient	4.4	90.0
Sports	4.2	83.5
Shopkeepers/Traders Associations	3.6	85.3
Vocational / Technical /Special Education	2.5	63.0
Community And Neighborhood Improvement	2.2	67.1
Civil Rights Promotion	2.1	84.1
Income Support And Maintenance	1.9	87.9
Hospital Care – Inpatient	1.1	100.0
Burial and Funeral Services	1.1	95.2
Other Organizations (With less than one percent share)	5.3	76.3
<b>Total</b>	<b>100.0</b>	<b>78.1</b>

In the group 'Civil Rights and Advocacy', about 15 percent organizations reported 'Lobbying for Civic Amenities' as their main activity. Majority of these are community based organizations working at the local level, conveying day-to-day problems to various levels of government and assisting their communities in resolving issues like water supply, electricity, sewerage etc. The group 'Civil Rights and Advocacy' also includes organizations working at the national level and providing advocacy on national issues. However, these are very few as only 2 percent organizations reported 'Civil Rights Promotion' as their main activity.

Outpatient health treatment, including immunization is provided by 4.4 percent of organizations, while about one percent provides inpatient hospital care. About 4 percent organizations reported sports as their main activity.

Resident welfare and community neighborhood improvement are the main activities of the group related to 'Development and Housing'. Resident Welfare Associations provide residential care facilities, e.g. arrangement of watchmen, maintenance of roads and streetlights, alternate arrangement of water supply, etc. In 'Social Services', important activities included material assistance to the needy (4.5%), income support and maintenance (1.9%) and burial and funeral services (1.1%).

The leading organizations in 'Business and Professional Associations' group are shopkeepers and traders associations. These organizations arrange and organize essential services for business, like watchmen, streetlights, conveying day-to-day problems to various levels of government etc., and also facilitate mediation in case of disputes. Very few organizations in this group work at the national level to promote, regulate and safeguard the interests of their members.

About 5 percent organizations are in the group of 'Religion'. These organizations promote religious beliefs and administer religious services (mainly managing religious processions and organizing religious events). Religious worship is not included in the 'Religion' section, and the activity of providing religious education is covered in 'Education and Research'.

It is evident from the table that the majority of the nonprofit organizations are located in urban areas. Organizations with relatively higher shares of rural areas include: Religious Education (31%), Vocational/Technical Education (37%), and Community and Neighborhood Improvement (33%).

It would be interesting to highlight provincial differences in the composition of the nonprofit sector. Table 6 portrays this information<sup>12</sup>. Some important observations emerge.

The percentage shares of organizations providing health and recreational facilities are the highest in Balochistan province. Organizations providing social services and advocacy have highest percentage share in NWFP. Resident welfare associations, as represented in the 'Development and Housing' group are dominant in Sindh province as compared to the other province. Business and professional associations are negligible in NWFP and Balochistan provinces. Organizations reporting their main activity as 'Religion' (management of religious events) are negligible in NWFP, indicative that this particular activity is subsumed by organizations providing religious education.

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<sup>12</sup> Due to low coverage of population-based survey in NWFP and Balochistan and the under-coverage of registration-based survey in NWFP, the estimated composition, in these two provinces are indicated.

**TABLE 6** Provincial Composition of Nonprofit Organizations  
(% Of Organizations)

Major ICNPO Groups	Punjab	Sindh	NWFP	Balochistan
Culture and Recreation	4.0	7.6	0.0	13.1
Education and Research	48.6	46.3	24.8	44.8
Health	6.6	4.4	6.0	10.4
Social Services	8.5	7.6	14.5	4.4
Environment	0.2	0.3	0.2	0.0
Development and Housing	3.1	15.7	4.2	1.4
Civil Rights and Advocacy	17.4	12.9	50.3	17.0
Business and Professional Associations	4.9	3.2	0.0	0.0
Religion	6.7	2.1	0.0	9.0
Total	100	100	100	100
<b>Estimated Number of Organizations</b>	24883	15114	2270	2358

The percentage distribution of nonprofit organization, according to the registration status is depicted in Table 7. The majority of nonprofit organizations have been registered under Societies Act, while about 34 percent organizations opted not to be registered. The share of organizations, registered under the Trust Act is estimated at 6 percent, while 15 percent organizations are registered as Social Welfare Agencies. The registration phenomenon is, somewhat different across provinces (not tabulated here). For instance, the highest percentage share of organizations registered under the Trust Act is observed in Sindh province (16%). In NWFP and Sindh provinces, the shares of organizations registered under Societies Act are relatively lower than in Punjab and Balochistan.

**TABLE 7** Registration Status of Nonprofit Organizations

Ordinance – Acts	Percentage
Voluntary Social Welfare Agencies Ordinance, 1961	15.2
Societies Registration Act, 1860	40.5
The Trust Act, 1882	5.8
The Companies Ordinance (Section 42), 1984	0.3
Registered Under Other Acts	0.1
Unregistered – Applied for Registration	4.0
Unregistered – Not interested in Registration	34.1



### Employment, Voluntarism and Membership

Aside from the nonprofit sector's social contribution, it also emerges as a significant economic force in many of the developed and developing countries (see Salamon, 1999). This section provides NPS strength in terms of paid employment<sup>13</sup> and voluntarism in the case of Pakistan.

Table 8 showcases the employment and voluntarism pattern across various ICNPO groups, while individual activities with respect to share of employment and voluntarism are ranked in Table 10 and Table 11. The provincial estimates are given in Table 9.

According to the estimates of the study, the NPS employs about 265,000 people on a paid basis<sup>14</sup>, while more than 212,000 people volunteer their time. Paid employment in the NPS is equivalent to 0.36% of the adult population and 1.9% of non-agricultural employment; the number of FTE volunteers is equivalent to 0.29% of the adult population and 1.5% of non-agricultural employment.

Major ICNPO Groups	Full-Time Equivalent (FTE)		
	Employment	Voluntarism	Employment plus Voluntarism
Culture and Recreation	0.3	10.5	4.8
Education and Research	71.3	29.3	52.6
Health	11.2	7.8	9.6
Social Services	3.0	13.1	7.5
Environment	0.0	0.7	0.3
Development and Housing	7.5	6.8	7.2
Civil Rights and Advocacy	5.0	14.7	9.3
Business and Professional Associations	0.9	2.4	1.5
Religion	0.9	14.8	7.1
<b>Estimated Numbers</b>	264250	212326	476576

Primary education, according to Table 10, is the dominant activity in terms of providing employment in the nonprofit sector. Religious schools also provide about 17 percent of the employment. In fact, the top four activities with respect to their share in paid employment are in the education sector. The other major employers are 'Health' and 'Development and Housing' sectors. On the voluntary front, Religious Activities, Religious Education, Lobbying for Civic Amenities, Primary Education, and Sports are the five sectors with the highest volunteer efforts, as shown in Table 11. The distribution of voluntary input is not as skewed as the paid

<sup>13</sup> For comparative purposes, with other sectors of the economy, paid employment and voluntary inputs are converted into Full Time Equivalent (FTE) by standardizing with 37.5 hours per week.

<sup>14</sup> Paid employment in nonprofit sector is estimated at about 6 people per organization. It appears to be high when compared to other developing countries. However, previous studies on the nonprofit sector in Pakistan suggest even higher level of employment. For example, estimates of this variable provided by GOP (1990) and UNDP (1991) suggest that average number of employees per organizations is 8 and 9, respectively.

employment. The pattern of volunteerism among various groups presents an interesting picture. 'Culture and Recreation' and 'Religion' appear to be the most 'volunteer-intensive' groups. The degree of volunteerism is also higher in 'Social Services' and 'Civil Rights and Advocacy' as compared to 'Education' and 'Health'.

**TABLE 9** Provincial Estimates of Employment and Voluntarism  
[Estimated Numbers]

Provinces	Full-Time Equivalent (FTE)		
	Employment	Voluntarism	Employment plus Voluntarism
Punjab	150990	96025	247015
Sindh	77810	79602	157412
NWFP	20681	25444	46125
Balochistan	14769	11255	26024

**TABLE 10** Employment Share By Activity

Type of Activity	FTE Paid Employment Share
Primary Education	25
Religious Education	17
Higher Education	14
Secondary Education	14
Hospital Care – Primarily Inpatient	6
Lobbying for Civic Amenities	5
Health Treatment – Primarily Outpatient	4
Economic Development	4
Resident Welfare Associations	2
Community And Neighborhood Improvement	2
Youth Services And Youth Welfare	2
Vocational / Technical Education	1
Other Activities (with less than one percent shares)	4

The estimated number of members in nonprofit organizations is about 6,000,000. According to Table 12, the highest membership share goes to 'Civil Rights and Advocacy' (34.6%) followed by 'Business and Professional Association' (26.8%). This is not surprising since these organizations tend to be membership based associations. About 16 of the percent membership share goes to the 'Education'

sector, which also absorbs the highest percentage of employees and volunteers. About 5 percent membership each is reported in organizations mainly working in 'Health' and 'Social Services' sectors.

**TABLE 11 Share of Volunteers By Activity**

Type of Activity	FTE Volunteer Share
Religious Activity	15
Religious Education	15
Lobbying for Civic Amenities	10
Primary Education	8
Sports	7
Youth Services And Youth Welfare	6
Health Treatment, Primarily Outpatient	5
Material Assistance To The Needy	4
Resident Welfare Associations	4
Secondary Education	3
Civil Rights Promotion	3
Media & Communication Services	3
Community And Neighborhood Improvement	2
Vocational / Technical Education	2
Shopkeepers/Traders Associations	2
Hospital Care	2
Income Support And Maintenance	2
Adult, Continuing Education	1
Crime Prevention And Public Safety	1
Other Activities (with less than one percent share)	5

**TABLE 12 Estimated Membership In Nonprofit Sector**

Major ICNPO Groups	Number	%
Culture and Recreation	122425	2.0
Education and Research	975138	16.2
Health	299334	5.0
Social Services	342179	5.7
Environment	4286	0.1
Development and Housing	441525	7.4
Civil Rights and Advocacy	2078900	34.6
Business and Professional Associations	1608984	26.8
Religion	134317	2.2
<b>Total</b>	<b>6007088</b>	<b>100.0</b>

### Expenditure Pattern

Table 13 provides estimates of operating cash expenditure and imputed value of voluntary time. Operating expenditure is defined as the costs incurred in the general operation of an organization. These include salaries, fringe benefits, and other personal costs; purchases of non-capital goods, supplies, and services; fees & other charges paid. However, operating expenditure excludes; costs incurred in land acquisition, building construction, and purchases of major equipment and vehicles, since these are typically paid for over a period of time. The imputed value of voluntary time is also calculated by multiplying FTE volunteers by the average wage in the particular sector.

**TABLE 13** **Estimates of Operating Expenditure and Voluntary Effort**  
[Percentages]

Major ICNPO Groups	Operating Expenditure	Imputed Value of Voluntary Time	Expenditure plus Value of Voluntary Time
Culture and Recreation	1.0	8.3	2.6
Education and Research	41.7	28.7	38.8
Health	27.6	11.4	24.0
Social Services	5.9	12.6	7.4
Environment	0.0	1.8	0.4
Development and Housing	12.8	6.5	11.4
Civil Rights and Advocacy	7.8	18.8	10.2
Business and Professional Associations	1.3	2.6	1.5
Religion	2.1	9.3	3.7
<b>Estimated Value (Million Rupees)</b>	12959	3721	16680

The table shows an annual cash operating expenditure of about 13 billion rupees. After adding about 3.7 billion of the value of volunteers, the figure mounted to 16.5 billion rupees.

The expenditure distribution across various ICNPO groups is somewhat different as compared with the paid employment distribution. For instance, the share of 'Education' group in total NPS operating expenditure is about 42 percent, while this group employs about 71 percent of the total paid persons. Similarly the health sector, with 11 percent of the employment share, expends about 28 percent of the NPS operating expenditure.

**TABLE 14 Provincial Estimates of Operating Expenditure and Voluntary Effort [Million Rupees]**

Provinces	Operating Expenditure	Imputed Value of Voluntary Time	Expenditure plus Value of Voluntary Time
Punjab	7838	1746	9584
Sindh	3231	1243	4474
NWFP	1179	485	1664
Balochistan	711	247	958
<b>Pakistan</b>	<b>12959</b>	<b>3721</b>	<b>16680</b>

Table 14 presents provincial estimates of expenditure and value of voluntary time. Interestingly enough, provincial shares of cash expenditure and voluntary time vary. For instance, 60 percent cash expenditure of NPS are incurred in Punjab province, while its share in voluntary time is about 47 percent.

Annual wage bill is estimated at 40 percent of the total operating, expenditure amounting to Rs. 5 billion, while the value of volunteer time is imputed as 3.7 billion, which is about 28 percent of annual operating expenditure. The distribution of imputed value of volunteer time is more or less consistent with the distribution of FTE volunteer distribution. The dissimilarities, are mainly due to wage rate differentials across various sectors.

### Revenue Structure of Nonprofit Organizations

In addition to estimating expenditure and employment levels in nonprofit organizations, the survey also attempted to estimate the sources of revenue supporting is expenditure. Revenue is defined as inflow of spend-able resources received by the organizations during the year. In-kind revenues were distinguished from cash revenues.

Specifically, survey data is gathered with respect to the following sources of cash and in-kind revenues:

- **Fees and Charges**, which include membership charges, service charges paid directly by the client in exchange for services; investment income; and income from business activities (e.g., sale of goods and services) that are not directly related to the primary activity of the organization.
- **Public Sector Payments**, which refer to revenues coming from all levels of the government (federal, provincial, district) as well as quasi-governmental entities such as Pakistan Poverty Alleviation Fund, Trust of Voluntary Organizations etc. Public sector revenues also include grants and contracts

in support of specific organizational activities or services; and third part payment, i.e. indirect government payments for reimbursement to another organizations for services rendered to clients.

- **Philanthropy, or Private Giving**, which includes revenues received from, individual contributions; private foundation grants, and corporate donations including those from corporate foundations. This source is further disaggregated into indigenous and foreign classifications<sup>15</sup>.

Table 15 demonstrates estimated cash and in-kind revenue structure of nonprofit organizations in Pakistan. About 16400 million annual cash revenue and 135 million in-kind revenues are estimated from the survey data.

The table clearly indicates that the most revenue (34%) comes from fees and user charges. The indigenous philanthropy component consists of 37 percent of the total cash revenue. The share of foreign private philanthropy is estimated as 6 percent of the cash revenue, while approximately 2 percent share of the foreign in-kind revenue is also reported. The public sector contributes only 6 percent of the cash and 4 percent of in-kind revenue. Meanwhile, within indigenous philanthropy, the major contributors are private individuals with a share of 34 percent.

The table also reveals the different sources of in-kind revenue. Private indigenous philanthropy is an important provider of non-cash revenue. The share of public sector in in-kind revenue is more than 4 percent, while foreign philanthropy reports a 2 percent share.

Tables 16 and 17 depict information regarding the distribution of public sector funds (including foreign philanthropy) to nonprofit organizations and the distribution of foreign direct philanthropy across sectoral activities.

It is evident from Table 16 that the bulk of public sector payments goes to NPOs whose major activity is 'community and neighborhood improvement'. It is estimated that during the survey year (1999-2000), these organizations received about 74 percent of the public sector payment. Education (including primary, secondary, technical and religious etc.) sector receive about 14 percent from the government, while about 4 percent went to family planning and inpatient and outpatient health treatments.

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<sup>15</sup> It is important to note that the classification of the sources of revenues is based on the responses on the management of NPOs. In most of the cases, international donor agencies provide assistance to NPOs through government. In this case, the respondent may not be able to distinguish the source of revenue as foreign aid and thus it was put in the category of 'Public Sector Payment'. However, in cases where respondents identified that they had received financial assistance directly from international donors, it was put in the category of 'Foreign Private Philanthropy'.

<b>TABLE 15 Estimated Revenue Structure of Nonprofit Organizations [Percentages]</b>		
	<b>Cash</b>	<b>In-Kind</b>
<b>Fees and Charges</b>		
Fees/User Charges	34.35	
Sales Proceeds	3.45	
Membership	4.36	
Other Income	8.08	
<b>Total Fees and Charges</b>	<b>50.24</b>	
<b>Public Sector Payments</b>	<b>5.87</b>	<b>4.41</b>
<b>Philanthropy (Private Giving) – Indigenous</b>		
Foundations/Trust/Donors	2.66	9.79
Business (Corporations)	0.95	7.32
Direct Individual	33.73	76.32
<b>Total Private Giving – Indigenous</b>	<b>37.34</b>	<b>93.43</b>
<b>Philanthropy (Private Giving) – Foreign</b>		
Foundations/Trust/Donors <sup>16</sup>	4.05	2.13
Business (Corporations)	1.91	
Direct Individual	0.59	0.03
<b>Total Private Giving – Foreign</b>	<b>6.55</b>	<b>2.16</b>
<b>Total Revenues (Million Rupees)</b>	<b>16400</b>	<b>135</b>

The distribution of direct private foreign philanthropy is not as skewed as public sector payments (Table 17). Although, any organization with ‘family planning’ as a major activity received highest share (28.5%), other notable activities receiving significant direct philanthropy include; hospital care (22.3%), community and neighborhood improvement (12.7%), social science research (10.8%) and secondary education (6.9%).

<sup>16</sup> It includes international donor agencies like World Bank, UNDP, etc. and international NGOs.

**TABLE 16** **Estimates of Public Sector Payments**  
**[During 1999-2000]**

Type of Activity	Percentage Shares
Community And Neighborhood Improvement	74.2
Adult, Continuing Education	4.1
Material Assistance To The Needy	2.9
Madarsa and Religious Education	2.7
Vocational / Technical Education	2.3
Health Treatment, Primarily Outpatient	2.2
Social Science Research, Policy Studies	2.0
Primary Education	1.8
Youth Services And Youth Welfare	1.7
Family Planning	1.3
Hospital Care	1.2
Secondary Education	0.8
Other Activities (with less than one percent share)	2.8

**TABLE 17** **Estimates of Direct Foreign Philanthropy To Nonprofit**  
**Organizations [During 1999-2000]**

Type of Activity	Percentage Shares
Family Planning	28.5
Hospital Care – Primarily Inpatient	22.3
Community And Neighborhood Improvement	12.7
Social Science Research, Policy Studies	10.8
Secondary Education	7.8
Public Health	6.9
Civil Rights Promotion	5.2
Vocational / Technical Education	1.9
Health Treatment, Primarily Outpatient	1.4
Madarsa and Religious Education	1.0
Other Activities (with less than one percent share)	1.5



## V- NONPROFIT SECTOR IN THE CONTEXT

Table 18 highlights the extent of the nonprofit sector's economic contribution. It appears that the sector provides paid employment to 2.3 percent of the non-agriculture employed labor force, while voluntarism equals 1.9 percent of the non-agriculture labor force of the country. The sector employs about 10 percent of the population employed in the public sector, while the ratio of NPS employment to private sector employment is about 1.4 percent. The share of the nonprofit sector revenue is approximately half a percent of the national gross domestic product.

<b>TABLE 18</b>	<b>Nonprofit Sector As an Economic Force</b>
	(%)
Full-Time-Equivalent Paid Employment <i>(As a % of Non-Agriculture Employment)</i>	2.3
Full-Time-Equivalent Paid Employment <i>(As a % of Public Sector Employment)</i>	10.0
Full-Time-Equivalent Paid Employment <i>(As a % of Private Sector Employment)</i>	1.4
Full-Time-Equivalent Voluntarism <i>(As a % of Non-Agriculture Employment)</i>	1.9
Operating Expenditure <i>(As a % of Gross Domestic Product)</i>	0.41
Cash Revenue <i>(As a % of Gross Domestic Product)</i>	0.52

Note: The data for total employment in the economy is obtained from Pakistan Population Census, 1998, while estimates of public and private shares are taken from Labor Force Survey, 1997-98.

## VI- CONCLUSION

Perhaps the most important pattern of nonprofit activity is the dominance of education. This sector retains 71 percent of the total estimated nonprofit employment. Organizations that provide primary education alone have a share of 25 percent of total employment in the nonprofit sector. The share of organizations providing religious education is about 17 percent, while organizations providing secondary and higher education employ nearly 28 percent of the NPS employed force.

Majority of the organizations providing non-religious education is registered under the Societies Act, 1860. Nonetheless, there are concerns about the organizations registered under this Act. By the charter of the law, these organizations are nongovernmental and nonprofit distributing organizations, however, public concern is directed at the managers or directors of these organizations, who draw attractive salaries for their services or lease their property at exorbitant prices.

The second largest sector in terms of paid employment is health, which provides about 11 percent of NPS employment. The majority of these organizations are registered under the Social Welfare Ordinance, 1961 or under The Trust Act, 1882.

It is evident from the data that the domination of education and health activities in employment, most of their revenues come from fees and user charges. The fee component alone has a share of 34 percent in the total NPS cash revenue.

The study illustrates a story that is quite different from general public perception in Pakistan. It is generally believed that the share of foreign resources is quite high in nonprofit activities. This is based on the observation that nonprofit organizations grew rapidly in size and number after the Afghan war in 1980. The myth of a 'foreign-driven' nonprofit sector model is not supported by this study, since the share of direct foreign philanthropy is only 6 percent while public sector payments including bi-lateral and multi-lateral foreign aid is only 7 percent. Therefore, with 87 percent of the revenue coming from indigenous private philanthropy, fees and user charges, the nonprofit sector poses a substantially different picture.

Nonprofit institutions are vital as they give expression to citizen concerns, they hold governments accountable, promote community, address unmet needs, and strive for improving the quality of life. The findings of this study suggest the existence of a vibrant and sizable nonprofit sector on both, social and economic fronts in Pakistan. The emphasis on education and health as well as sizable campaigning or lobbying organizations, Pakistan's nonprofit sector presents a good and a balanced prospect. Despite its limitations relating to low geographical coverage and little or no social exposure of nonprofit institutions, the study is the first scientific and systematic approach to document the key dimensions of the nonprofit sector in Pakistan and as such is a significant milestone in social science research on the NPS in Pakistan.

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