

**IMPACT OF FATF LEGISLATION ON
RELIGIOUS ECONOMY: A CASE STUDY OF
SOUTH PUNJAB, PAKISTAN**



By

Nadir Abbas

PIDE2019FMPHILDS30

MPhil Development Studies

Supervisor

Ms Fizzah Khalid Butt

PIDE School of Social Sciences

**Pakistan Institute of Development Economics,
Islamabad**

2021

Pakistan Institute of Development Economics, Islamabad
PIDE School of Social Sciences

CERTIFICATE

This is to certify that this thesis entitled: **“Impact of FATF legislation on religious Economy: A case study of South Punjab, Pakistan.”** submitted by **Nadir Abbas** is accepted in its present form by the PIDE School of Social Sciences, Pakistan Institute of Development Economics (PIDE), Islamabad as satisfying the requirements for partial fulfillment of the degree in Master of Philosophy in Development Studies.

Supervisor:

Ms. Fizzah Khalid Butt

Signature:

Fizzah Butt

External Examiner:

Dr. Rao Nadeem Alam

Signature:

Nadeem Alam

Head,

PIDE School of Social Sciences: Dr. Hafsa Hina

Signature:

Hafsa Hina

Author's Declaration

I Nadir Abbas hereby state that my MPhil thesis titled **Impact of FATF legislation on Religious Economy; A case study of South Punjab, Pakistan** is my own work and has not been submitted previously by me for taking any degree from Pakistan Institute of Development Economics or anywhere else in the country/world.

At any time if my statement is found to be incorrect even after my Graduation the university has the right to withdraw my MPhil degree.

Date: 10.09.2021

Signature of the Student



Nadir Abbas

ACKNOWLEDGEMENTS

This research study would not have been possible without the blessings of Allah almighty, and I am really thankful to him. I pay my special gratitude to my parents because of their unconditional support for my dream to become reality. Your pray for me was what sustained me this far. This research would not have been possible without continuous support and dedication of Miss. Fizzah Khaild Butt, my supervisor and mentor, towards my work. I also want to take this opportunity to thank my internal reviewer Mr. Fida Muhammad Khan for his valuable comments and constructive criticism on my research proposal. Due to his comments, I have improved the quality of my thesis. I'd want to express my heartfelt gratitude to my wife Alina for her constant encouragement and support. Also, I would like specifically thanks to Mr. Arsalan Warraich my senior who guided me throughout my thesis. I also want to thank my brother Abdul Samad and friends (Wakeel Khan, Ch. Mehmood and Abdul Rehman) who assisted me in gathering primary source data.

I would also like to thank the participants of the study. Without their willingness and cooperation, this research wouldn't be possible. This research wouldn't have been possible without the conducive environment of PIDE for research activity. I am grateful to everyone who have supported me for this task.

ABSTRACT

Pakistan's socio-religious context is favorable for both Faith-Based Organizations' and *Madaris* to grow and play a key role in the religious economy of country. One negative aspect of this socio-religious context is the attachment of few FBOs and *Madaris* with terror financing. FATF in this regard has proposed recommendations to block and break terror financing channels via making legislation against money laundering and terror financing. The Parliament in Pakistan has recently passed legislation containing money laundering and terror financing. This study assumes that FATF legislation will impact the growth of the religious economy by creating constraints for both FBOs and *Madaris* in receiving financial assistance in the name of charity. And for that reason, this study attempts to achieve two basic objectives. First, this study identifies different public-convincing tactics used by FBOs and *Madaris* to maintain a smooth flow of financial assistance in the name of charity. This objective has been achieved via interviewing different stakeholders such as representatives from FBOs, *Madaris*, Law enforcement agencies, and local community members. Second, this study provides a comprehensive analysis of constitutional development made by the Pakistani government under the recommendations of FATF to minimize the role of religious economies in terror financing. However, the second objective has been achieved by interviewing Law Enforcement Agencies and analyzing available secondary sources. Study findings show that *Madaris* act as the sole supplier of the workforce to perform religious activities as well as absorb and educate a huge number of marginalized and poor students and make *Madaris* deserving of charity and other contributions. Similarly, FBOs provide welfare programs to uphold the most marginalized section of the society which is visible and known to local community members. It shows that FBOs are in an exchange relationship with local community members. In this exchange relationship, in the first place, FBOs provide welfare services and in return collect charity donations from local community members to finance all the operational costs associated with the said welfare programs. In addition, looking into the constitutional development, it has been found that considerable legal reforms have been taken place in Pakistan since February 2020, including the passage of several legislation and rules, have aided Pakistan's progress on the Action Plan. As part of the FATF's wider 40 Recommendations, these advancements are expected to help improve outcomes under effective compliance and technical compliance metrics.

Keywords: Religious Economy, Terror Finance, FATF, FBOs, *Madaris*.

List of Abbreviations

ASWJ	Ahl-e-Sunnat Wal Jamat
AGM	Asia/Pacific Group on Money Laundering
AML	Anti-Money Laundering
ATA	Anti-Terrorism Act
AMLA	Anti-Money Laundering Act
APS	Army Public School
CTD	Counter Terrorism Department
CDR	Call Detail Record
ERW	Extreme Right Wing
FATA	Federally Administrative Tribal Area
FATF	Financial Action Task Force
FIF	Falah-i-Insaniat Foundation
FBO	Faith-Based Organizations
FATF ICRG	FATF International Cooperation Review Group
IKK	Idara Khidmat-e-Khalq
JuD	Jamat-ud-Dawa
JeM	Jaish-e-Muhammad
KP	Khyber Pakhtunkhwa
LeJ	Lashkar-e-Jhangvi
LeT	Lashkar-e-Tayyaba
LEA's	Law Enforcement Agencies
ML	Money Laundering
MLA	Member of the Legislative Assembly
MER	Mutual Evaluation Report
NACTA	National Counter Terrorism Authority
NOC	No Objection Certificate
NAP	National Action Plan
NGO	Non-Government Organization

NPO	Non-Profit-Organization
PPP	People's Party Pakistan
PTI	Pakistan Tehreek-e-Insaf
PML (N)	Pakistan Muslim League (Nawaz)
RAW	Research and Analysis Wing
R&D	Research and Development
RSIL	Research Society for International Law
SSP	Sipah-e-Sahaba Pakistan
TF	Terror Financing
TTP	Tehrik-e-Taliban Pakistan
TNSM	Tehrik-e-Nifaz-e-Sharia-Mohammedi
UN	United Nations
UNSCR	United Nations Security Council Resolution
UDC	Unit of Data Collection
UDA	Unit of Data Analysis

TABLE OF CONTENTS

ABSTRACT	iii
Chapter 1	
Introduction	1
1.1 Statement of the Problem	5
1.2 Objectives of the Research	6
1.3 Organization of the study	7
Chapter 2	
Literature Review	8
2.1 Religious Economy	8
2.2. Terror Financing	8
2.3 Faith-Based-Organizations in Pakistan	12
2.4 Financial Action Task Force	15
2.5 Pakistan and the FATF Grey list	18
Chapter 3	
Research Methodology	19
3.1 Methodological Approach	19
3.2 Research Design	19
3.3 Methods of Data Collection	20
3.4 Sampling	20
3.5 Units of Data Collection	21
3.6 Locale	21
Chapter 4	
Data Analysis	23
4.1. Introduction	23
4.2. Caretakers of Madrassah (UDC 1)	25
4.2.1 Foundation, Land purchase and Registration.	25
4.2.2 Number of Teachers and Students	26
4.2.3 Sources of Financing the Expenditures	27
4.2.4 Check and Balance on Donations	32
4.2.5 FATF Legislation and its Importance for Madrasa 33	
4.3 Leaders of Faith-Based Organizations (UDC 2)	36
4.3.1 Organizational Structure	37
4.3.2 Basis of Donation Collection.....	40
4.3.3 Types of Donations and Donors.....	41

4.3.4 Spending Pattern of Collected Donations.....	43
4.4 Local Community (UDC 3)	44
4.4.1 Charity to Organization Supporting Own Sect.....	44
4.4.2 Charity to Needy or Based on Humanitarian Purpose.....	46
4.4.3 Charity Through Religious Ceremonie.....	47
4.4.4 Charity as a Source of Terror Financin.....	48
4.5. Law Enforcement Agencies (UDC 4)	49
4.5.1 Monitoring of FBO’s and <i>Madariss</i>	49
4.5.2 Legal Action Against Illegal Donation-Collection and Community Reaction.....	51
4.5.3 Importance of FATF legislation for Law Enforcement Agencies in Pakistan.....	54
4.6 Constitutional Development Related to FATF in Pakistan	55
4.6.1 Whether FATF’s Recommendations are Realistic in Case of Pakistan or Not	55
4.6.2 Role of <i>Madrasa’s</i> and FBO’s in Terror Financing	57
4.6.3 Role of Parliament in Fulfilling FATF’s Recommendations	60
4.7. Discussion	65
Chapter 5	
Conclusion and Recommendation	70
5.1 Conclusion	70
5.2 Policy Recommendations	74
Bibliography	75
Appendix	79
Appendix A: UDC 1. Caretakers of <i>Madariss</i>	79
Appendix B: UDC 2. Faith-Based Organizations	101
Appendix C: UDC 3. Local Community	111
Appendix D: UDC 4. Law Enforcement Agencies	119
Appendix E: FATF Recommendations 40+9.....	122
Appendix F: FATF 27 Actions Points.....	123

CHAPTER 1

INTRODUCTION

1.1 Introduction

Religion is a set of beliefs that offer order and recommend acts in society. The supernatural aspect is central to this concept, as it helps one to discriminate between religions and secular beliefs, although the classification of things like Confucianism poses a challenge. However, this term covers the "big three" faiths of the West (Judaism, Christianity, and Islam) and the major East faiths (e.g., Hinduism, Taoism, and most variants of Buddhism). This term also incorporates the moral views and practices of most of the people of the world. Social theorist Émile Durkheim described religion as a "cohesive system of beliefs and practices concerning sacred things (Durkheim, 1915). Weber Argued that religion could become a catalyst for positive reform. Karl Marx regarded religion as a weapon used by patriarchal cultures to sustain inequalities. Religion is a social organization since it incorporates values and rituals that serve the interests of humanity (Marx, 1843).

Specifically, religious economics is the interaction of religious individuals and organizations within a market framework that includes competing groups and ideologies (Stark, 2007). According to Stark (2004), a religious economy is nothing more than a collection of businesses that compete for the demand of more new followers. That is, the religious economy consists of all religious traditions in every society; the demand of current and new followers; the collection of one or more groups that aim to attract or preserve followers; and the religious community provided by the organization. The religious economy is composed of a collection of businesses that compete within a given geographic region (Stark, 2004). Religious economies, such as commercial economies, are vulnerable to changes in market dynamics. Regulation or deregulation is also the most critical shift in the sector (Finke, 1997). This is the definition of the religious economy; however, in this study, we are focusing on the religious economy of faith-based

organizations and *Madaris*, which are religious institutions that provide social services and engage in humanitarian activities in the name of religion; in other words, we are looking at the religious economy of Faith-Based Organizations and *Madaris*.

The approach of rational choice theory regarding the conceptualization of religion is more than unique. This approach assumes that similar to the Goods market, there exists a market for religion in which independent firms in terms of different religions and religious groups are always in competition mode to attract huge followers. This theory further assumes all the followers as a rational agents who will make a rational choice among the available salvation products (Bankston, 2002). Different actors in the religious economy try to cultivate corporate identity and create brand identities by making unique qualities for their salvation products noticeable in public spaces (Graf,

2003). For instance, *Dawat-e Islami*, as a *Sufi* movement, has appeared to be different from *Tablighi Jamaat* (following a more practical version of Islam) in capitalizing on the feel-good element and the Prophet's love. *Dawat e Islami* also enjoys missions by passionate *Zikrs* and *Nat*

Sessions, our festivals, and *Milads* (Bayat, 2007). Alternatively, 'Brands of Faith' claims that for religions to compete effectively, they have had to develop into brands – readily identifiable icons and spokespeople with whom religious prospects can form immediate relations (Einstein, 2008)

The history of disagreement in the religious economy has devolved into violent clashes between *Shia* and *Sunnis* that span more than a millennium (Zaman, 1998). Due to centuries-old rivalries and recent events (Iranian Revolution and Cold War), the majority of academics have concentrated on the *Shia-Sunni* conflict and little scholarship is available on the intra-*Sunni* divide. South Asian religious economies play a vital role in the region to bring order in their respective societies.

Almost thirty percent of the Muslim population lives in South Asia with a majority of them *Sunni* (Gugler, 2011).(Gugler, 2011). The composition of the religious economy in Pakistan is such that, a sizable portion

of the Muslim population adheres to *Barelwis/Sufis* Islam at a rate of 50-60%, followed by *Deobandis* at 15%, *Shias* at 15%, and *Salafis/Ahl-e-Hadith/Wahhabis* at 5% (Sayed, 2016) (Sayed, 2016). It shows that Sunni Islam is the major *Maslak* of Pakistan and constitutes almost 70-80% *Sunni* followers because *Sufi-Barewli*, *Deobandi*, and *Ah-e-Hadith* are the three branches of *Sunni* Islam in Pakistan. However, all the three branches of *Sunni* Islam have disagreements on different accounts¹.

In this study, the researcher would bring the prospects of Pakistan's religious economy in a more specific way. This study explores the changing dynamics of Pakistan's religious economy in the context of FATF legislation. One aspect of Pakistan's religious economy is that it has been linked with terror financing. Different *Madaris* and Faith-Based organizations (FBOs) are engaged in charity contributing to the religious economy and providing safe networks for the terrorist to finance terrorism-related activities. In this regard, this study aims to identify the exact mechanism or strategies of FBOs and *Madaris* to sustain a smooth flow of financial resources.

Lashkar-e-Taiba(we are working on *Jamaat-ud-Dawa*, a humanitarian welfare wing of *Lashkare-taiba*), whose name translates as "Army of the Pure," is a Pakistan-based militant Islamist group. In Pakistan, organizations affiliated with the *LeT* provide extensive social, medical, and educational services. *LeT* has extended its support base in Pakistan by offering social security, educational, and medical services. *LeT* funds such activities by donation boxes located in the country's retail establishments. Additionally, *LeT* collects *ushr*, an Islamic land tax in which farmers are required to donate 10% of their crops or profits to

¹ They concur on a large number of theological points, but disagree on how to perceive and view the Oneness of Allah (Tawhid), intercession (*Tawassul*), salutation to the Prophet (*Durud*), saint veneration (*Auliya*), and Sufism (*Tasawuf*). Similarly, they not only disagree, but also declare one another impure/lesser Muslims on the subject of Prophet Muhammad's (PBUH) superhuman qualities, which include 'omnipresence and witness' (*Hazir-o-Nazir*) and 'Knowledge of the Unseen' (*Ilm e Ghaib*), among others (Gugler, 2011).

charity. Additionally, the *LeT* raises funds by charging tuition for its schools and by selling jihadist content and other merchandise. In an interview, a former *LeT* member disclosed that sometimes, merchants associated with the group would charge buyers an extra 5 to 10 Pakistani rupees "for the *jihad* (Zaidi, 2009)

Sipah-e-Sahaba Pakistan (SSP) was established in September 1985 in the Punjabi city of Jhang, at a time when *Sunni Shia* tensions were rising. Since its inception, the *SSP* has obtained funding and support from Persian Gulf states and the Pakistani central government. The majority of state funding has gone into the construction and operation of *Wahhabi* and *Deobandi Madaris*, which have proliferated in Pakistan over the last few decades. The number of madrasas in Punjab alone has increased from about 700 in 1975 to more than 3,000 in 2000. Pakistan now has approximately one million *Madaris* students, and *Deobandi Madaris* in southern Punjab continue to provide the *SSP* with a steady supply of militants. The number of *Madaris* in Pakistan increased from 13,000 in 2007 to more than 17,000 in 2010 (Perlez, 2010) . Some estimate suggests that almost 2.5 million students are currently enrolled in total 32,000 Pakistani *Madaris* (Abbas, 2018).

There are substantial threats to Terror Financing in Pakistan. Several terrorist groups are active in Pakistan, including UN-listed groups, raising funds through various means, including direct funding, public fundraising, NGO violence, and illegal activities. Pakistan's geographical position and porous boundaries intensify its susceptibility and amplify cash smuggling-related Terrorist Financing threats. In total, Pakistan has registered 228 TF cases since 2015 and convicted 58 individuals (as of October 2018), all of which were obtained at the provincial level with the vast majority in Punjab. Most cases from Punjab pertain to the collection of donations with individuals found to be affiliated with organizations such as *Al*

Qaeda, Jamiat ul-Ansar, (Sipah-e-Sahaba Pakistan, (Jaish-e-Mohammed), Lashkar-e-Jhangvi, Ahlus Sunnah Wal Jamaah Association, Da'esh, etc (AML, 2019).

In June 2018, the FATF placed Pakistan on the grey list and issued a full action plan to do so by October 2019 or face the possibility of being blacklisted. At the FATF review meeting in Beijing between 21st and 23rd January 2020, Pakistan submitted a 125-page paper that does not contain the 500-page additions to show the steps it has taken over the past six months to investigate terror funding (FATF, 2015). The FATF published Pakistan's Mutual Evaluation Report in October 2019, which briefly describes that Pakistan has struggled to take appropriate measures to avoid terror funding and, in the country, where *Jaish-e-Mohammad, Lashkar-e-Tayyaba, and Haqqani* networks such as groups were headquartered (Thomas, 2007).

1.2 Statement of the Problem

Based on the narrative of the problem statement as stated in the preceding text, I am narrowing my research problem into "**Impact of FATF legislation on religious economy; A case study of South Punjab, Pakistan**" and have operationalized my topic into the following research questions and objectives.

Terror financing in Pakistan is a considerable risk. Numerous terrorist organizations, including UN-listed groups, are active in Pakistan, fundraising by multiple methods, such as direct funding, public fundraising, abuse by NGOs, and illegal activities. The study's concern will be to find the tactics which are used by the Faith-Based Organizations and Madrassa's leadership to convince local people and establish a smooth flow of local financial assistance. Furthermore, the study will analyze the Constitutional developments made by the Pakistani government under the recommendations of FATF to minimize the role of religious economies in terror finance.

1.3 Research Questions

- What were the tactics used by the Faith-Based Organizations and *Madaris* leadership to convince local people, and establish a smooth flow of local financial assistance?
- What are the Constitutional developments made by the Pakistani government under the recommendations of FATF to minimize the role of religious economies in terror finance?

1.4 Objectives of the Research

- To identify the tactics used by the Faith-Based Organizations and *Madaris* leadership to convince local people and establish a smooth flow of local financial assistance.
- To find the Constitutional developments made by the Pakistani government under the recommendations of FATF to minimize the role of religious economies in terror finance.

1.5. Significance of Research

In June 2018, the FATF put Pakistan on the grey list and directed Islamabad to adopt an action plan to curtail money laundering and financing by the end of 2019. So, there is a dire need to study this topic in depth. This study is unique because there are little researches on religious economies of *Madaris* and faith-based organizations in Pakistan. In addition, we are taking into consideration whether *Madaris* and faith-based organizations play a part in the funding of terror finance. Furthermore, there is little research on the sources of terror financing as well as the strategies employed by Faith-Based Organizations and *Madaris* leadership to convince local people and establish a smooth flow of local financial help. Moreover, the constitutional changes implemented by the Pakistani government in response to the FATF's recommendations to reduce the role of religious economies in terrorism financing are being discussed.

1.6. Organization of the study

In the first chapter of this research, we will discuss the introduction, in the second chapter literature review is discussed, in the third chapter we will discuss the research methodology of the study, in the fourth chapter we will discuss data analysis and in the fifth chapter, we will discuss conclusion and policy recommendations.

CHAPTER 2

LITERATURE REVIEW

2.1 Religious Economy

Religious economy relates to religious individuals and organizations interacting within the market framework with opposing parties and philosophies (Stark, 2007). Stark and Finke describe the word religious economy in this way: a religious economy is a market of existing and prospective followers, a community of organizations that aims to gain or retain adherents, and a religious culture that the group provides (Stark, 2000). According to the triple-market model, the highly regulated economy can be subdivided into the red, black, and grey markets. The Red Market comprises all legitimate (officially permitted) religious groups, adherents, and religious practices. The black market contains all illegal (officially prohibited) faith groups, followers, and religious practices. The Grey Market encompasses both faith and spiritual groups, methods, and events of uncertain legal standing. The informal religious economy lies in the grey market. These parties, persons, and actions fall into the grey field of religious regulation, which may be viewed as either lawful or illegal, or neither legal nor unlawful. The grey economy is perhaps the most difficult to demarcate because of its uncertainty and amorous nature. It encompasses criminal religious acts of lawfully existing religious groups and religious or spiritual beliefs that express themselves as society or science instead of religion (Yang, 2006).

2.2. Terror Financing

The Pakistan Anti-Terrorist Act 1997 describes terrorist financing as "a person commits an offense if he uses money or other property for terrorist purposes or owns the money or other property with the intent or legitimate grounds to believe that it may be used for terrorist purposes." Terrorism finance encompasses both practices and methods that aid in the funding of terrorist activities. It could come from a variety of

places, including private donations and income from companies, charity fundraising, drug trafficking, arms theft, bribery, abduction for ransom, and extortion. Terrorism financing's primary goal is to fund a terrorist network to intimidate a society or coerce a government into murdering, injuring, endangering, or causing significant collateral damage; or significantly interfering with critical services and structures (Duhaime's report).

Kidnapping for ransom, extortion, bank robbery, theft of natural resources in FATA and KP, drugs trafficking across the Pak-Afghan border, control of archaeological sites, and funds collection from religious institutions were among the operations that the *TTP* controlled similarly, after *TTP* began to accept international charity-based support and aid, the seamless flow of its financial assistance became more fluid. For revenue generation, *TTP* leadership divided each tribal area and organization in the FATA and KP regions into administrative zones (Qandeel, 2010). Local and international militant syndicates, such as *Lashkar-e-Jhangvi (LeJ)*, *Tehrik-e-Nifaz-e-Sharia Mohammadi (TNSM)*, *Sipah-e-Sahaba Pakistan (SSP)*, Islamic Movement of Uzbekistan (IMU), and al-Qaida, backed *TTP*'s policy and expanded the finance producing circle both inside and outside Pakistan's borders.

Terrorist fundraising is not a recent occurrence; however, implementation techniques vary to ensure continuity in fundraising efforts. In this sense, regardless of the terrorist organizations or group's motivations, purposes, or aims, they, like all insurgent groups, must retain appropriate expertise, learn, transfer, collect, and ultimately use the necessary financial tools to accomplish the objectives (FATF, 2015) . Similarly, terrorist groups in South Asia, such as *al-Qaeda*, the *TTP*, the Liberation Tigers of Tamil Eelam (LTTE), *Lashkar-Tayyiba (LeT)*, *Jammat-ul-Mujahideen Bangladesh (JMB)*, and Maoist groups in India, all adopted distinct ideologies based on religion, separatist, and nationalist views to

operationalize their activities, but fundraising techniques and strategies remained relatively consistent (Sulaiman, 2009)

It has long been argued in Karachi that *TTP* militants are engaged in an expanding aspect of abduction for ransom. On 5 December 2011, Karachi police successfully rescued an abducted local industrialist, *Riaz Chinoy*, when three militants from the *TTP*'s Karachi chapter, including the group's Karachi leader *Qari Shahid*, were killed during the rescue mission. According to media sources, rebels have requested a ransom of Rs. 70 million. According to police officials, the *Al Mukhtar party*, a *TTP* affiliate, was operating in Karachi for extortion money, bank robberies, and ransom kidnapping (Qandeel, 2010). *Satish Anand*, a famous Pakistani filmmaker, was abducted from Karachi in October 2008 and released in March 2009 after the Pakistani *Taliban* received a ransom payment of Rs. 16 million from his family (Qandeel, 2010). India is not unfamiliar with the phenomenon of training and funding terrorist movements in other nations. Long before the Taliban established themselves in Pakistan, the Indian intelligence agency RAW is accused of funding and educating the Sri Lankan Tamil Tigers, who have wreaked havoc in Sri Lanka. Pakistan was chosen as a new priority after the Indian intelligence community stated unequivocally that covert operations in Pakistan were necessary. Given the complexities of the two countries' relationship, India never loses an opportunity to exacerbate Pakistan's insecurity by various proxies. The *TTP* presented them with an unparalleled chance to carry out their will. Indian funds are usually channeled across a variety of locations, including Dubai, Doha, Jeddah, Kabul, Kuala Lumpur, London, and New York. This is accomplished by either official monetary transactions involving cut-out foreign corporations (mostly import-export firms) with a presence in Pakistan or by *Hawala/Hundi* payments involving their local properties. The money is then transferred to insurgents through their local connections by these firms or individuals (RAW assets).

The APS attack on 16th December 2014 prompted Pakistan's government to follow a stringent strategy of terminating terrorist organizations' funding efforts and tactics. In Pakistan, the state launched a coordinated military campaign against militant groups. In June 2014, the Pakistan Army conducted a military campaign called "*Zarb-e-Azb*" in North Waziristan to dismantle terrorists' nexus. Similarly, in December 2014, the Pakistani government reacted to the APS attack by establishing a 20-point counterterrorism agenda known as the National Action Plan (**NAP**) (Asia, 2015). To dismantle terrorist financial networks, the NAP empowers Pakistan's overseas, economy, and interior ministries to warn friendly Muslim countries about their containment policies against investors in sectarian and terrorist networks operating against Pakistan. Additionally, the NAP empowers law enforcement Authorities to seize extremist groups' domestic and foreign funding outlets. Additionally, it forbids the website, social media, print, and electronic media from displaying terrorist communications, images, or videos both inside and outside the world (Gishkori, 2015). To prosecute extremist financiers, backers, sympathizers, and leftists, the NAP emphasizes the establishment of military courts.

Through providing social welfare, educational, and medical services within Pakistan, *LeT* has expanded its support base within Pakistan. *LeT* funds such activities via donation boxes placed in shops throughout the country. In addition, *LeT* collects *Ushr*, an Islamic land tax that requires farmers to donate 10 percent of their crops or income to charity (Asian Report, 2018). *LeT* also raises funds through charging tuition fees for its schools and through selling jihadist material and other goods. A former *LeT* member revealed in an interview that sometimes *LeT*-affiliated merchants will ask buyers to pay an additional 5 to 10 Pakistani rupees “for the *jihad* (Roche, 2018). The FATF goal is to enforce regulatory and institutional legislation to tackle money laundering and militant lifelines. Additionally, the FATF assesses threats to the international financial system's stability. It is a policy-making agency charged with enforcing national

legislation in these regions. Additionally, it defines national-level flaws with the main goal of preventing the financial sector from being abused by money launderers and extremist financiers.

According to reliable sources, *SSP* maintains its headquarters in the two largest *Deobandi Madaris* of Punjab – *Jamiat-ul-Uloom Eidgah* in *Bahawalnagar* city, and *Dar-ul-Uloom Deoband Faqirwali* in the Fort Abbas subdivision. However, some sources have claimed that all organizational controls are exercised from regional headquarters located in *Jamia Faruqiya*, *Jia Moosa*, *Shadara*, and Lahore, and the international units are controlled by *Madaris Mahmoodiya* in Jhang (Masood, 2018).

2.3 Faith-Based-Organizations in Pakistan:

Faith-based organizations (FBOs) play an important role in the process of development in many countries across the world. Providing a wide range of services to the general public while establishing their position as a significant player in the field of human development. Many developing nations, like Pakistan, have faith-based organizations that constitute a substantial component of the civil society sector, offering services such as education, health, social welfare, and disaster relief, amongst other activities. They have also played an important role in advocating for a range of social and political problems. As a result, Faith-Based-organizations (FBOs) play an important role in the development process at many social levels and in a variety of situations (Marshall, 2001); (Shelledy, 2002); (Clarke, 2005). There are many faith-based organizations in Pakistan, but we are only dealing with two of the organizations i.e.; *Jamaat-ud Daawa and Sipah-e-Sahaba*.

LeT has built a solid infrastructure in Pakistan. By the year 2000, the organization had reportedly founded more than 70 district offices and divisions to oversee the organization's finances, Dawa operations, media and propaganda, social welfare, and external relations. Among other divisions, the group had formed a department for the construction of mosques and *Madaris*, a department of education, and wings for doctors, teachers, and farmers (Tankel, 2011). According to the

Southeast Asia Terrorism Portal, *LeT* national civil operations include “16 Islamic institutions, 135 secondary schools, an ambulance service, mobile clinics, blood banks, and many seminaries in Pakistan.

Since *LeT* was outlawed in Pakistan in 2002, domestic activities have been organized by several *LeT* front organizations, including *Jamaat-ud-Dawa (JuD)*, *Idara Khidmat-e-Khalq (IKK)*, and the *Falah-i-Insaniat* Foundation (FIF) (Tellis, 2012). Hafiz Muhammad Saeed, the emir of the *LeT*, is also believed to be behind the Milli Muslim League Pakistani political party, which was established in August 2017 (Anwar M. , 2018)

LeT's support base in Pakistan has grown as a result of its provision of social care, educational, and medical services. *LeT* funds such activities through donation boxes placed in stores throughout the country. Furthermore, *LeT* collects *Ushr*, an Islamic land tax that allows farmers to donate 10% of their crop or income to charity (Tankel, 2011). The group's "legitimate" companies, which include fish farms, agricultural tracts, and mobile clinics, produce revenue for *LeT* (Kambere, 2011) . *LeT* also raises funds by charging tuition for its schools and selling jihadist literature and other products. In an interview, a former *LeT* member disclosed that often *LeT*-affiliated merchants would ask buyers to pay an additional 5 to 10 Pakistani rupees “for the jihad (Zaidi, 2009)

LeT has also solicited funds through its foreign ties. Members of the Pakistani diaspora in Europe and the Persian Gulf, as well as clerics and other Saudi-based individuals who support the global jihadist movement, have reportedly donated to the organization. The group has also raised donations for disaster relief and other humanitarian purposes in Pakistan through *JuD*, *IKK*, and other *LeT*-front organizations. The organization has been accused of diverting funds intended for humanitarian works to support its terrorist activities. Most prominently, *LeT* is thought to have diverted funds raised to aid victims of a

devastating earthquake in Pakistan in 2005 to those behind a botched attempt to blow up a transatlantic flight in 2006 (Tankel, 2011)

Although sectarian groups in the early 1980s included both *Shia* and *Sunni* militias since the mid-1990s sectarian violence has almost entirely been the domain of the anti-*Shia Sipah-e-Sahaba* and its affiliated organization *Lashkar-e-Jhangvi* (Qazi and Shehzad, 2011), (Zahab and Marium, 2002), (Zahab et al., 2004).

Both of these organizations have merged to form the *Ahl-e-Sunnat wal Jamaat* (ASWJ). Although these gangs are renowned for murdering Shia, they are also responsible for the deaths of Ahmedi, Christians, Hindus, and *Barelvis*. While many Pakistani security officials decry the alleged threat from India, the most dangerous threat to the Pakistani state and people alike comes from Islamist militant groups that carry out a wide range of terrorist attacks against ordinary civilians as well as assaults on non-combatants (e.g., political leadership). Many of these crimes are sectarian or tribal in nature.

Furthermore, these insurgent groups have carried out guerilla operations against Pakistan's security forces and intelligence agencies. According to the information gathered by (C. Christine Fair, 2013). While most commentators on Pakistan's dire internal security situation tend to use the anodyne descriptors of "Islamist", "terrorist", or even "sectarian militants" to describe these groups, these expressions suffer from considerable under-specification. The groups that are primarily engaged in this kind of Islamist domestic violence against Pakistanis in and out of government are almost exclusively *Deobandi*, one of the five major interpretive traditions of Islam in Pakistan. *Deobandis*, like most Muslims in South Asia, follow the *Hanafi School of fiqh*, or jurisprudence. This cluster of *Deobandi* militant organizations includes the sectarian (and communal) organization *Ahl-e-Sunnat wal Jamaat* (ASWJ), which is the name under which older *Deobandi*, sectarian groups such as *Sipah-e-Sahaba-e-Pakistan* (SSP) and *Lashkar-e-Jhangvi* (LeJ)

now operate. These *Deobandi* groups have long-standing ties to the Afghan Taliban and consequently to *al-Qaeda* and to several *Deobandi* militant groups that the ISI groomed for operations in India (*inter alia* *Jaish-e-Mohammad* (JeM), *Harkat-ul-Jihadi-e-Islami* (HuJI), *Harkat ul Mujahideen* (HuM), *Harkat ul Ansar* (HuA)) (Ispahani, 2013), (Fair, 2011), (Mahsud, 2010) These groups are often called “*Kashmiri Tanzeems*” (Kashmiri organizations) even though few of their cadres are Kashmiri and they operate well beyond Kashmir.

2.4 Financial Action Task Force

The Financial Action Task Force (FATF) is an intergovernmental organization tasked with the responsibility of establishing, developing, and promoting strategies to tackle money laundering and terrorist funding on both the national and international levels. FATF and FATF-Style Regional Bodies will collaborate with international organizations to formulate proposals to improve and guarantee the effectiveness of all counter-terrorism funding methods. The FATF publishes a list of 40 + 9 Recommendations to support states in combating terrorism (mapping). Money laundering has been a priority for policymakers and law enforcement agencies for over two decades, and it has been attributed to terrorism funding in the wake of September 11, 2001, airplane attacks on the New York World Trade Center. Since then, legislation levied on countries' financial structures to combat money laundering has been seen as a critical component of the battle against terrorist funding as well. What began as techniques to combat money laundering, mostly related to the illegal drug trade, are also being used to combat terrorism funding. As a result, the priority of transnational bodies such as the Financial Action Task Force (FATF) on anti-money laundering (AML) has been expanded to include countering terrorist funding (CFT). This is exemplified by the FATF's publication of nine special guidelines on terrorism funding in addition to the current 40 recommendations on money laundering (Jayasuriya, 2009).

Pakistan was re-named to the FATF's grey list in 2012 as a result of its failure to comply with United Nations Security Council Resolution 1267, which requires Pakistan to impose a travel ban, asset freeze, and weapons embargo on militant groups associated with Al Qaeda. Among those organizations are the *Tehreek-i-Taliban Pakistan* (TTP), *Lashkar-e-Tyba* and its charity front named as *Falah-e-Insaniyat Foundation* (FIF), *Lashkar-e-Jhangvi* (LeJ), Al Rashid Trust, and *Harkat ul Jihad Islami* (HUJI) are included in the list as well, some specific individuals as well like *TTP's Mullah Fazlullah*, *Hafiz Saeed*, leaders from *Haqqani* network and *Malik Ishaq* from LeJ (Nasr and Reza, 2000). From 2012 to 2015, Pakistan was on the grey list. The reason for this was provided by the task force itself in public statements explaining how FATF's jurisdiction on strategic anti-money laundering and counter-financing terrorism strategies and actions had not done enough to counter the deficiencies seen in the deterrence or no action plan. However, changes were necessary when the PPP government amended the "ATA Act" in 2013 to allow the Anti-Terrorism Act to seize the assets of associated organizations and prosecute the financiers of terrorist activity within the state. Pakistan was removed from the grey list in 2015 after presenting reports of substantial progress in improving its Anti-Money Laundering and Counter-Financial Terrorism strategy and building a sound legislative system for not only authority but also enforcement, as well as agreeing to an action plan to prevent the FATF's highlighted deficiencies (FATF, 2018).

Pakistan was included on the FATF's grey list again in 2018, this time for a lack of "Strategic Deficiencies" in combating graft, tax evasion, and extremism financing, according to FATF's declared reasons (Aftab, 2018). One argument for inclusion is that the US is increasing pressure on Pakistan to take action against US-designated terrorist groups, while Pakistan is pursuing its policy to prevent collateral harm (Usman, 2018).

Additionally, Dawn News reports that another explanation for the country's inclusion on the FATF Grey-list is the involvement of *Jamaat-ud-Dawa* and the *Falah-e-Insaniyat* Foundation, both of which are led

by Hafiz Saeed. These organizations have been listed as terrorist organizations by the United Nations, but are permitted to operate openly in the country and raise funds for their operation and growth (Roche, 2018).

International concerns over money laundering and terrorism financing have been raised against Pakistan as a result of rising money laundering and terrorism financing. In 2017, a group led by Hafiz Saeed known as the "*Lashkar-e-Taiba*" raised funds while having its property confiscated by government officials (Mahsud and Khan, 2010).

This incident opened the way for other militant and extremist organizations to trigger and conduct illegal operations in Pakistan. The US raised additional concerns about anti-money laundering (AML) and counter-terrorism financing (CTF) in Pakistan. According to a report released by the US State Department in June 2018, several concerns have been raised about the Anti-Terrorism Act's incomplete enforcement (Anwar, 2018)

2.5 Pakistan and the FATF Grey list

Since 2000, the task force's oversight committee has published a blacklist of countries that do not adhere to FATF practices (FATF, 2018). These non-compliant states are either incapable of formulating appropriate laws, implementing them, or are in violation of FATF regulations. Another group of countries that are attempting to combat terrorism funding but implementing policies that are inadequate and have strategic flaws. This chart is referred to as the "Grey List."

As Pakistan has waged a bloody war against transnational militant groups, the FATF urged Pakistan to adhere more closely to its guidelines (Laffaz, 2018). Imran Khan, Pakistan's Prime Minister, has long been critical of other political parties (the Pakistan People's Party (PPP) and the Pakistan Muslim League (PML) Nawaz and has accused them of money laundering. Prime Minister Imran Khan said that "money laundering from poor to rich countries must be viewed as terrorism funding because

it killed more people than the latter (Nation, 2019). Prime Minister Imran Khan was tough on crooked officials, and the National Accountability Bureau (NAB) played a constructive role during his administration. PM Iman Khan's initiatives, which include tax reforms, data collection on financial transactions, and tight oversight of financial transactions, would help alleviate money laundering, but it will undoubtedly take time to eradicate such activities through institutional empowerment.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Methodological Approach

The methodological approach can be categorized into three types. First, a quantitative methodology is a methodological approach in which a researcher uses numeric and statistical inferences, and achieves research objectives via conducting an empirical investigation. Second, qualitative research methodology is a methodological approach in which a researcher uses and analyzes (qualitative data visual, textual, etc) texts and themes instead of numeric. Third, mixed research methodology uses methods of both quantitative and qualitative methodological approaches. However, in this study researcher has used qualitative research methodology because study objectives are such that quantitative methodological approach cannot be applied and would not be suitable. Because idea is novel and nobody has any descriptive data for donations given to *Madris*. That is, to identify different public-convincing strategies used by the main actors of Pakistan's religious economy such as FBOs and *Madaris* in an attempt to persuade local community members and create a smooth flow of financial assistance. Moreover, qualitative research provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research.

3.2 Research Design

This study uses both exploratory and explanatory research designs to achieve study objectives. Exploratory research design area applicable when the researcher is interested to explore any phenomenon for the first time. In this regard, to our knowledge, there is no existing research study that has specifically paid attention to exploring the public-convincing strategies of the main actors in Pakistan's religious economy. Secondly, this research study also uses explanatory design and explains the already explored

perspectives of the main actors in Pakistan's religious economy such as FBOs, *Madaris*, and local community members. For that reason, the researcher has taken indepth interviews from four different UDC's.

3.3 Methods of Data Collection

There exist different methods of qualitative data collection such as interviews, focused group discussions, and case studies. However, considering study objectives researcher has taken in-depth interviews by constructing semi-structured interview guide. Semi-structured interview guide is frequently utilized when substantial 'depth' is required or when little information about the topic area is available (or a different perspective of a known subject area is required). Qualitative approaches, such as interviews, are said to give a 'richer' knowledge of social phenomena than strictly quantitative methods, such as surveys, provide. Thus, interviews are most suited when little is known about the studied phenomena or when specific insights from individual participants are required. Additionally, they are well-suited for examining delicate themes, when participants may be reluctant to discuss them in a group setting.

3.4 Sampling

This study uses purposive sampling by identifying key informants in FBOs, *Madaris*, the local community, and law enforcement agencies. Around thirty interviews have been conducted from all four units of data collection. The threshold level of thirty interviews is selected because beyond that researcher found repetition in responses of different key informants and saturation in responses. In other words, information's and insights from the key informants appeared to be satiated after taking only thirty interviews.

3.5 Units of Data Collection

There are four different units of data collection in this study. The first UDC contains key informants in the form of caretakers of *Madaris*. The second UDC constitutes key informants in the form of a representative from FBO's. In a similar instance, perspectives of the local community and law enforcement agencies are also significant, therefore have been used as the third and fourth UDCs of this study.

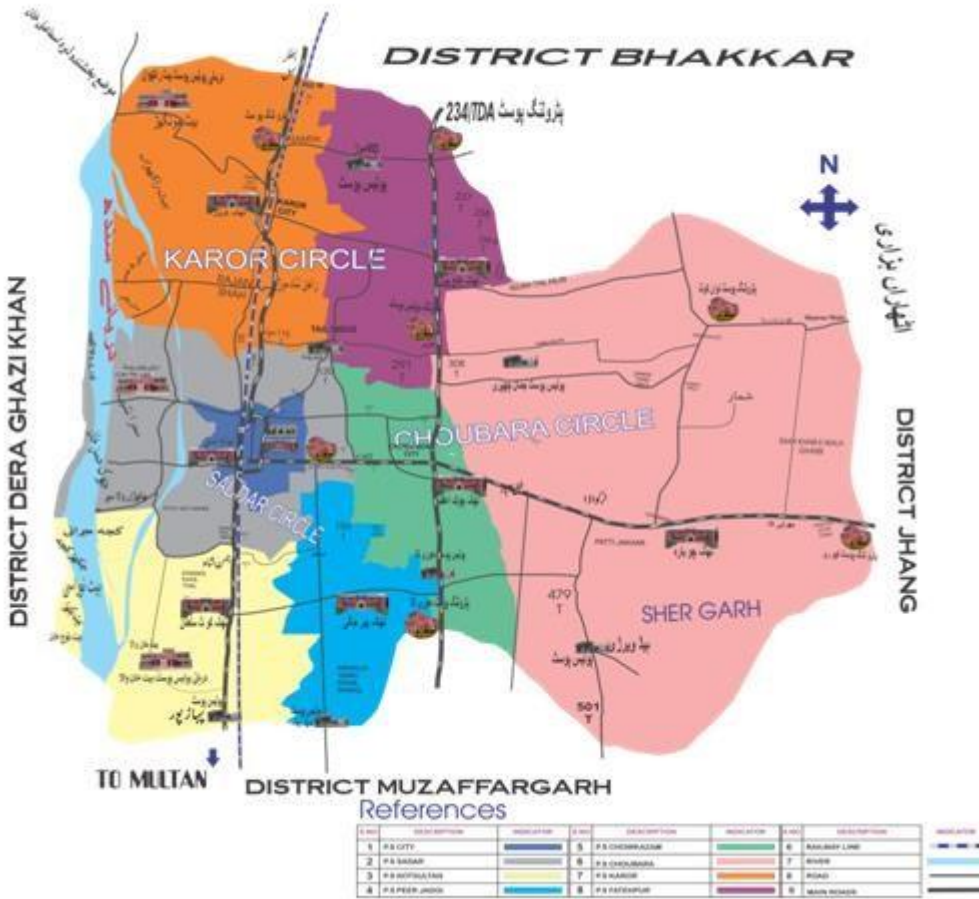
3.5.1 Unit of Data Analysis

In this study the researcher has taken four different categories as unit of data collection. Moreover, the researcher has taken individual case as a unit of data analysis. In the first UDC we have taken 6 semi-structured interviews from the representatives of FBOs in the locale. In the second UDC, we have taken 6 interviews from the caretakers/administrative of *Madaris* of locale. In the third UDC, we have taken six semi-structured interviews from the officials of different law enforcement agencies of locale. In the fourth UDC we have taken 12 semi-structured interviews from the local community of locale. All these interviews were considered as individual cases.

3.6 Locale

The study locale for this research study is the district of South Punjab i.e. Layyah. Further there are three tehsils in Layyah i.e *Tehsil Layyah, Tehsil Chobara, Tehsil Karore Lal-esan*. The purpose of choosing South Punjab is due to its socio-religious contexts and flourishing religious economy. Because in South Punjab, different FBOs and *Madaris* are operating as the local community is Muslim in the majority sense. Therefore, choosing this locale is of much significance to achieving study objectives.

MAP OF DISTRICT LAYYAH



CHAPTER 4

CHAPTER 4

DATA ANALYSIS

4.1. Introduction

Data analysis is a process in which the researcher inspects and transforms obtained data into useful information by focusing on the stated objectives of the study under consideration. One of the main objectives of data analysis is either to generate a hypothesis or to confirm a hypothesis. In this regard, the basic objective of the researcher in this analysis is not to confirm a hypothesis but to generate a hypothesis. That is, the researcher is interested to generate a hypothesis by identifying tactics used by Faith-Based Organizations and *Madaris* to convince local people and collect a huge amount of financial assistance. This can be done via inspecting and transforming the obtained data and combining existing knowledge in this domain. There are many types of data analysis i.e., Descriptive analysis, exploratory analysis, causal analysis, inferential analysis, and predictive analysis. However, only descriptive and exploratory analyses have been frequently used especially for qualitative studies (Phillips & Stawarski, 2008). In this regard, the researcher uses exploratory data analysis by exploring obtained data and finding the relationship between different types of tactics used by FBO's and Madrassah to convince the local community and establish a smooth flow of local financial assistance.

For primary data collection, the researcher has conducted semi-structured interviews from four different UDC's i.e., 1) Caretakers of *Madaris*, 2) Local Leadership of *Jamat ud Dawa* and *Sipah e Sahaba*, 3) Local community and 4) Law enforcement agencies. Initially, the researcher has transcribed audio data into a textual format for all UDC's one by one. In the second step, the researcher has assigned basic codes to describe the available contents. And in the third step, the researcher has made efforts to extract themes from the codes across different interviews of the respondents. This process has been applied to all UDC's

and the researcher has produced different themes for different UDC'S. In the next section, the researcher provides a thematic analysis of findings in each UDC.

4.2. Caretakers of Madaris (UDC 1)

The role caretakers play in different *Madaris* is highly significant as their decisions related to different activities in *Madaris* are binding. Considering their important role in the establishment, maintenance, and growth of *Madaris*, the researcher has taken in-depth interviews of four different caretakers. The researcher has divided these in-depth interviews into three parts. In the first part of the interviews, the researcher has asked about Foundations, Land purchase, and Registration of these *Madaris*. Moreover, the first part of the interview also investigated the total number of students, teacher, and their demography. In the second part of the interviews, the researcher has investigated different sources of financing the expenditures in these *Madaris*. and in the last part of the interview, the researcher has critically investigated the role of FATF legislation, its religious importance, and its impact on the check and balance of donation collections in these *Madaris*. Further, in the last part of interview with caretakers, the researcher has tried to understand the role of religious groups, organizations, and institutions in terror financing in Pakistan.

4.2.1 Foundation, Land purchase, and Registration.

Two of the current caretakers have founded their respective *Madaris*. The third madrassah was founded by the father of current caretaker while the fourth madrassah was founded by Jamiya *Salfiya* (An organization propagates the philosophy of *Ahl e Hadees Maslak*). In each case, land for these *Madaris* have been donated by a community member either directly buying the land or through his marginal charity contribution. For instance, as revealed by one of the caretakers that,

“That land was provided by a friend of the current caretaker”. and in other cases as revealed by respondent,

“Land was purchased through charity funds collected from community members”.

In some cases, community member directly buy the land for madrassah and then donate the land for construction purposes. The role of registered and unregistered *Madaris* are conflicting at least in the literature. For instance, a number of unregistered *Madaris* are operating in the country and have been forceful in avoiding the registration process. One reason Pakistani *Madaris* are avoiding the registration process because they are unwilling to be monitored by the government

(Bashir & Haq, 2019). However, registered *Madaris* are more open and can be monitored by the Government regularly or in time of crisis. In this regard, researcher explores during the interview that four out four *Madaris* selected as sample in this analysis are registered with the government and as a result prone to financial oversight by the government and its law enforcement agencies.

4.2.2 Number of Teachers and Students

The cost of daily operations in running madrasa mainly depends on the number of people such as students, and teachers. The cost of daily operations are high in *Madaris* characterized by higher number of students and teachers. Some estimate suggests that almost 2.5 million students are currently enrolled in total 32,000 Pakistani *Madaris* (Abbas, 2018). In this regard, researcher has found that the number of students vary from low 70 to high 1000. For instance, the total number of students in one madrassah reported around 130 while another reported around 350. Another major findings is that the number of students are low in *Madaris* controlled by *Ahl e Hadees Maslak* compared to *Madaris* operating under *Deobandi Maslak*. In the same way, the number of teaching staff ranges from low 12 to high 31. These numbers are consistent with the fact that higher number of students require higher number of teachers. Further, researcher has

also identified that teachers and students are mostly locals and locals. However, almost 90 percent of students and teachers are boarded in these *Madaris*. It implies that operational and maintenance costs are high in these *Madaris* as expenses on food, shelter, electricity and clothing require huge amount of funds and led us to ask about the financing mechanism of these expenditures.

4.2.3 Sources of Financing the Expenditures

Madaris in Pakistan serve two basic public related functions. In the first place, *Madaris* provide free religious education in the country with minimum governmental support. Secondly, *Madaris* also provide shelters and boarding facilities to hundreds of underprivileged students to whom this is the only available form of education based on their current socio-economic conditions. In order to finance expenditures related to different types of activities in *Madaris*, the administration asked for donations from community members and ordinary people (Candland , 2007). In this regard, when the caretakers have been asked about the sources of expenditure-financing, they pointed out donations from community members, friends and relatives of these caretakers both inside the country and abroad, organizations such as *Jamiya Salfiya*, different committee members composed of elders members of the society, independent donation collection during *Ramzan* and *Eid-Qurban*, and *Madaris* owned properties in terms of rented shops. However, each of the four different caretakers categorically denied any sort of financial assistance from the ruling government. In the same way, two of these caretakers revealed that their *Madaris* are affiliated with *Jamiya Salfiya* while the remaining two pointed out their affiliation with a political religious party JUIF.

It is an established fact in majority of Muslim countries that the establishment, sustenance and growth of religious institutions, such as *Madaris*, are directly dependent on the donations of community members. The marginal contribution of each community member is more than significant, especially, when government's contribution is minimal or negligible. Alternatively, the role of society is more significant

than the role of government as far as survival and growth of *madaris* are concerned. In the post-cold-war era, socio-religious conditions in Pakistan are inextricably connected because since then the government has been showing minimal interest in providing the required funds to *Madaris*. (McClure, 2009)

For instance, One of the caretakers in *Deobandi Madaris* appreciated the role of community members and asserted that,

“All expenditures are met by charity funding of local people”.

According to the caretaker,

“The services provided by different Madaris are for the sake of GOD, and for that reason Almighty helps us to continue the work. You can’t calculate it precisely as there are more expenses than the collections and raised funds”.

In this regard, one can argue that regular donations from community members are critical for smooth functioning of these *Madaris*. In the same way, the role of organizations such as *Jamiya Salfiya* is also critical in financing current expenditures related to food, clothing, electricity and books. Further, for smooth-functioning of these *Madaris*, there should be a regular flow of stream in terms of constant or major donor. In this regard, researcher explored no constant or major donor in these *Madaris* but a committee of elder members in case of *Deobandi Madaris* and organization like *Jamiya Salfiya* in case of *Madaris* controlled by *Ahl e Hadees Maslak* . For instance, One of the caretakers revealed that,

“It is a backward area there are no big traders and donors here funds are provided by our head organization Jamiya Salfiya”.

Another caretaker stated that,

“There are no constant donor, different people donate at different times, and donation amount depends on the financial conditions of donor.”

One possible reason of not revealing names of major donor could be a religious condition that charity should be carried out silently. For instance, one of the caretakers argued that,

“I cannot tell you the names of such people (Major Donors) as they put a condition not to reveal their identities”

According to the caretaker, this is because the law enforcement agencies look in to such contributions with suspicion and harass the donors and I can quote several examples of such harassments. In the same way, some donors for the sake of religiousness put a condition not to reveal their identities. For all these reasons, none of the caretakers in each madrassah have disclosed identities of major and constant donors. However, two of the caretakers, one from *Deobandi Madrasa* and second from *Ahl e Hadees*, pointed out two types of major and constant donors i.e., Head committee of elderly members and organization like *Jamiya Salfiya*. For instance, one of the caretakers disclosed the fact that,

“It is Jamiya Salfiya who designs the syllabus and takes annual exams in our Madrassah. This organization also provide funds to meet expenditures related to food, clothing and books”.

Apart from funds donated by community members and religious group, there are many other permanent sources of financing *Madaris* expenditures. In this regard, researcher has explored one such permanent sources of funds i.e., property or land owned by the madrassah and rented shops.

For instance, one of the caretaker of madrassah argued that rented shops cover a big part of daily expenses like salaries of teaching staff.

“The madrassah owned two rented shops and contributes a big part in expenses just like the salaries of teaching staff. The madrassah has received 1.5 lacs per month form Madrasa property”.

Another Caretaker revealed that,

“His madrassah owned property in the form of shops which are not rented yet”.

And caretaker of *Deobandi Madrassah* claimed that,

“Some of our Madaris own some resources in the form of commercial shops or agricultural land but my madrassa do not hold any such type of resource”

Others such permanent sources are independent annual donation collection in the month of *Ramazan* and *Eid e Qurban*, and in some cases foreign donors especially from Gulf countries as majority of Pakistanis are living in the region. In other words, apart from *madrassa* owned property, one of the caretakers revealed that both annual donation collection and foreign donations are critical to meet different kind of expenditures. For instance, he claimed that,

“Our Madaris used to receive donation from friends and relatives in Saudi Arabia”.

However, the caretaker further revealed that the current and preceding government imposed different kind of restriction upon receiving donation from foreign countries. As the caretaker argue that,

“With the passage of time, Government policies have been strict and for that reason donors find it difficult to send donations from abroad as the government institutions regularly scrutinize Madaris bank accounts”.

In similar instance, another caretaker points out that, in an environment where one cannot collect donations from the members of local community, it is extremely risky and dangerous to get involved in collecting donations from a foreign country. As he argued that,

You cannot openly collect donations as there are many complications attached to it as Government institutions never allow us to collect contributions. Even if someone comes to us and donate us animal heeds or grains we still have to give explanation for this to the authorities. In some cases, they arrest us without a reasons. Last year I got arrested and an FIR was filed against me just because some local people came and donated animal heeds to the madrassa. It is very difficult to get NOC from the district government.

Under such circumstances, when the government is narrowing fund-raising opportunities for these *Madaris*, still there are seasonal options for *Madaris* in the form independent donation collection in two auspicious month of *Ramazan* and *Zil-Hajj*. These two months are considered as more auspicious because muslims not only in Pakistan but around the world prefer to donate in these months, and thus provide an opportunity for *Madaris* to collect maximum donations from muslim community members. For instance, one of the caretakers expressed his views in this way,

“In the month of Ramazan, our Madrassah regularly arrange a special donation program to collect Zakat and Fitrana both in our own District and all over Punjab”.

According to the caretakers, they receive different kinds of contribution or donation in these months. Donation ranges from Animals skin, Grains, Cereals, Money, materials for construction in *Madarisa*, and Cloths, Books&shoes for students.

4.2.4 Check and Balance on Donations

In Pakistan, the idea of check and balance on collections of *Madaris* is a recent phenomenon and became more important in the context of FATF legislation. Before that, the process of registration was started when the government passed National Action Plan in 2015. One basic justification constantly provided by the government in the favor of monitoring and having check and balance on *Madaris* collections, is that these funds are allocated for terror financing and posing threats to both national security and international image of the country. Thus, in order to avoid FATF black list, law enforcement agencies are showing more concerns in dismantling networks of terror financing in Pakistan via monitoring *Madaris* collections. (Zahid, Adnan, & Talpu, 2020)

In this regard, one of the caretaker responded that,

“Yes, government monitors through all means even record our phone calls. There is an audit for all the donations and contributions. Government institutions do not co-operate with us therefore we also do not like to co-operate with them. Now we do not give them the correct record rather we do not keep the original record in the madrassa as well. Seven different agencies supervise us and take our people into custody as they want and don't even inform us that where they took them”

Another caretaker claimed that,

“Yes absolutely they (Government) monitor each and everything”.

And,

“The role of government is not cooperative rather government harassed us a lot on the basis of lame legal excuses. They record our calls and make it compulsory to ask for permission before we leave the place for some personal matter. They put us in 4th schedule without any useful evidence. Now the

people working with Madaris do not reveal the truth to the authorities. Now they do not help the authorities with anything as they have been harassed a lot in the past. CTD arrests our workers without any reason at many instances”.

However, the caretaker of one of the *Ahl e Hadees Madarisa* revealed that we have our auditing system and our *Jamaat* always check and balance of *Madaris* annual budget. The caretakers also revealed that they do not pay any kind of taxes when they have been asked about reporting to FBR. One of the caretaker responded that,

“We do not pay typical Taxes but we do pay our electricity and utility bills and we do not report to a certain institution on regular basis”.

4.2.5 FATF Legislation and its Importance for Madrasa

Many scholars are of the view that funds donated to *Madaris* are sometimes reserved for illegal activities such as Terror Financing (Khatak & Muhammad, 2015) . FATF oversees and regulates issues such as money laundering and terror financing, and put countries on either grey list or black list based on the frequency and intensity of incidents related to money laundering and terror financing. Pakistan as a Muslim majority country hosts thousands of *Madaris* which are directly dependent on funds donated by community members. Evidently, the land of Pakistan has been used for terror financing and money laundering, and for that reason is on FATF grey list. In order to avoid FATF black list which is much more harmful in the context of Pakistan’s economy than grey list, the parliament has passed important FATF legislation, and enacted law enforcement agencies to monitor the networks of terror financing inside the country. (Amin, Muhammad, & Naseer, 2020).

One aspect of FATF legislation is directly linked with thousands of operating *Madaris* inside the country. As this legislation prioritizes a proper check and balance on the financial activities of *Madaris* across the country. In order to explore the perspective of caretakers of Madrassah in this regard, researcher has asked from these caretakers about FATF legislation and its significance for the accountability of financial activities carried out in these *Madaris*. According to these caretakers, what has been legislated in the name of FATF legislation is an open attack to take over the ‘*Wakaf*’. Caretakers are the view that, this is a single legislation upon which each of the existing sects in Pakistan have consensus that it is an international conspiracy against the growing role of *Madaris* in our society. For instance, one of the caretakers claimed that,

“FATF legislation is anti-Shariah and has been questioned by each of the existing Wafaq Like Wafaq a Salfiya Wafaq a Deo Band Wafaq a Barelwi”.

“This legislation is an attack of western culture and should be taken as an international conspiracy against the growing role Madaris in our society”.

Another caretaker opined that,

“Government agencies have changed their way of dealing with Madaris’s and it is more than evident after FATF legislation”.

These caretakers have a better understanding of the implications that are expected to be taken place in the future. For instance, efficient check and balance mechanism will reduce the collection capacities of *Madaris* and aggravates finance related issues in these *Madaris*. In this regard, one of the caretaker proclaimed that,

“There is no place for such legislation in Shariya. There is no flexibility in this regard. The donations have to be spent where donors wants to spend. If the government take possession of wakaf Then they have answerable in front of a Allah We do not want to confront the State institutions”.

In other words, after this legislation the government agencies have turned around their approach of monitoring the financial activities in *Madaris*. According to the caretakers, law enforcement agencies have started visiting *Madaris* frequently and without their approval no madrassah can arrange any type of religious ceremonies. Further, the caretakers revealed that law enforcement agencies also collect background information of different donors and frequently interrogate them. For instance, one of the caretakers responded that,

”After FATF legislation, the intervention of Law enforcement agencies in the affairs of Madaris has been frequent. Every now and then, they come, harass us, and acquired relevant information about Madrasa. I personally encountered with CTD staff during a religious ceremony in our madrasa. He asked about the donors name and interrogated about how we get money to arrange this religious ceremony. Later, I came to know that law enforcement agencies have also scrutinized the bank accounts of our donors, and a result they stopped funding”.

According to different international observers including FATF, *Madaris* in Pakistan are involved in terror financing and because of that they are providing safe havens for different terror financing groups. However, each of the caretakers have categorically denied to these allegations and instead portrayed the role of religious institutions in a very different manner. According to the caretakers, historical role of religious institutions have been changed in the country and such allegations are part of international conspiracy to halt the growing role of *Madaris* in our society. In this regard, one of the caretakers argued that,

“These types of allegation are more common and there are many reasons for that. For example, everyone knows that during cold war our religious institutions have been involved in harboring Mujahideens. At that time, when international terrorism was started some black sheep’s were put in these institutions to blame everyone in the system. Literally I never find religious institutions involved in the terrorism”.

In similar instance, another caretaker claimed that,

“Have you ever heard any Imam or khateeb saying that you should go and fight with army or state? No! This is propaganda of international heinous forces that Madaris are supporting terrorism and people in our own country use these blames to make their western Lords happy. Otherwise there is no truth in these blames. They have created such groups by themselves and when such groups started working against their will they called them terrorist”.

4.3 Leaders of Faith-Based Organizations (UDC 2)

Some organizations are functional in the country on the basis of particular type of faith famously termed as Faith-Based Organization. In this section, researcher evaluates major findings obtained through interviewing three different types of representatives of two Faith-Based Organization I.e.,

Jamat ud Dawa and Sipah e Sahaba. More specifically, the first respondent is a District Ameer of *Jamat ud dawa*, who has worked for this organization almost for thirty years. Second, respondent is *Salar e Punjab* in *Sipah e Sahaba* and has worked for almost eight years in this organization. And the third respondent is a representative of *Jamat ud dawa* logistical department. Different types of theme emerged during these interviews i.e., Organizational structure of Faith Based Organizations as a major theme emerged that consist of sub-themes such as, hierarchical structure, basis of promotion in the organization, and privileges and decision making authority of District *Ameer*. Other major themes that emerged during

interviews are, basis of donation collection, types of donor and donations, and spending pattern of collected donations. In the next section, researcher presents analysis and discussion based on the above mentioned themes.

4.3.1 Organizational Structure

Modern theories of organizational structure prioritize a more decentralized management structure instead of a top down approach. That is, authority and autonomy at different level of hierarchical structure will reduce the error gap in various kind of decision making. Therefore, a more decentralized management structure proved to be more efficient than top-down regulation. In this regard, researcher found that management structure of Faith-Based Organization is more close to decentralized management structure than top-down hierarchical structure. For instance, at District level the authority is given to District Ameer who is responsible for handling affairs and activities inside the District. At Tehsil level, the authority is given to *Mehsool* who is responsible for handling affairs and activities inside the Tehsil. In the third tier of hierarchical structure which is Union Council, *Numainda* controls and monitors different type of activities inside the union council. Union councils have further been decentralized in such a way that every UC contains twelve *Chak* one representative from each *Chak*. Finally, in the last tier there is a committee of five members.

According to the District *Ameer* of *Jamat ud Dawa*,

“The organization operates in more than fifty UC’s, and in each UC Numainda controls and monitors different type of activities”.

“There are more than three thousand members connected to the organization in one District”

“The organization has forty two wings and offer forty two different type services.

“And, almost three hundred schools and one hundred Madaris are functional under the organization.

However, the second respondent who has worked for e *Sipah e Sahaba* both as Tehsil President and *Salar e Punjab*, sketched a different hierarchical structure of his organization than that of *Jamat ud Dawa*. According to him,

“There is central body which he named as administrative body that consists of clerk and accountants, and operates from a Central Masjid in each District”.

“Other two important wings are Askari Wing and Finance Wing. The Finance Wing consists of unit of funding in every village that works under an office holder”

Promotion in an organization from one tier of hierarchical structure to another is conditioned on many factors such as performance, experience or age, and innovation. That is, organizations pay more reward to their employees by promoting them to a higher tier of hierarchical structure mainly due to their good performance, experience or age, and innovative way of doing things. In this regard, researcher found that the basis of promotion in Faith-Based Organizations are similar to the findings of literature. For instance, according to the District *Ameer of Jamat ud Dawa*,

“For promotion from one position to another, the organization considers quality of work, age or experience, and sometimes specific set of skills”.

The role of suitable reward system in enhancing organizational productivity has been discussed in the literature. That is, in order to increase motivation and commitment of organizational members, the organization should design a more lucrative reward system. In other words, apart from basic salary, the organization should also provide other types of privileges such as medical care, transport facilities and apartment facilities. In this regard, the District *Ameer of Jamat ud Dawa* revealed that,

“I receive 20 thousand form the organization as monthly salary and sometimes 30 thousand, a motor bike and an apartment or house”.

However, the respondent from *Sipah e Sahaba* argued that,

“We are connected to the organization for a higher purpose, for a divine purpose, and no amount of reward can satisfy our members because organizational mission is worthy than any type of reward”.

Decision making in these organizations are mostly carried out through meetings and building consensus on each specific issue. At District level, the Ameer convene a meeting at the end of every week and the participation of *Mehsool* from Tehsil and representatives of Union Councils is mandatory. The Ameer set the schedule and send progress report to division at the end of every month. According to the District *Ameer of Jamat ud Dawa*,

“As an Ameer, I can only give my opinion which I mentioned in the progress report. Whatever we collect in donations send to upper body and contribute to the welfare of organization”.

4.3.2 Basis of donation collection

The concept ‘Basis of donation collection’ is used to explain the interaction of donors or contributor with Faith-Based Organization, and through this intersection Faith-Based Organization are able to collect huge amount of donations. In other words, it implies that for what purposes these organization collect donations from different type of donors. Based on general observation and extensive reading of literature, one can figure out few such kind of basis that are used by Faith Based Organization for donation collection. For instance, as usually claimed by Faith-Based Organization that they are collecting donations for purely humanitarian purposes and to improve the public welfare of those directly or indirectly connected to these organizations. In the same way, it was generally observable in the late 1990’s that these organizations

were also collecting donations in the name of Jihad against infidels in various parts of the world especially Kashmir, Afghanistan and Palestine. However, after National Action Plan in 2015 and especially in Post FATF legislation in the country, these organizations have been prevented by Law Enforcement Agencies from collection donations for Jihad purposes. In this regard, one basic justification constantly provided by the government is that these funds are allocated for terror financing and posing threats to both national security and international image of the country.

In this regard, researcher asked about the basis of donation collection from different representatives of Faith-Based Organizations, and found different such basis i.e., In the name of religion or God, public welfare of *Jamat/Sect* members and other deserving, In the name of Jihad and *Mujahideen*, to finance expenditures related to schools and *Madaris* owned by these organizations, to provide scholarships for deserving students in these institutions, and to provide living expenses of widows and children. For instance, as revealed by the District *Ameer* that, ***“We collect donations for purely humanitarian purposes, for public welfare. in the name of God and Jihad, and some people donates for philanthropic reasons , and some donates because we have personal relations with them”.***

In the same way, according to the representative of *Sipah e Sahaba*,

“We collect donations because we have to finance different kinds of public welfare programs as our organization provide scholarships to deserving individuals who volunteer their time to assist the organization”.

“And, we collect donations to help widows and children who have lost their father (shaheed). We spend money on their living expenses, schooling, and so forth. In addition, via our efforts, we are able to defend our clients in court who are incarcerated”.

According to the representative of *Jamat ud Dawa* logistical department,

“In order to reach out people, we consider their social capital as well as their religious convictions. We go door to door and seek for donations in the name of JuD from each and every family but most of the time personal contact with donors that are critical basis for donation collection”.

4.3.3 Types of donations and donors

Donations collected by Faith-Based Organizations take different form such as animal’s skin, Grains, wheat, money, materials for construction in *Madaris*, and cloths & shoes for students. In special occasions such as in *Ramzan* these organizations collect donations in the form of *Zakat* and during harvesting in the form of *Ushr*. As far as the type of donors are concerned, the frequent donors are the members of organization or community members who share the same sect apart from that, businessmen, landlords, and people in close contact with the organization other than community members, *Zakat* in *Ramazan*, Animal skin providers in *Qurban Eid*, *Ushr* provider time of harvesting, foreign donors and so forth.

For instance, the District *Ameer of Jamat ud Dawa* responded in this regard that,

“The organization receives donations irrespective of donor’s sect and religion, but still the greater contribution comes from Jamat members who regularly contribute at the end of every month”.

“And our organization receives huge amount of donations in the form of Ushr and Zakat from Landlords and businessmen”.

In the same way, according to the representative of *Sipah e Sahaba*,

“The organization collects donation usually on the basis of sectarian-association but some time businessmen and investors also provide donations”.

They (members) look into things in a more personal way as they believe in unity and cooperation for their identity and survival. In other words, sectarian-association that implies the connection of members to their particular sect, plays a crucial role in protecting the identity and overall survival of the organization. However, the second respondent from *Jamat ud Dawa* agreed with the District *Ameer* that the organization collect donations irrespective of sect and religion. For instance, he proclaimed that,

“We collect wheat and money from Ahl e Tashi, Ahl e Hadees, Sunni, Barevli, and Deaband. I have observed that Ahl e hadees used to give extra ushr in the form of wheat”.

Based on the above findings, it can be said that there is no target group for donation collection in case of *Jamat ud Dawa*, while *Sipah e Sahaba* mostly target its own members for donation collection.

4.3.4 Spending pattern of collected donations

After identifying basis and type of donations, it is of great importance to look into the pattern of expenditures in Faith-Based. In other words, it is significant to investigate the spending pattern of Faith-Based Organization especially when one has already identified the basis and motivational factors of donation collection. The basis of donation can be enlisted as, in the name of religion or God, public welfare of *Jamat/Sect* members and other deserving, in the name of Jihad and *Mujahideen*, to finance expenditures related to schools and *Madaris* owned by these organizations, to provide scholarships for deserving students in these institutions, and to provide living expenses of Widows and children. Thus, this section evaluates spending pattern of Faith-Based Organization on the basis of above mentioned basis of donation collection.

In this regard, the researcher came to know the fact that Faith-Based organizations are utilizing donations on various public welfare programs including schools and *Madaris*, on needy persons and families, and to provide privileges to members at managerial position. All three respondents categorically denied the allegations that Faith-Based Organization reserves some part of donation for illegal purposes such as terror financing. For instance, the District *Ameer* argued that,

“The role of law enforcement agencies in monitoring Faith-Based Organization is revolving around the pattern of donation spending. That is, law enforcement agencies monitor the spending pattern of Faith-Based Organization three-times in a year, and under such conditions the organization is forced to spend the collections for due purposes”.

“And the organization spends Ushr on the public welfare programs and other humanitarian purposes”.

Earlier, the organization used to reserve some share for the sake of Jihad and for *Mujahideen* but after the FATF legislation it seems difficult to continue with this approach. The current monitoring mechanism has prevented Faith-Based Organization to spend the collections on illegal missions such as supporting *Mujahideen* and other types of sectarian groups. For instance, the representative of *Sipah e Sahaba* argued that,

“The organization spend money on the living expenses of poor families and students in both school and Madaris. The major portion usually spend on enlarging the memberships of organization through the provision of public welfare programs”.

4.4 Local Community (UDC 3)

4.4.1 Charity to organization supporting own sects

Most of the respondents give charity only to their own sect for many reason. According to some respondents, for instance it's the cultural norm that everyone in their surrounding donates on sectarian basis and only give charity to mosques, *Madaris* or schools under the control of their own sect. Majority of the respondents are of the view that, once you donate then the recipients come every year implies that the take into account details of donors. One reason respondents put forth for giving charity to their own sect is due to the sectarian division in the country.

For instance, *Ahl e Hadees* follower mostly interact with members of his own sect at mosque, madrassah or during religious ceremonies. And his children would only enroll in madrassah of his own sect. All these reasons pave the way for donors to donate only to their own sect as all their stakes are connected to their particular sect. For some respondents, since charity donations is a religious duty and foundation of religion and for that reason should be carried out cautiously. For them, recipient of charity should be a trustworthy person or organization and should only be given on the basis of familiarity. Thus, sectarian association provides such basis of familiarity and for that reason they donate charity to their own sect.

In this regard majority of the respondents discussed that,

“ The basic reason behind giving charity to own sect is the insecurity and blaming game on the part of religious leaders of other sects”.

Three of the respondent argued that,

“We are so much connected to religious organization of our own sect because our children are acquiring religious knowledge form this organization and for that reason we are morally bound to support mosque and madrassah under the control of our own sect”.

And for some respondents, as they argued that,

“Charity donations is a religious duty and basis of societal harmony and should be provided one the basis of familiarity as there are chances that these funds might be used for illegal purposes.

And sectarian association provide the required level of trust and for that reason we only give charity to own sect”.

4.4.2 Charity to needy or based on humanitarian purposes

The second major theme emerged during the interviews is that most of the respondents give charity to needy and based on humanitarian purposes. According to some respondents, charity should be given to needy people such as beggars, widows, orphans, disables, and those organization working for public welfare. Majority of the respondents are of the view that the contemporary condition of our society is not satisfactory and there exist poverty, inequality, and other evils. For all these reasons, it is mandatory upon Muslims to donate and put their effort to reduce negative impacts of mentioned evils. Further, respondents argued that in the presence of growing inequality and poverty, considering members of own sect as only deserving for charity donations is not a rational type of behavior.

In this regard, majority of the respondents are of the views that,

“They donate whenever they were asked to, regardless of time and location. In other words, respondents opined that donations have no specific time and location. However, some are of the

View that there are special occasions such as at Friday's prayer, time of harvesting, in the month of Ramazan and Zul Haj, and sometimes at the end of religious ceremonies”.

“There are various reasons based on which they donate charity. For instance, majority of the respondents consider donations as religious duty, foundation of religion, and source of promoting harmony and equality in the society. For some respondents, sectarian association motivates them to donate charity only to their own sects”.

“There are many recipients for charity donations. That is, for majority of the respondents donate charity to madrassah and mosque. Some of the respondents donate to needy and poor people via fulfilling their basic needs. Many other recipients are, beggars, orphan centers, and religious organizations”.

4.4.3 Charity through religious ceremonies

Most of the religious institutions and organizations conduct religious ceremonies on some special occasions. It has been generally observed that, administration of the religious ceremony usually call for donations at the end of the program. In this regard, majority of the respondents agreed that they attend such type of religious ceremonies. On the other hand, some of the respondents revealed that do not attend religious ceremonies now. Different type of justifications provided by the respondents such as, it makes religious attachment stronger and increase religious understanding. According to the respondents, they attend religious ceremonies because the discussion and preaching of peaceful Islamic message motivates them to attend. For some, they feel spiritual betterment during and after the religious ceremonies and for that reason regularly attend religious ceremonies. On the other hand, some are of the view that religious scholars hate speech regarding other sects reduce its impact and they usually avoid these ceremonies. According to majority of the respondents, they usually donate at the end of these religious ceremonies

when the asked to donate. However, respondents revealed that they donate for human welfare and consider donations as a religious duty.

For instance, some of the respondent argued that,

“They attend religious ceremonies only in the month of Ramazan”.

“They always ask for donations at the end of every religious ceremony”.

“Some attenders donate regularly after being impacted upon listening a good speech as they feel spiritual betterment”

However, majority of the respondents are of the view that,

“It is not about the impact of religious ceremony but people donate to support the madrassah in order to meet expenditures.

4.4.4 Charity as a source of terror financing

The importance of this theme lies in the fact that government has already banned Faith-Based Organizations to collect donations from people. Thus, it is imperative to discuss whether the local community members are aware of the FATF legislation. In this regard, majority of the respondents revealed that they came to know about this legislation through media and newspaper and are aware of the concept of terror financing. Some of the respondents shared that after this legislation members of Faith-Based Organization are not receiving donations as much as they received earlier. Majority of them know the fact that their donated charity funds are often reserved for terror financing as they have witnessed numerous terrorist incidents inside the country.

For instance, some of the respondents are of the view that,

“Before FATF legislation, members of FBO’s frequently asked for donations in the name of Jihad and Mujahideen but this pattern has been disappeared from the last three years”.

However, for some respondents as they argued that,

“They know FBOs are being banned, but the government must find an alternative way as these organizations which are banned were working really hard for domestic public welfare”.

“And government must make legislation for these organization or make them accountable for their finances rather than imposing complete ban on them”.

4.5. Law Enforcement Agencies (UDC 4)

In order to gauge the current implementation stage of FATF related legislation in Pakistan, researcher has also interviewed personnel’s of law Enforcement Agencies and tried to explore the current monitoring mechanism of FBO’s and *Madaris*. It is imperative to analyze the perspective of Law Enforcement Agencies especially after having perspectives of both FBO’s and *Madaris*. During the interviews with the personnel’s of Law Enforcement Agencies, three major themes have been emerged such as Monitoring of FBO’s and *Madaris* by Law Enforcement Agencies, Legal actions against illegal donation-collection and Importance of FATF legislation in extending working domains of Law Enforcement Agencies in post-FATF legislation scenario.

4.5.1 Monitoring of FBO’s and *Madaris*

To the first question that asked about monitoring of FBO’s and *Madaris*, all of the respondents agreed that law enforcement agencies do monitor both FBO’s and *Madaris*. According to the respondents, law enforcement agencies monitor these organizations and institutions in three specific way. The first approach is more technical one which they referred as technical surveillance. Under technical surveillance, virtual

investigation is conducted via checking social media accounts, call detail record (CDR), and bank accounts. For instance, one of the respondents claimed that,

“We monitor them in three ways. First one is a more technical surveillance in which we focus on virtual investigation via checking, mobile phone, Facebook account, WhatsApp details, and call detail record (CDR). Second type of monitoring is more physical than technical, and carried out through sending staff members to physically visit madrassahs and faith based organization centers. The last type of monitoring is invisible monitoring and under which, the suspect does not know that he is under the personnel approach them with unknown identity talks to them and sit with them”.

Personnel’s of CTD conduct physical inspection under the title of ‘special operations’. For instance one of the respondents argued that,

“Without the help of R&D, information technology, intelligence reports and special operations, it is extremely difficult to effectively monitor these organizations and institutions”.

“And personnel’s of security and special branch in local police have been ordained to regularly monitor both FBO’s and Madrassah”.

According to the respondents, the most important aspect of monitoring FBO’s and *Madaris* is related to donation collection. After the FATF legislation, both FBO’s and *Madaris* have been banned from collecting donations except those having NOC from the ruling government. That is, government only provide NOC to registered *Madaris* and FBO’s, and without NOC the process of donation collection is an illegal activity. In this regard, one of the respondents argued that,

“Our main concern is to scrutinize not only the collection process but the spending pattern too as it is helpful to explore the discrepancy between total revenue and total cost”.

In similar instance, the second respondents are of the view that,

“The amount of money, and quantity of grains and animal heeds should be justified in front of law enforcement agencies whenever required”.

There are evidences that banned outfit such as *Sipah e Sahaba* and *Jamat ud Dawa* are still collecting donations regularly and mostly on special occasion i.e., In the month of *Ramazan* and *Zil Hajj*. However, respondents in this regard are of the view that without having NOC, the activity of donation collection is illegal such actors will be detained upon investigation. For instance, one of the respondents claimed that,

“If Madrasa is registered with government and collecting wheat then it’s normal and not a big deal. One must have a letter of authorization (NOC) in order to collect donations; otherwise, they will be detained”.

4.5.2 Legal action against illegal donation-collection and Community reaction

It has been affirmed on the basis of discussion in the preceding section that the activity of donation collection without NOC from the ruling government is an illegal activity. That is, those involved in illegal donation-collection are subjected to legal action and law enforcement agencies have been authorized by the government that they can take legal action against illegal-donation collection. In this regard, respondents revealed that a proper investigation of bank accounts, bank transactions, income and expenditures of a suspect and his family is the first step of legal action. In the second step, which is carried out upon charges being proven against the suspect, an FIR would be lodged against him and the rest is judiciary process. In addition, respondents also revealed that community reaction is not supportive in most of the cases. We rarely receive support of the local community when we arrest a bearded-suspect similar to the volunteers of FBO’s. In most of the cases we can’t provide evidence to the public, and 80%

of our work is not discussed with public, and for that reason local community often speak against us/our work.

For instance, one of the respondents argued that,

“There are numerous pending reports that contain information about different suspects but legal action requires proof and evidence and for that reason the first step plays a critical role in the whole investigation process”.

The situation is worst in upper Punjab than South Punjab. Majority of the people in South Punjab are overall peaceful and non-violent. They don't counter law enforcement agencies. People in south are soft as compared to the Upper Punjab. It implies that local community reacts in favor of law enforcement agencies. For instance, one of the respondent claimed that,

“I spend more than seven years with CTD. Our department have good image as we never engaged in bribery and never give relaxation to anyone who commits a crime, and CTD have terror in public”.

Section of financing-terrorism would be placed on the convict upon charges being proven against him. According to the respondents, religious institutions have been categorized into three categories during the process of registration. i.e., A, B, C. However, only religious institutions that falls into category C can get NOC from the government while A and B category are strictly banned for collection of donations. The government is providing us with latest technologies available, our manpower is increasing and authorities have introduced a new course on terrorism. On the other hand, at the micro level, the Fourth Schedule is crucial, which is a type of the strictest/rigid surveillance.

For instance, one of the respondents asserted that,

“If someone is collecting donations physically or virtually using internet and animal heeds for religious institutions and originations without NOC, then the convict is subjected to section of financing-terrorism “.

“The law enforcement agencies have been empowered. We keep travel record/history and call records of member of the religious institutions and organizations. At the micro level we have the Fourth Schedule for suspects and under this we do a rigid type of surveillance by specifying each personnel and organization”.

CTD is the most concerned authority and so far has taken notable steps for the surveillance of the religious organizations and institutions. This authority via its personnel investigate revenues, expenditures, monitor the movement or mobility of the leadership of religious

Institutions/organizations, and also monitor their social gatherings (*Jalsa*). For instance, one of the respondents claimed that,

“On a regular basis, we conduct a check and balance of the Jamaat's leaders' movements, social gatherings, and seminars (Jalsa)”. “And as a result of this check and balance or surveillance, we have apprehended 2-3 suicide bombers and their facilitators from the Raiwand Ijtima area”.

“In our meetings, we mostly discuss terror finance, with the understanding that no religious party is required to solicit funds or to provide support for terrorism. In addition, leaders of religious organizations will be monitored to determine whether or not they are involved in terrorism activities; if they are, they will be subjected to legal punishment”.

4.5.3 Importance of FATF legislation for Law enforcement agencies in Pakistan

FATF legislation is significant for Law enforcement agencies as it has expanded the domain of law enforcement agencies to take action against the network of terror financing in the country. Respondents in this regard revealed that over the past three years, CTD has been more closely connected with the FATF as the regional officers and senior leadership have been regularly asked to attend the FATF meeting. According to respondents, educated youth in Pakistan are an important part of the network of terror financing in the country. Young and educated population in the country have connections with *Soot ul Umah, Da' esh and Al Qaeda* via social networking and generate funds for them. However, respondents also argued that some countries in the world that have not met half of the FATF requirements but have been removed from the grey list. On the other hand, despite the fact Pakistan has followed all FATF instructions but still remain on the grey list. This appears to be a major international political issue and discriminatory behavior on the part of international institutions.

For instance, one of the respondents revealed that,

“CTD regional officers and senior leadership are always invited by the government in order to attend meetings related to FATF so as to follow the pace of progress”.

In the same way, the respondent from CTD argued that,

“Young and educated population in the country have connections with Soot ul Umah, Da' esh and Al Qaeda via social networking and generate funds for them”.

“CTD also have a section which deals suspicious transactions. If we get any person involved in unlawful act which is against the public order or involved in sectarianism, then we report against him to Home

Department then they put them in Fourth Schedule. And then they have to report their local police station before doing anything. Put a person in fourth schedule is a big punishment then the jail”.

4.6 Constitutional development related to FATF in Pakistan

This section traces the constitutional development in Pakistan related to FATF. In this section, data analysis is based on purely secondary sources. However, before jumping into the discussion of constitutional development, it is imperative to understand whether FATF’s recommendations to Pakistan are realistic or not and highlight the role of FBO’s and madrasa in terror financing.

4.6.1 Whether FATF’s recommendations are realistic in case of Pakistan or not

In June 2018, the Paris-based Financial Action Task Force (FATF), the worldwide watchdog for money-laundering and terrorist funding, placed Pakistan on the grey list, and the government has been striving to get off it (Karim & Hayat, 2019). If overseas news media denunciation is any hint, Pakistan's presence on the FATF's grey list remains more political than financial. It’s regarded as one of the ways the US is endeavoring to convince the Pakistan to "do even more" on terrorism connected matter (Karim & Hayat, 2019). The FATF's lengthy, jargon-filled commendations and the procedures provide the team of assessors a lot of flexibility in implementing their "informed judgement." (Karim & Hayat, 2019) That is, assessors could reach many inferences based on the same data, among them the one favored by the diplomatically potent.

Pakistan's prospects of getting removed off the Financial Action Task Force's grey list stayed over again when the group's 39 members agreed to maintain it on the inventory and even add more duties to it (The Hindu, 2021). Pakistan was ultimately considered weak in pursuing the senior leadership of UN-restricted terror groups, missing the mark by one critical action point out of a possible 27. The FATF analyses states

on their exertions in anti-money laundering/refuting the financing of terrorism (AML/CFT) and works closely with the UN Security Council's lists of terror organizations; Pakistan's catastrophe to convict *JeM* commander *Masood Azhar* and others seemed to tip the stability beside it (PTI, 2021). The Pakistan leadership has overtly opposed the outcome, pointing out that many countries have been delisted in the past after they had mostly completed the action plans given to them. Pakistan, which was on the FATF's "enhanced surveillance enumerates" from 2009 to 2015, was similarly withdrawn from the grey list contained in 2015 (VSM, 2021).

Pakistani leaders have retaliated by accusing India of "lobbying" for the country's ongoing inclusion on the list, whereas others come up with speculated that the result originates from

Pakistan's snub to let the United States to utilize its bases following America's withdrawal from Afghanistan (Siddiqui, 2021). The Imran Khan government claimed at FATF hearings that it has created and revised terror funding regulations, allowing the prosecution of over 30 UN-prohibited figures and their accomplices meant for terror funding. Pakistan's continued inclusion on the list provides some relief to India, even as it waits for actual justice to be served on leaders of terrorist organizations such as the *LeT* and the *JeM* for assaults such as Mumbai 26/11, Parliament (2001), Pathankot, and Pulwama, as well as terror financing. However, as India prepares for its Mutual Evaluation Report, which has been delayed due to the epidemic, the mechanisms of the FATF, which has taken a justifiably tough stance in Pakistan's case, have to be scrutinized for excess (The Hindu, 2021).

By Way of the FATF establishing a new emphasis on "*extreme right-wing terrorism (ERW)*," it is evident that there is going to be more political facets to its technical evaluation of countries in the foreseeable future. New Delhi can anticipate Pakistan to press for a crucial investigation of India's AML/CFT regime. Moreover, the Indian foreign minister's statement that the Narendra Modi government had warranted

Pakistan's continued inclusion on the Financial Action Task Force (FATF) grey list had vindicated Pakistan's longstanding stance on "*India's negative role*" in the global financial watchdog, according to the Foreign Office. Pakistan will stay on the FATF's

"enhanced monitoring list" until it tackles the last item on the initial action plan agreed to in June 2018, in addition to all items on the parallel action strategy given out by the watchdog's regional partner — the Asia Pacific Group (APG) — in 2019. Similarly, following a global financial watchdog stated in June that Pakistan shall persist to remain in its "enhanced surveillance list," Federal Energy Minister Hammad Azhar had struck India as well and said that her face had "badly shown" and that he "overplayed her hand." (Siddiqui, 2021).

4.6.2 Role of Madrasa's and FBO's in terror financing

Terrorism can take many various forms, ranging from random attacks to premeditated activities carried out by organized groups. As a result, different types of terrorism financing exist. It includes not only the financing of terrorist activities in and of itself, but at the same time any assistance to a criminal network. Extremist organizations need to have large funds, either for the actual responsibility of extremist/terrorist attacks, but also to other matters: to sustain the running of the organization, to stipulate for its basic technical requirements, as well as to cover costs associated to disseminating interrelated beliefs. Terrorist funding comes from a variety of places. To begin with, they could be the result of illicit acts ranging from small-scale delinquency to organized crime (e.g., smuggling in drugs, weapons, or human beings.) The monies could, however, have a valid source, such as being supplied by supporters of the organization (typically newbies) or acquired through the abuse of non-profit organizations. In the case of *Da'esh* (also known as the "Islamic State"), the FATF recently detected new terrorist financing strategies (APG, 2019).

Da'esh resorted to new techniques of funding that may be regarded more intrinsic for a state, such as tax easing, due to the manner it operated.

Terrorist funding often requires the transmittal inside or between regions. This could be achieved through the official money market and the money transfer networks, uncontrolled routes, or the use up of cash carriers (The Hindu, 2021). Terrorist financing and money-laundering activities share a striking similarity in that equally involve attempting to disguise cash from state authorities' assessment. The methods for doing so are frequently similar. In 2001, the FATF widened its mandate and increased the applicability of its rules to include terrorism financing. After initially combining counter-terrorist financing with anti-money laundering measures, the FATF is now focusing on recognizing the variances between the two phenomena in order to adapt its canons to the specificities of terrorist sponsoring (for example, founded on the fact that not all terrorist financing sources are from illegitimate origin, such as the prominence set on the misuse of NPOs (APG, 2019).

The FATF Specifications are founded on a number of factors. They reaffirm the necessities of global tackles concluded or issued in this area, urging countries to adopt legislative measures that would ensure the criminalization of terrorism financing as a separate crime, with all elements covered by the Terrorist Financing Convention, as well as mechanisms to ensure that the requirement is implemented (for further information on the UNSCRs adopted in this respect, please see the section Targeted financial sanctions) (Siddique, 2021). Additional obligations concern the private sector's use of preventive measures, which are similar to those in place to combat money laundering. Ultimately, additional requirements are created based on the complexities of terrorist financing, including the actions to be taken in relation to nongovernmental organizations. With the events of recent years, the international network's initiatives have intensified their concentrate on combating terrorism and related terrorist finance, particularly with

the foundation of *Da'esh*. The activity of international stakeholders shifted its focus to other connected issues, including as measures against overseas terrorist fighters and national anti-ransom measures (VSM, 2020).

India has a policy of not holding formal talks with Pakistan on any issue, including terrorism. India understands that terrorism is beyond Pakistan's elected government's realm of influence. As a result, speaking with the chosen government is meaningless. In J&K, along the Line of Control, and beyond, the Indian Army has conducted aggressive and punitive actions against terrorists. In Pakistan, the Indian Air Force also carried out attacks on terrorist camps. These political decisions, backed up by strong military action, have not only tarnished Imran Khan's government, but have also tarnished the Pakistan Army's image in its own country. In all international venues, India has made a concerted effort to expose Pakistan's complicity in the use of terrorism as a state policy. FATF, whose mission is to thwart unlawful money laundering, extremist funding, and excess financing, as well as the harm they bring to society, has been alerted of Pakistan's major threat to world finance (The Hindu, 2021).

Pakistan's threat to the international banking system is looming huge. The international community, particularly the FATF, must take notice of this serious menace. Tough action, even if it means a change in the FATF categorization structure, is required to bring Pakistan under control. Pakistan must not be let to profit from the pandemic. In India, there is political will, as well as effective military implementation (The Hindu, 2021). It is time for Indian diplomats to deliver in order to prevent Pakistan from being moved from the grey to the white list. Few expected Pakistan to make such significant improvement after being placed on the so-called grey list for the second time in six years in June 2018. However, the fact that the government has demonstrated its political commitment by satisfying the global watchdog in 26 areas in such a short period of time is no small feat (VSM, 2020). Rather, it should be hailed as a triumph.

However, the true test is about to begin. The rest of the targets — harsher ones relating to law enforcement's abilities to identify and probe the "*widest range of terrorist-financing activity*" — have been given a very short time frame to meet. It wants "identified persons and entities, as well as who are acting in support of or at the appropriate direction of the specified persons or entities" to be the focus of the investigation and prosecution. Pakistan must also show that prosecutions for terrorist financing result in effective and deterrent sanctions. We also need to demonstrate to the rest of the world that the provincial and federal governments are on the same page when it comes to enforcing laws.

4.6.3 Role of Parliament in fulfilling FATF's Recommendations

Pakistan has been grey listed for the third time in June 2018 by FATF and this is because the country has failed to put in place adequate mechanisms to combat terror financing and money laundering. FATF is learning and growing the same way that the global system is changing and adopting new technologies and new occurrences. Just to simplify things what went wrong for Pakistan, initially it promulgated the Anti-Money Laundering Act in 2010 and measures like that would have been enough to get the country out of the grey list. But now FATF is looking for the things like extensive risk assessments, analyzing how politically exposed persons have permeated into the economy and how they run things (RSIL) Again we cannot really focus on just implementing the recommendations given by FATF. So what Pakistan has been doing is that it is trying to create these risk-based assessments and it is trying to get every sector of the economy to buy into that.

Pakistan being a member of Asia Pacific Group is committed to ensuring the efficient execution of FATF-set international standards against terror financing/ money laundering and proliferation finance. The APG then compiled its findings in a MER, which found a clear need for regulatory structures to combat TF/ML, poor communication among public official's actors and implementation agencies, and no coordinated risk-

based evaluation methods to classify the flaws of different economic zones in Pakistan (RSIL). For the past three years, Parliament has passed many laws to comply with the 40 recommendations of FATF. From February 2020 upto today parliament has passed a number of bills and this is a significant breakthrough in a Parliament that has been mostly devoid of legislative activity from past three years due to a variety of circumstances, including political deadlock. To comply with the 27 Action points given by FATF, the most important or we can say a risk-based point is: “*Pakistan will have to demonstrate effectiveness of sanctions as well as remedial actions to curb terrorist financing in the country*”.

(RSIL) To overcome this, parliament has passed some laws which are given below:

- *Anti-Terrorism (First Amendment) Act 2020*
- *Anti-Terrorism (Second Amendment) Act 2020*
- *Anti-Terrorism (Third Amendment) Act 2020*
- *Anti-Money Laundering (First Amendment) Act 2020*
- *Anti-Money Laundering (Second Amendment) Act 2020*
- *United Nations Security Council (Amendment) Act, 1948*
- *Companies (Amendment) Bill, 2020*
- *Mutual Legal Assistance (Criminal Matters) Act, 2020*
- *NACTA (Amendment) Act, 2020*
- *Foreign Exchange Regulations (Amendment) Act, 2020*
- *Limited Liability Partnership (Amendment) Act, 2020*
- *Islamabad Capital Territory Trust Act, 2020*
- *Control of Narcotics Substance (Amendment) Act, 2020*
- *Islamabad Capital Territory Waqf Procedure Act, 2020*

In this sense, remedial actions refer to preventive efforts taken by any jurisdiction or supervisory agency, varying from enforcement agencies to financial organizations. Three amendments to the ATA 1997 and two modifications to the AMLA 2010 were passed in the year 2020, all of which have an impact on terrorism financing (RSIL). Both the ATA and the AMLA have increased financial penalties; Section 11-J of the ATA proscribes the provision of money, property, or aiding travel to an individual expecting to engage in terrorism, broadening the scope of TF and targeting its various expressions. Similarly, Section 19-C of the ATA (Third Amendment) Act expands law enforcement officials' investigation powers to combat terrorism financing and minimizes emphasis on direct proof, which will strengthen the prosecution of terrorists.

The Anti-Money Laundering (Amendment) Bill 2019 was introduced in the National Assembly in September 2019. The amendment's goal was to enhance the country's present anti-money laundering regime by adding more harsh restrictions. As deliberations proceeded into the next year, the bill's name was legally amended to Anti-Money Laundering (Amendment) Act, 2020 (RSIL). Violators of the legislation will now face harsher financial penalties, with fines ranging from one million rupees to five million rupees and punishments ranging from two to 10 years in prison, according to Section 4. The National Counter Terrorism Authority (NACTA) Act was updated by a Presidential Ordinance that went into effect on November 8, 2019 and will expire for 120 days. After that, both chambers of Congress introduced and passed a suitable amendment measure. These modifications largely concern changes in the government's hierarchy, as well as bettering the coordination process with various law enforcement agencies.

When conducting criminal investigations, the MLA Act 2020 codifies the practices for soliciting and receiving legal help from foreign governments. MLA may be awarded on the basis of a reciprocal

agreement or alternative arrangements, according to Section 3 of the Act; if neither exists, the MLA Act's provisions will take precedence (APG, 2019). The United Nations (Security Council) (Amendment) Act, 2020 guarantees that the UNSC's resolutions are carried out effectively. It has new sections on liability, rulemaking, and delegation of authority. There was no indemnity clause in the 1948 Act to safeguard those who were implementing in good faith. Furthermore, the provision for the punishment of violators was superfluous because neither the punishment nor the method for enforcing it was previously established by the Act (RSIL).

However, the Trust Act, 1882 (11 of 1882) does not currently cater to proper administration, financial monitoring, and evaluation of trusts, Islamabad capital territory trust Act oversees the registration, administration, and monitoring of trusts registered within the geographical borders of Islamabad Capital Territory. This Bill, which was introduced concurrently with the ICT Trust Property Act 2020, aims to improve the efficacy of the Federal Government's Orders by guaranteeing adequate supervision, administration, and management of *waqf* properties within the territorial restrictions of the Islamabad Capital Territory (APG, 2019)

Pakistan has made significant made growth on its 27-Point Action Plan to address FATF-ICRG concerns about its AML/CFT frameworks. It demonstrates Pakistan's commitment to its high-level political pledge as well as its global commitments as a member of the international community by ensuring that sufficient laws and inspections are in place to combat TF/ML. The considerable legal reforms that have taken place in Pakistan since February 2020, including the passage of several legislation and rules, have aided Pakistan's progress on the Action Plan. As part of the FATF's wider 40 Recommendations, these advancements are expected to help improve outcomes under effective compliance and technical compliance metrics.

The next difficulty in Pakistan is efficient execution of the legislative, regulatory, and administrative systems in place to prevent TF/ML. The important term "demonstrating" is at the center of the FATF's current statement's unresolved issues. As a result, Pakistan must demonstrate that its mechanisms for detecting TF/ML activity are effective, that aimed economic sanctions are pragmatic quickly and directly to assigned entities and persons, and that the criminal system is capable of enforcing these regimes from investigative process to prosecution. This is a difficult undertaking given Pakistan's criminal justice system's outdated rules, practices, and operating blunders during investigation and prosecution. The modern nature of terrorism financing and money laundering necessitates knowledge of specialized investigation tactics as well as reliance on evidence other than visual testimony and confessions.

Moreover, these legislations are playing a pivotal role in halting terror financing in religious economies. Four key leaders of a proscribed extremist militant organization based in Pakistan that has been linked to fatal strikes in bordering India has been found guilty of financing terrorism. The four men were found convicted of illegally collecting money and financing the *Lashkar-e-Taiba (LeT)* organization by a special court in Lahore, Pakistan's eastern capital, in the year 2020. Pakistan has had a ban on *LeT* since 2002. Officials in India and the United States accuse the group of planning the 2008 terror attacks in Mumbai, which killed 166 people. The individuals were identified as *Zafar Iqbal, Yahya Aziz, Abdul Rehman Makki, and Abdus Salam* by the Punjab provincial counterterrorism agency, which investigated and began legal proceedings. Iqbal and Aziz were each sentenced to five years in prison, while the other two were given one-year sentences, according to a post-verdict statement. The counterterrorism department stated, "Their conviction will play a key role in monitoring terrorism financing in Pakistan." Three of the offenders, Iqbal, Aziz, and Salam, were also on a United Nations list of designated persons, according to the statement. Hafiz Saeed, the founder of the banned group *LeT*, was sentenced to two 512-year prison terms

by a Lahore anti-terrorism court earlier this year for his ties to the banned outfit and for collecting money to fund terrorism RSIL.

The federal government has taken control of 113 madrassas in Pakistan. According to the report, these religious schools were now under the supervision of the relevant assistant commissioners, and the teachers and pupils in those institutions were given a two-year budget. Governments all across the world have benefited from Pakistan's experience as a frontier state in the war against terrorism. From the old FATA region to Karachi, its counterterrorism and counter-insurgency efforts are unsurpassed and have received international accolades. It did not, however, successfully exploit its AML/CFT structure to further enhance its results. In this perspective, the FATF's grey listing may have provided Pakistan with a once-in-a-lifetime opportunity for sustained, focused institutional reform and capacity-building, with long-term positive implications for its economy and judicial systems. It will also pave the way for Pakistan to join the FATF as a permanent member in the future, allowing it to contribute to the advancement of the global AML/CFT context as states accountable.

4.7. Discussion

This section makes the reader understand perspectives of the main three actors of Pakistan's religious economy and identifies different public-convincing tactics designed by FBO's and *Madaris* to ensure local-community-based financial assistance. All three perspectives, that is, FBO's perspective, *Madaris* perspective and local community perspective, are equally important to understand the current phenomenon under consideration and this section also deals with the constitutional developments made by the Pakistani government under the recommendations of FATF to minimize the role of religious economies in terror financing.

Starting from the perspective of *Madaris*, caretakers revealed different sources of expenditure finance such as donations from community members, friends, and relatives of these caretakers both inside the country and abroad, organizations such as *Jamiya Salfiya*, different committee members composed of elder's members of the society, independent donation collection during *Ramzan* and *Eid-Qurban*, and Madrassah owned properties in terms of rented shops. Findings of this analysis show that all expenditures of madrasa are met by charity funding of local people as the services provided by different *Madaris* are for the sake of GOD, and for that reason Almighty helps the madrasa to grow. According to the perspective of *Madaris*, majority of people in this country are Muslims and zakat is obligatory upon them. Every year, in the month of *Ramazan*, every madrasa receives huge amount of assistance and contribution from different businessmen's, industrialists, landlords and local community members. Second, the important role madrasa plays in this society by absorbing and educating huge number of marginalized and poor students also make it deserving for charity and other contributions. Third, Muslim society gives extra respect, care and love to its religious leaders and *Madaris* are under the control of these religious leaders. As a result, it becomes easy for *Madaris* to collect charity from local members. It implies that the socio-religious context of Pakistan is suitable for the growth and development of madrasa. Another hand The *Madaris* are terrified of financial transparency. *Madaris* now have the freedom to spend without fear of being held responsible. In other words, there is no check and balance to ensure that donations and finances are used for the intended purpose. However, if there is financial transparency with sufficient checks and balances on the use of money and donations, there will be no mis-use of funds and donations in any community.

According to the perspective of FBO's, there are multiple basis of donation collection from community members. First, these organizations provide public welfare programs i.e., Schools and *Madaris*, and to finance related expenditures they deserve charity contributions. They receive charity donations because

their public welfare contribution is visible to the community members. Second, and more important basis of donation collection is the sectarian association. That is, majority of members in local community contributes to organization that promotes their own sect. This sectarian association is strong because madrasa and schools run by these organizations also enrolled student based on their sects. Therefore, people donate, and they receive donations. While there is mistrust in between local community and government institutions also at the UC level, lacks financial transparency. There is a lack of checks and balances in institutions. Union council offices are mistrusted since the government's zakat department does not work adequately. As the chairman of usher and zakat committee, they provide funds to their relatives and close friends, and as a result, they have lost the faith of the local community. That is why FBO's plays a role in distributing cash and has earned the confidence of the local community.

The perspective of local community is more open and clearer in this regard. According to this perspective, financial assistance on the part of local community is purely on humanitarian basis. For them, if government lacks the capacity to provide financial assistance to *Madaris*, then it is imperative for the society to handle this issue. Because society knows the important contribution *Madaris* play in brining and circulating religious knowledge and education. Second, local community members also differentiate one madrasa from another at the time of charity donations. That is, findings suggest that community members donate based on sectarian-association. This kind of behavior is explainable when one considers professional rivalry among different school of thoughts. For instance, religious knowledge in Islam is available in Arabic language which quite difficult for ordinary Muslim to understand. As a result, a profession came into being to understand religious knowledge and preach it to all Muslim. Sectarian based grouping emerged mainly due to the existence of professional rivalry among different school of thoughts.

The Constitutional developments made by the Pakistani government under the recommendations of FATF to minimize the role of religious economies in terror finance. Pakistan has made significant growth on its 27-Point Action Plan to address FATF-ICRG concerns about its AML/CFT frameworks. It demonstrates Pakistan's commitment to its high-level political pledge as a member of the international community by ensuring that sufficient laws and inspections are in place to combat TF/ML. Pakistan being a member of Asia Pacific Group is committed to ensuring the efficient execution of FATF-set international standards against Terror Financing/ Money Laundering and proliferation finance. The APG then compiled its findings in an MER, which found a clear need for regulatory structures to combat TF/ML, poor communication among public official's actors and implementation agencies, and no coordinated risk-based evaluation methods to classify the flaws of different economic zones in Pakistan.

Looking into the constitutional development, it has been found that considerable legal reforms have been taken place in Pakistan since February 2020, including the passage of several legislation and rules, have aided Pakistan's progress on the Action Plan. As part of the FATF's wider 40 Recommendations, these advancements are expected to help improve outcomes under effective compliance and technical compliance metrics. For instance, for the past three years, Parliament has passed many laws to comply with the 40 recommendations of FATF. From February 2020 up today parliament has passed a number of bills and this is a significant breakthrough in a Parliament that has been mostly devoid of legislative activity from past three years due to a variety of circumstances, including political gridlock. To comply with the 27 Action points given by FATF, the most important or we can say a risk-based point is: *“Pakistan will have to demonstrate effectiveness of sanctions as well as remedial actions to curb terrorist financing in the country”*.

(RSIL) To overcome this, parliament has passed some laws which are given below:

- *Anti-Terrorism (First Amendment) Act 2020*
- *Anti-Terrorism (Second Amendment) Act 2020*
- *Anti-Terrorism (Third Amendment) Act 2020*
- *Anti-Money Laundering (First Amendment) Act 2020*
- *Anti-Money Laundering (Second Amendment) Act 2020*
- *United Nations Security Council (Amendment) Act, 1948*
- *Companies (Amendment) Bill, 2020*
- *Mutual Legal Assistance (Criminal Matters) Act, 2020*
- *NACTA (Amendment) Act, 2020*
- *Foreign Exchange Regulations (Amendment) Act, 2020*
- *Limited Liability Partnership (Amendment) Act, 2020*

CHAPTER 5

CONCLUSION AND POLICY RECOMMENDATIONS

5.1 Conclusion

Because of the socio-religious context in Pakistan, favorable environment is available for both *Madaris* and FBO's to grow and play a key role in the religious economy. One negative aspect of this socio-religious context is the attachment of FBO's and *Madaris* with terror financing. FATF in this regard has proposed recommendations to block and break terror financing channels via making legislation against money laundering and terror financing. The Parliament in Pakistan has recently passed legislation in containing money laundering and terror financing. This study assumes that FATF legislation will impact the growth of religious economy by creating constraints for both FBO's and *Madaris* in receiving financial assistance in the name of charity. And for that reason, this study attempts to achieve two basic objectives. First, this study identifies different public-convincing tactics used by FBO's and *Madaris* to maintain a smooth flow of financial assistance in the name of charity. This objective has been achieved via interviewing different stakeholders such as representatives from FBO's, *Madaris*, Law enforcement agencies and local community members. Second, this study provides a comprehensive analysis of constitutional development made by the Pakistani government under the recommendations of FATF to minimize the role of religious economies in terror financing. However, the second objective has been achieved by analyzing available secondary sources.

For primary data collection, researcher has conducted semi-structured interviews from four different UDC's i.e., Caretakers of *Madaris*, Leadership of *Jamat-ud-Dawa* and *Sipah-e-Sahaba*, Local community and Law enforcement agencies. Initially, researcher has transformed audio-data into textual format for all UDC's one by one. In the second steps, researcher has assigned basic codes for the

purpose of describing the available contents. And in the third steps, researcher has made efforts to extract themes from the codes across different interviews of the respondents. This process has been applied to all UDC's and researcher has produced different themes from four different UDC'S. Overall findings of this study bring forth two important perspectives which are quite helpful in identifying these public-convincing tactics.

The first perspective is the perspective of *Madaris*, and according to which *Madaris* in all over the country act as the sole supplier of workforce to perform religious activities. Given the socioreligious context and minimal government financial assistance in Pakistan, *Madaris* provide free religious education to the most marginalized and poor students. Annual expenditures of a single madrasa are almost in millions and for that reason *Madaris* all over the country ask for donation from local community members. In other words, this perspective signifies the role of *Madaris* in absorbing and educating huge number of marginalized and poor students, and makes *Madaris* deserving for charity and other contributions. Further, this perspective advances another argument and according to which majority of people in Pakistan are Muslims and zakat is obligatory upon every Muslim, and therefore, in the month of *Ramazan*, every madrasa receives huge amount of assistance and contribution from different businessmen's, industrialists, landlords and local community members.

If *Madaris* deserves charity mainly due to their significant contribution to the society in terms of religious and social services, why still people are donating to the Faith-Based Organizations such as *Jamat ud Dawa* and *Siaph e Sahaba*. First, welfare programs to uphold the most marginalized section of the society under these organization is visible and known to local community members.

That is, FBO's are in an exchange relationship with local community members. In this exchange relationship, in the first place FBO's provide welfare services and in return collects charity donations from

local community members to finance all the operational cost associated with the said welfare programs. According to this perspective FBO's receive charity donations because their public welfare contribution is visible to the community members. Another such tactic is promoting sectarian association by giving opportunities only to those students who belong to the same sect. In this way, promoting sectarian association FBO's are able in collecting huge contributions in the name of charity.

Pakistan being a member of Asia Pacific Group is committed to ensuring the efficient execution of FATF-set international standards against Terror Financing/ Money Laundering and Proliferation Finance. The APG then compiled its findings in a MER, which found a clear need for regulatory structures to combat TF/ML, poor communication among public official's actors and implementation agencies, and no coordinated risk-based evaluation methods to classify the flaws of different economic zones in Pakistan (FATF, 2015).

Pakistan has made significant made growth on its 27-Point Action Plan to address FATF-ICRG concerns about its AML/CFT frameworks. It demonstrates Pakistan's commitment to its high-level political pledge as well as its global commitments as a member of the international community by ensuring that sufficient laws and inspections are in place to combat TF/ML. The considerable legal reforms that have taken place in Pakistan since February 2020, including the passage of several legislation and rules, have aided Pakistan's progress on the Action Plan. As part of the FATF's wider 40 Recommendations, these advancements are expected to help improve outcomes under effective compliance and technical compliance metrics.

For the past three years, Parliament has passed many laws to comply with the 40 recommendations of FATF. From February 2020 up today parliament has passed a number of bills and this is a significant breakthrough in a Parliament that has been mostly devoid of legislative activity from past three years due

to a variety of circumstances, including political gridlock. To comply with the 27 Action points given by FATF, the most important or we can say a risk-based point is: “*Pakistan will have to demonstrate effectiveness of sanctions as well as remedial actions to curb terrorist financing in the country*”. (RSIL)

To overcome this, parliament has passed some laws which are given below:

- *Anti-Terrorism (First Amendment) Act 2020*
- *Anti-Terrorism (Second Amendment) Act 2020*
- *Anti-Terrorism (Third Amendment) Act 2020*
- *Anti-Money Laundering (First Amendment) Act 2020*
- *Anti-Money Laundering (Second Amendment) Act 2020*
- *United Nations Security Council (Amendment) Act, 1948*
- *Companies (Amendment) Bill, 2020*
- *Mutual Legal Assistance (Criminal Matters) Act, 2020*
- *NACTA (Amendment) Act, 2020*
- *Foreign Exchange Regulations (Amendment) Act, 2020*
- *Limited Liability Partnership (Amendment) Act, 2020*
- *Islamabad Capital Territory Trust Act, 2020*
- *Control of Narcotics Substance (Amendment) Act, 2020*
- *Islamabad Capital Territory Waqf Procedure Act, 2020*

5.2 Policy Recommendations

- It has been found that FBO’s are still collecting donations around upper Punjab even after being banned two decades ago. It proves regulatory weaknesses as well as capacity issues at the implementation level and need to be revised immediately. It is necessary to have regulatory effectiveness and implementation to systemize FBO’s (banned and still collecting donations).

- Law enforcement agencies should be autonomous for bringing a positive change in the implementation stage. Another important dimension through which a positive change can be brought in the implementation stage is, to fill information and data gaps and minimize the existing coordination deficit among different level of management in law enforcement agencies.
- Trust in zakat department need to be built as both provincial and district level because it has been found that *Madaris* and FBO's are collecting huge amount of funds in the form of Zakat, which shows that people prefer to give zakat more directly than through Zakat department at both provincial and District level. It is imperative to create a regulatory mandate for zakat department at both provincial and District level, and to create some incentives for local people so that they prefer giving zakat through financial institutions.
- To regain the confidence of the local population, the government must integrate financial transparency in its departments at all levels especially at UC level with help of the banks and State Bank of Pakistan can take lead in the policy formation.
- There must be check and balance accountability and transparency in *Madris and FBO's*. All *Madaris* and FBOs must be regulated, and they must be held responsible for their actions. Furthermore, each month, there must be a good check and balance on spending of donations and funds.

Bibliography

- Zahid, I., Adnan, M., & Talpu, M. A. (2020). "Pakistan's Counter-Terrorism Strategy with Viable Recommendations." *Progressive Research Journal of Arts & Humanities (PRJAH)*, 2(2).
- (Jayasuriya. (2009). (Combating Money Laundering and the Financing of Terrorism: A Survey).
- Masood, S. (2018, February 24). *The New York Times*, Retrieved from "At U.S. Urging, Pakistan to Be Placed on Terrorism-Financing List."
- R. (2021, August 17). Retrieved from Analyzing Pakistan's Compliance on The FATF Action Plan. [/rsilpak.org/wp-content/uploads/2021/02/FATF_compliance_pakistan_RSIL.pdf](https://rsilpak.org/wp-content/uploads/2021/02/FATF_compliance_pakistan_RSIL.pdf)
- R (2021, August 16). Retrieved from Mapping Pakistan's Compliance with FATF Recommendations.: [//rsilpak.org/wp-content/uploads/2020/09/Pak-FATF-Compliance-2020-Laws.pdf](https://rsilpak.org/wp-content/uploads/2020/09/Pak-FATF-Compliance-2020-Laws.pdf)
- Roche, E. (2018, February 23). Retrieved from Pakistan Back on Terror Funding Watchlist, Pressure on Economy Likely." [Www.livemint.com/](http://www.livemint.com/). Livemint.
- "Syed Manzar Abbas Zaidi. (2009). "Profiling the Lashkar-e-Taiba, *South Asian Survey*, 331.
- [Bueno de Mesquita, E. C. (2013). The BFRS Political Violence in Pakistan Dataset.
- [Qazi, S. H. (2011)). "Rebels of the frontier: origins, organization, and recruitment of the Pakistani Taliban." *Small Wars & Insurgencies* . 574–601
- Abbas, A. (2018). *Madrassah Mirage: A Contemporary History of Islamic Schools in Pakistan*. Islamabad: Emel publisher.
- Abou Zahab, M. (2002). "The Regional Dimensions of Sectarian Conflict in Pakistan." In Pakistan: Nationalism Without a Nation. Edited by Christophe Jaffrelot. *London: Zed Books*, , 115-30.
- Abou Zahab, M. O. (2004). *Islamist Networks: The Afghan-Pakistan Connection*. . *London: C. Hurst and Co.*,
- Amin, M., Muhammad, K., & Naseer, R. (2020). "Pakistan in the FATF grey-list: challenges, remedies and international response." *Margalla Papers* 1, 31-43.
- Anwar. (2018, September 21). *DAWN.COM*. Retrieved from "Pakistan's Effort to End Terrorist Financing Remains Uneven: US." : <https://www.dawn.com/news/1434209>
- APG. (2021, August 17). Retrieved from Anti-Money Laundering and Counter-terrorist Financing measures. APG. : www.fatf-gafi.org/media/fatf/documents/reports/mer-fsrb/APG-MutualEvaluation-Report-Pakistan-October%202019.pdf
- Assessment, N. T. (2015). D.C. Washington : the US Treasury Department, .
- Bashir, M., & Haq, S. U. (2019). "Why madrassah education reforms don't work in Pakistan." *Third World Quarterly* 40, no. 3 ., 595-611.
- Candland , C. (2007). "Pakistan's recent experience in reforming Islamic education." In *Madrassas in South Asia*. UK: Routledge,.
- Clarke, G. (2005). *Faith Matters: Developemnt and the complex world of faith based organizations*.

- crisis group. *revisiting-counter-terrorism-strategies-pakistan-opportunities-and-pitfalls*. Retrieved from <https://www.crisisgroup.org/asia/south-asia/pakistan/revisiting-counter-terrorismstrategies-pakistan-opportunities-and-pitfalls>).
- Duhaime's Anti Money Laundering in Canada. (n.d.). Retrieved from "What is Terrorist Financing?", : [//www.antimoneylaunderinglaw.com/aml-law-in-canada/what-is-terrorist-financing](http://www.antimoneylaunderinglaw.com/aml-law-in-canada/what-is-terrorist-financing)).
- Durkheim, É. L. (1915). *The Elementary Forms of Religious Life*. . JOSEPH WARD SWAIN ed.
- Fair, C. C. (2011). The Militant Challenge in Pakistan. *Asia Policy* , 105-37.
- FATF. (2015). *Emerging Terrorists Financing Risks*, . Paris.
- Finke, R. (1997). "The Consequences of Religious Competition: Supply-Side Explanations for Religious Change". . In *In: L. Young, ed. Assessing Rational Choice Theories of religion*. (pp. 45-64.). Newyork: Routledge, .
- Kambere et al. (2011). "The Financing of Lashkar-e-Taiba," *Combating Terrorism Exchange*.
- Gishkori, Z. (2015, january 14). *Express Tribune*. Retrieved from National Action Plan: Pakistan in fresh push to choke terror funding". .
- HINDU, T. (2021, June 28). Retrieved from . Another shade of grey: On Pakistan staying in FATF list. : www.thehindu.com/opinion/editorial/another-shade-of-grey-the-hindu-editorial-on-pakistanstaying-in-fatf-list/article35008152.ece
- Karim, S. &. (2019, June 10). *DAWN*. . Retrieved from . Pakistan on FATF's grey list: what, why, and why now? : www.dawn.com/news/1418143
- Khatak, M., & Muhammad, M. (2015). Pakistan's Counter-Terrorism Strategy (2001-2014): An Analysis. *Pakistan Journal of History and Culture*, 36(1), 29-46.
- Laffaz. (2018, September 9). Retrieved from ("Pakistan Placed in FATF Grey List.: Retrieved from [https://laffaz.com/pakistan-in-fatf-grey-list/.](https://laffaz.com/pakistan-in-fatf-grey-list/))
- Madeeha Anwar. (2018, , April 3). "US Designates Pakistani Party Milli Muslim League as 'Terrorists'". Retrieved from Voice of America,.
- Mahsud, M. K. (2010). The Battle for Pakistan Militancy and Conflict in South Waziristan. *New America Foundation*,
- Marshall, k. (2001). Development and Religion: A different Lens on Development Debate.
- Marx, K. (1973). Contribution to Critique of Hegel's Philosophy of Right. Cambridge, England:. *Cambridge University Press*..
- McClure, K. R. (2009). "Madrasas and Pakistan's Education Agenda: Western Media Misrepresentation and Policy Recommendations. " *International Journal of Educational Development* 29, no. 4, 334–341.
- Nasr, S. V. (2000). "The Rise of Sunni Militancy in Pakistan: The Changing Role of Islamism and the Ulama in Society and Politics." . *Modern Asian Studies*, 139-80.
- Pakistan, R. C.-T., & Opportunities and Pitfalls". (, 2018.),, December 19). Retrieved from Asia Report by International Crisis Group.

- Phillips, P. P., & Stawarski, C. A. (2008). *Data collection: Planning for and collecting all types of data*. UK: John Wiley & Sons (Vol. 175).
- portal, S. a. (2018, December 4). Retrieved from Lashkar-e-Taiba .
- PTI. (2021, May 10). *The Hindu*. Retrieved from Pakistan government to set new rules to meet FATF requirements.: [//www.thehindu.com/news/international/pakistan-government-to-set-newrules-to-meet-fatf-requirements/article34529798.ece](http://www.thehindu.com/news/international/pakistan-government-to-set-newrules-to-meet-fatf-requirements/article34529798.ece)
- Qandeel, S. (2010). "Tehrik-e-Taliban Pakistan: An Attempt to Deconstruct the Umbrella Organization and the Reason for its Growth in Pakistan's North-West.
- Qazi, S. H. (2011). "Rebels of the frontier: origins, organization, and recruitment of the Pakistani Taliban. *Small Wars & Insurgencies* 22 , 574–601.
- Shelledy, R. (2002). The necessary echo: the relationship of internations religious advocacyto the secular. *Global Knowledge Networks*.
- Siddiqui, N. (2021, July 19). *Dawn*. Retrieved from India's admission on FATF politicisation vindicates Pakistan's stance: FO. : www.dawn.com/news/1635854/indias-admission-on-fatf-politicisationvindicates-pakistans-stance-fo
- Stanford University. (2018, november). Retrieved from Mapping Militant Organizations. "Lashkar-e-Taiba.": <https://cisac.fsi.stanford.edu/mappingmilitants/profiles/lashkar-e-taiba>
- Stark, R. (, October 2004,). Exploring the Religious Life, Baltimore-London,. *The John Hopkins University Press, 2004, 220 pp, Volume 128, Issue 4, 94*.
- Stark, R. (2007). *Sociology* (10th ed.). Thomson Wadsworth. .
- Stark, R. a. (2000.). Acts of Faith: Explaining the Human Side ofReligion. *Berkeley and Los Angeles: University of California Press, 1 ed. s.l.*
- Stark, R. a. (2000). Catholic Religious Vocations: Decline and revival. *Review of Religious Research, 42, 125-145*.
- Sulaiman, S. K. (2009). *Modes and Strategies of Terrorist Financing in South Asia"* . World-check Singapore, .
- Money Laundering to be treated like Terror Financing": T. N. (2019, September 28). (*Associated Press of Pakistan*,. Retrieved from nation.com.pk/28-Sep-2019/money-laundering-be-treated-liketerror-financing-pm)
- Tankel, S. (2011). Past Operations and Future Prospects. *Lashkar-e-Taiba New America Foundation*,.
- Tellis, A. J. (2012). The Menace That Is Lashkar-e-Taiba. *Carnegie Endowment for International Peace*.
- The official site of Financial Action Task Force. (2018, November 13). Retrieved from <http://www.fatfgafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliancefebruary-2015.html>).
- Tim Parkman and Gill Peeling. (2007). Countering Terrorist Finance, . *Gower Publishing Limited,, 23-24*.
- VSM. (2020, November 10). Retrieved from FATF (Financial Action Task Force) & Pakistan. Claws:

webcache.googleusercontent.com/search?q=cache:IQQ9f_-EETMJ:https://www.claws.in/fatffinancial-action-task-force-pakistan/+&cd=11&hl=en&ct=clnk&g

Yang, F. (2006). THE RED, BLACK, AND GRAY MARKETS OF RELIGION IN CHINA. *The Sociological Quarterly*, 47, 93-122.

Zaidi, S. M. (2009). Profiling the Lashkar-e-Taiba. *South Asian Survey* 16, 331.

Zaman, M. Q. (1998). "Sectarianism in Pakistan: The Radicalization of Shi'i and Sunni Identities." . *Modern Asian Studies* , 689-716.

Appendix

Appendix A: UDC 1.

Caretakers of Madrassah

Question	Response	Findings
<p>1) Who has laid the foundation of this Madsara?</p>	<ol style="list-style-type: none"> 1. I am the founder of this Madrasa. 2. It was built in 2007 and renovated in 2015 by the organization. 3. Yes, i have constructed this building 4. Yes, my father <i>Qari Ata Ullah</i> built this Madrassa in 1990. 	<p>Two of the current caretakers have founded their respective <i>Madaris</i>. The third madrassah was founded by the father of current caretaker while the fourth madrassah was founded by <i>Jamiya Salfiya</i> (An organization propagates the philosophy of <i>Ahl e Hadees Maslak</i>).</p>
<p>2) Who bought or donated the land on which Madrasa is constructed?</p>	<ol style="list-style-type: none"> 1. The land of the Madrasa was bought by someone after that it is a collective community responsibility, and could not be done by a single person nor you could manage it. 2. Land was given by an old friend. 3. We purchased this land with the money from charity 	<p>In each case, land for these <i>Madaris</i> have been donated by a community member either directly buying the land or through his marginal charity contribution. For instance, in one case as revealed by respondent 2 “that land was provided by a friend of the current caretaker” and in other cases “Land was purchased through charity funds collected from community members”. In some cases,</p>

	<p>funds collected from local people.</p> <p>4. My father bought the land and then donated it for the construction of the Madrassa.</p>	<p>community member directly buys the land for madrassah and then donate the land for construction purposes.</p>
<p>3) Is this a government registered Madrasa?</p>	<p>1. Yes this is my Madrasa is registered with government.</p> <p>2. Yes, it is registered.</p> <p>3. Yes it is registered with Wafaq Ul <i>Madaris Al Arbia</i>.</p> <p>4. Yes, this Madrassa is registered with the government.</p>	<p>The role of registered and unregistered <i>Madaris</i> are conflicting at least in the literature. For instance, a number of unregistered <i>Madaris</i> are operating in the country and avoid registration process. One reason these <i>Madaris</i> are avoiding the registration process because they are unwilling to be monitored by the government for their illegal activities. However, registered <i>Madaris</i> are more open and can be monitored by the Government regularly or in time of crisis. In this regard, we explore during the interview that four out four <i>Madaris</i> are registered with the government.</p>
<p>4) What is the total number of students in the Madrasa?</p>	<p>1. We have a 55 boys students and 65 to 70 female students in our <i>Madaris</i>.</p> <p>2. There is total of 70 students only 2 to 3 are days</p>	<p>The cost of daily operations in running <i>Madaris</i> mainly depends on the number of people in madrassah such as students, and teachers. The cost of daily operations are high in <i>Madaris</i></p>

	<p>scholar, others' lives in madrasa.</p> <p>3. There are total 1000 students out of them 450 are boarding students</p> <p>4. There are 150 boys and 200 girls studying there at Madrassa at the moment.</p>	<p>characterized by higher number of students and teachers. The number of students vary from low 70 to high 1000. For instance, the total number of students in one madrassah reported around 130 while another reported around 350. Another major findings is that the number of students are low in <i>Madaris</i> controlled by <i>Ahl e Hadees Maslak</i> compared to <i>Madaris</i> operating under <i>Deobandi Maslak</i>.</p>
<p>5) What is the total number of teachers in Madrasa?</p>	<p>1. We have six teaching staff for boys and 6 to 7 female teachers staff for the female students</p> <p>2. There is total 15 teachers. 3. There are total 31 staff members</p> <p>4. There are 15 teachers in the Madrassa.</p>	<p>In the same way, the number of teaching staff ranges from low 12 to high 31. These numbers are consistent with the fact that higher number of students require higher number of teachers. Further, researcher has also identified that teachers and students are mostly locals. However, almost 90 percent of students and teachers are boarded in these <i>Madaris</i>.</p>
<p>6) Where do teachers and students belong from?</p>	<p>1. Student teachers are all locals.</p> <p>2. All teachers are local except one who belong to Jhang.</p> <p>3. Both students and teachers are from local area</p>	

	<p>like within divisional boundaries</p> <p>4. All the teachers and the students are from the local community.</p>	
<p>7) How do you meet the expenses of the students regarding clothes food and books?</p>	<p>1. Local people contribute towards the expenses of the Madrasa there are a lot of contacts and friends there is a special contribution going in the month of <i>ramazan</i> and we are also trying to make a self-dependent structure.</p> <p>2. It has been provided through funds from the organization such as <i>Jamiya Salfiya</i>.</p> <p>3. All expenditures are met by charity funding of local people</p> <p>4. We have got individual financial aid and local assistance. <i>Madaris</i> are a service in the name of Allah and the Almighty helps us to continue the work. You can't not calculate it precisely as there are more expenses than the collections and raised funds.</p>	

<p>8) Who is the main donor of the Madrasa?</p>	<p>1. It is a backward area there are no big traders and donors here funds are provided by our head organisation <i>Jamiya Salfiya</i></p> <p>2. There are no constant donor, different people donate at different times and also amount varies.</p> <p>3. No we don't have any permanent or major donors.</p> <p>4. There are head committees of the <i>Madaris</i> that consist of the elder members of the society. These senior members of the society are also our main donors. I cannot tell you the names of search people as they put a condition no to reveal their identities. This is because the law enforcement agencies look in to such contributions with suspicion and harass the donors. I can quote several examples of such harassment.</p>	

<p>9) Is your institution affiliated with any religious group or religious Political party?</p>	<p>1. We are attached with <i>Markazi Jamiyat and Jamiya Salfiya</i> provide us syllabus and also takes exams.</p> <p>2. Our head organization is <i>Jamaat Ahl A Hadees</i> office which is situated in Lahore under the supervision of Senator Sajid Meer, under which our organization comes “<i>Jamiya Salfiya</i>” which is our head organization.</p> <p>3. We have affiliation with Deoband sect.</p> <p>4. Our Federal madrasa is in Multan named as <i>Wafaq al Madaris Deoband</i>. And we are affiliated to a political religious party JUIF headed by Molana Fazal ur Rehman.</p>	

<p>10) Doe you receive any sort of assistance from the Government?</p>	<p>1. There is zero contribution from government Rather they hinder and cause troubles.</p> <p>2. No, this is not the case for us.</p> <p>3. No we Don't have any support from Government instead they create hurdles in our functioning process.</p> <p>4. Government does not help us with anything rather they cause problems for us. In the Shahbaz Sharif's time government harassed us a lot on the basis of lame legal excuses. Institution sharass us. They record our calls and make it compulsory to ask for permission before we leave the place for some personal matter. They put us in 4th schedule without any useful evidence. Now the people working with <i>Madaris</i> do not reveal the truth to the authorities. Now they do not help the authorities with anything as they have been harassed a lot in the past. CTD arrests</p>	
--	--	--

	<p>our workers without any reason at many instances.</p>	
<p>11) What is the process of recruitment of the students and teachers in Madrasa?</p>	<ol style="list-style-type: none"> 1. Children should be primary pass and teachers are appointed when they are graduated from <i>Wafaq ul Madaris</i>. Children are taught till matric and also Quran. From <i>fajar</i> till <i>Zoher</i> religious and from <i>Zoher</i> to <i>Asar</i> basic education is given. 2. There are some rules and regulations for students as well as teachers. Students are admitted after primary school. Then they complete their middle school as well as becomes Hafiz of Quran. After which they could take <i>Wafaqi Dars i Nizami</i> Course. It is mandatory for teachers to be graduated from <i>Wafaqi</i> Madrasa after being interviewed. 3. Any person having sound mind and age of above 8 years is eligible for admission without any discrimination of sect or 	

	<p>race. For teachers:He must be certificate holder from <i>wafaq ul Madaris</i>. He must have good moral character in society</p> <p>4. It is mandatory for the teachers that they are graduated from the federal madrasa there they could be judged for their capabilities. Then they are allowed to teach in the madrasa. It is a different story for the young students. We take all the children that are aged around 8 or 9 years old. The federal madrasa constructs the syllabus of the religious education to be taught in the <i>Madaris</i>. Basic education is also provided till middle level to all the boys and girls students.</p>	
<p>12) Can you collect donations for Madrasa independently?</p>	<p>1. since last days government has made some laws but they're not been implemented there is not much hindrance and people are worried that they will be asked to from where are they getting money used for</p>	

	<p>donations so they're scared and you have to get an noc to collect animal skin since last 3,4 years</p> <p>2. Yes, we can collect the donations from local people without any restriction.</p> <p>3. No we face many restrictions like last year , FIR is registered against me on collecting animal hides even we have not collected hides from people</p> <p>4. You cannot openly take contributions as there are many complications attached to it. Government institutions harass us. We don't go to people to collect contributions. Even if someone comes to us and donate us animal heeds or grains we still have to give explanation for this to the authorities. There arrest us with no reasons. Last year i got arrested and an FIR was filed against me just because some local people came and donated some animal heeds to the madrassa. It is very</p>	
--	---	--

	<p>difficult to get NOC from the district government. You need a reference just to get an NOC.</p>	
<p>13) What is included in donations are there any conditions for donation?</p>	<ol style="list-style-type: none"> 1. We only get contributions from our <i>jamat</i>. Only <i>Ahl a Hadees</i> Will give us the donations because each sect support it's organization and institutions. Grains and animals skin mostly given in donations. There is no benefit to collect animals heeds But we only collect to make a contact with our friends. 2. Donations include money, animal skin, wheat which are the main products. As there are no non-Muslims so donations are collected from Muslims as they are welfare of the madrassas so they donate freely for the sake of students. 3. We accept anything in charity rather it is cash or food items or building materials. 	

	<p>4. Only the people of our sect donate us we have no conditions for the donors in this regard Anyone can donate us which he wants to donate. People come and give necessary good just like clothes shoes for the students some donate building materials all these things are included in donations.</p> <p>.</p>	
<p>14) Is there any check and balance on donations from government?</p>	<p>1. Government institutions do not supervise the donations but our <i>Jamaat</i> Have a check and balance of the budget of <i>Madsara</i> Also have audit regularly.</p> <p>2. Yes, In past there was some kind of audit at the time of registration, but now many years have passed there is no such thing as check and balance.</p> <p>3. Yes absolutely they monitor each and everything</p> <p>4. Yes we are supervised by all means even if we travel or attend a marriage</p>	

	<p>ceremony. They also record our calls. There is an audit for all the donations and contributions. Government institutions do not cooperate with us therefore we also do not like to cooperate with them. Now we do not give them the correct record rather we do not keep the original record in the <i>madrisa</i> as well. Seven different agencies supervise us and take our people into custody as they want and don't even inform us that where they took them.</p>	
<p>15) Do you pay tax or report to FBR?</p>	<ol style="list-style-type: none"> 1. No 2. Yes, we do pay electricity bill which include tax, but we not report to FBR or government. 3. We don't pay any tax or didn't report to any revenue related institution. Even we are not allowed to open bank account 4. We do not pay typical Texas but we do pay our electricity and utility bills 	

	and we do not report to a certain institution on regular basis.	
16) Do Madrasa generate its own wealth?	<p>1. It is a basic requirement for the institutions to have resources and they have to be self- independent. If we have both workings one to collect the money and 2nd to run the Madrasa Then it is difficult. We have some shops which is the property of Madrasa and it contributes a big part in expenses just like the salaries of teaching staff. We have received 1.5 lacs per month form Madrasa property.</p> <p>2. No, we do not generate any wealth by ourselves (although we do have 2 shops which are not rented yet) but we intend to generate wealth which would be beneficial for us in many ways.</p> <p>3. We don't have any permanent income resources and also such type</p>	

	<p>of resources can't meet our expenses. It is also difficult for us to make such resources as they require investment and we cannot do this as we have to meet out monthly expenses with charity funds.</p> <p>4. There are 5 to 6 of our <i>Madaris</i>. We do not have any certain resources. Some of our <i>Madaris</i> own some resources in the form of commercial shops or agricultural land but my madrassa do not hold any such type of resource. We receive a lot of donations for example some individual donates solar plates for the electricity needs of the madrasa or sometimes people donate the water filtration plant for the institution. Sometimes people contribute for the construction of the building or sometimes people donate land to the institution.</p>	
--	--	--

<p>17) Do you receive any foreign donation is there any way to it?</p>	<p>1. I spend 17 to 18 years in Saudi Arabia I have some personal relations there we was collect donations from abroad from our close friends but now the government policies are very strict people Can't send donations from abroad the government shutdown the bank accounts of <i>Madaris</i> that's why we have to face a lot of problems.</p> <p>2. No, there is no such thing as foreign donation in our case. But once in a while we get donation from foreign relative or a friend but that is a rare case.</p> <p>3. Once in a blue moon we receive foreign remittances as it is more difficult for overseas to donate money to madrassas.</p> <p>4. No we do not get any foreign fundings from any country or from any certain individuals.</p>	
<p>18) Do you know about the FATF and its legislation?</p>	<p>1. Yes I know about the FATF legislation all the <i>Wafaq</i> jointly <i>Wafaq a Salfiya Wafaq a Deo Band</i></p>	

	<p><i>Wafaq a Barelwi</i> Denied this legislation because it have some conditions which are not acceptable. Our institutions have <i>Wakaf</i> and now the government wants to take over the <i>Wakaf</i> but we resist this forced occupation for institutions.</p> <p>2. As I do have heard about FATF and its legislation that it is not favorable condition but the decision would be made by our head organization.</p> <p>3. I have learned about this from newspapers and National Assembly speeches. It is the international conspiracy to halt or ban the preachings of Islam.</p> <p>4. Yes I understand and I know about it. I know it as far the news channels tell about it. But I know that the harsh treatment from the government side towards our institutions is an aftermath of that legislation.</p>	
--	--	--

19) Do you think this legislation is correct? What is the religious importance of this legislation?

1. There is no place for such legislation in Shariya. There is no flexibility in this regard .The donations have to be spent where donors wants to spend. If the government take possession of *wakif* Then they have answerable in front of a Allah We do not want to confront the State institutions.
2. If this is helpful to ease out the tension between the different sects so it is favorable condition but in case if it affects the working of the organization and stop us to give religious education, it is not acceptable There is no space for such legislation in *Shariah*.
3. It has no place in *Shariah* and it is totally against the *Shariah*
Every person whether Muslim or Non Muslim has right to live freely according to his ideology.
4. Our federal *Madaris* have termed this legislation foul

	<p>and against human rights. Moreover, there is no space for such legislation in the Sharia where it would put the people that preach religious teachings in detentions and sanctions.</p>	
<p>20) After the legislation there is a close check from the government are you being affected?</p>	<ol style="list-style-type: none"> 1. Yes we have many troubles we have to get approval for the small events. Institutions have not started working precisely according to the past legislation they are showing some leniency at the time. When the legislation is implemented with full force then there will be difficulties and consequences. 2. This is not an issue for us. Whenever there is need of our cooperation or any information is needed, we cooperate with the government. 3. It has huge impact on us but <i>InshaAllah</i> this will fade away with passage of time 4. Persons of law enforcement agencies come 	

	<p>and harass us and get the information about Madrasa they search everywhere in madrasa they checked the belongings of students even the search washrooms .If there is a seminar in Madrasa the persons of CTD come and sit with us they ask the donors where did you get this money what is the name of your wife and children tell us about their bank accounts in our town there is a Grain market all the trader build a madrasa and give the expenses of Madrasa the persons of law enforcement agencies put investigations upon donors they stopped funding and Madrasa was shut down now donors are scared they do not donate but some people are still favoring.</p>	
<p>21) Do you know anything about terror financing?</p>	<p>1. State is the responsible for it's own benefits and losses local community or citizens or not responsible for any obligation. Terrorism and the terror</p>	

	<p>financing Is not acceptable in Islam And even The terrorism is not favorable for Islamic prectioneers.</p> <p>2. Yes, I do understand both the terms i.e., terror financing and terrorism.</p> <p>3. It is a false blame on <i>Madaris</i></p> <p>4. Yes, I understand the concept of terrorism and also the terror funding associated with it. People here are very religious and there was a time when many fighters (<i>Mujahideen</i>) belonged from this area. Now all the people here are very educated and most of them are Hafiz. Majority of them serve as government servants. There is no space for terrorism in Islam. We only preach the religion and its teachings and try to make religious and worldly life better for the people.</p>	
<p>22) Do you think religious groups, organisations and institutions are involved in any type of terrorism?</p>	<p>1. No actually When international terrorism were started that time Some black sheep's were put in the</p>	

	<p>institutions to blame everyone in the system and this is the propaganda against Islam. I do not find religious institutions involved in the terrorism.</p> <p>2. No, there is no such a thing we are not involved in any activity. Jihad is particularly against nonMuslims. It is the duty of the government to impose Islamic Practices and if someone is found guilty then it is the right of state to punish that person of organization. Jihad is also the responsibility of state not public.</p> <p>3. Have you ever heard any Imam or <i>khateeb</i> saying that you should go and fight with army or state? No ! This is propaganda of international heinous forces that <i>Madaris</i> are supporting terrorism and people in our own country use these blames to make their western Lords happy. Otherwise there is no truth in these blames. They have created such groups by</p>	
--	--	--

	themselves and when such groups started working against their will they called them terrorist 4. No	

Appendix B: UDC 2.

Faith-Based Organizations

Question	Response	Findings
1) How much time have you spent with the organisation?	1. 25 to 30 years. 2. From 1989 to 1997 , about 8 years	

<p>2) At What rank did you start working for the organisation? At what rank you resigned organisation?</p>	<p>1. As a volunteer, I used to distribute literature. Currently District Ameer of <i>Jammat</i>. 2. Started at Tehsil Level as President, and resigned as <i>Salare</i> Punjab</p>	
<p>3) What is the managerial structure of your organisation?</p>	<p>1. We have more than 50 UCs, and in each UC about 5 of our people work, about 3000 people work in a District. According to the schedule we divide workers(people), and we do advice political workers in a UC there are committees and societies such as condolence committee and blood donor society. We have a proper youth wing. We had about 300 schools in the education sector, and about 100 <i>Madaris</i>. Jamaat has 42 wings and they offer 42 different type of services. Its like the political system of our country, at the district level there is Ameer, for tehsil there is Mehsool (like MPAs), and for UC there is Numainda (representative), and every UC has 12 chak and one representative in every chak. And at the grassroot level</p>	

	<p>there are minimum 5 persons in a committee.</p> <p>2. Central body (a whole body including clerk, accountants etc.), headquarter in Central masjid of a District, SSP had an Askari wing (Lashkare Jangwi). We had unit of funding which were work in each town village and city level also we had office holder in each unit.</p>	
4) On what basis someone is appointed at a specific rank?	<p>Based on age, quality of work, experience and based on specific skills set. First I had District, from there I was in sector(halqa) and from there I was sent to khidmat khalq office (philanthropy) and then to the office of public relations, there is generalization not specialisation 2. ?</p>	
5) What was your salary in that organisation?	<p>1. Between 15 to 20 thousand. When it was working I was getting 30 thousand salary.</p> <p>2. I was self sufficient, I had business and shops etc. I did not get any compensation and just worked for the organization with my own will.</p>	
6) What Type of privileges You were provided with in that Organisation?	<p>1. When I was transferred, I was given bike and a home to live in for free.</p>	

	<p>2. Qatlo gharat (civil wars) waghaira kam sai kam district layya k had tak mainey band kia</p> <p>In jamaat, there are no rights to be had. We have a goal/mission to ensure that sahabas are respected, and that anyone who insults them will be penalised. We have made numerous sacrifices, and my two brothers have bestowed their life upon us. If we can not endure disrespect for our dads, what makes them think we can accept disrespect for our sahabas?</p>	
<p>7) What Types of power You are granted at that specific rank?</p>	<p>1. We are just opinion givers. And regarding the donations a district Ameer can only give 5 to ten thousand rupees and more than that requires permission from the upper body.</p> <p>2. Each and every one knows me and my name.</p>	
<p>8) What is the procedure of tackling Core issues regarding strikes and Protests in the Organisation? For example Either the organisation takes a supportive or non supportive stance with respect to state?</p>	<p>1. No disagreement with the state. Supportive stance, and we follow Ameers' orders.</p> <p>2. Non-supportive, disrespect or insult of Sahaba is intolerable.</p>	

<p>9) In what type of decisions you can contribute your opinions to?</p>	<p>1. We could only give advice and asked for that is being required first we collect money and provide it to the organisation and they provide us with what is being required and we could only contribute towards the welfare of the organisation not the decision-making.</p> <p>2. All sit together and discuss first, and I can contribute my opinion to mostly each and every type of decision</p>	
<p>10) How do you monitor Your own organisation members?</p>	<p>1. District Ameer convene a meeting every weekend with the people of his Tehsil, and he provides his schedule. Ameer sends progress report to division in ten days, in 15 days that report comes there, and in one month district report comes there, and in a month these all people are called at the Markaz (center). We do watch our own people and we properly surveil them.</p> <p>2. We don't have any system of monitoring, but when we have an intel on someone then we remove them from Jamaat</p>	
<p>11) On what basis you collect donations for example on the</p>	<p>1. For purely humanitarian purposes. For public welfare. For humanitarian purposes in the name of Allah. Jihad,</p>	

<p>basis of sect or jihad or For the purpose of public welfare?</p>	<p>and some people give on the basis of philanthropy, and some give on the basis of personal relations. 2. Mostly on the basis of Sect. In order to provide for the wellbeing of our own people, we raise cash. In our Jamaat, we provide scholarships to deserving individuals who volunteer their time to assist our community. In addition, we make contributions to their families. People who are wealthy do not accept charitable contributions. For example, I help the families of my two brothers shaheed rather than accepting money from the Jamaat. We gather money to help widows and children who have lost their father(shaheed). We spend money on their living expenses, schooling, and so forth. In addition, via our efforts, we are able to defend our clients in court who are incarcerated.</p>	
<p>12) Who are the people That Mainly contribute in your donations?</p>	<p>1. Jamaat workers. Businessmen (mostly in upper Punjab) and investors, who pay zakat to organizations instead of taxes to government, there is tax exemption for some businessman and businesses in order for them to financially help religious organisations. We take</p>	

	<p>donations from every type of people and sects, both Muslims and nonMuslims and from Businessmen's (i.e. Qasim Bhai in Islamabad).</p> <p>2. Businessmen, friends and people in the upper society.</p> <p>There is no outside financing available. We have a group of friends in our social circle, some of whom are also located outside of the nation. Most of the donations are given on the basis of sect.</p>	
13) In what forms do you collect donations for example animal heeds, grains, money or land rent etc?	<p>1. As per the requirements i.e., money for a widow and school bags for needy children in school. especially Zakaat in the form of grains. Grains, animal heeds and money.</p> <p>2. mostly or mainly money in form of donations which includes cash and wheat</p>	
14) Does the organisation have its own source of income in the form of a business real estate farming or something else?	<p>1. Jamaat don't do any type of business.</p> <p>2.?</p>	
15) Where do you spend the money that is collected in the name of Ushar?	<p>1. As per requirements, we spend on needy persons. We spend that with proper check and balance under government, government audited jamaat three times in a year, jamaat has an internal audit system also and</p>	

	<p>the government audit through markaz. Ushar is spend on welfare and humanitarian purposes. The money is spent on that particular purpose for which it was collected or donated.</p> <p>2. That is spend on needy people such as widows etc., and on cases, and on welfare mostly</p>	
16) How much does it inspire people to donate in the name of God While Hoping for eternal rewards in the after life?	<p>1. Very much Very much, they donate fully give for Ajar (reward). 2. Its subjective. And yes they do give in the name of God and eternal reward</p>	
17) What are you Main expenditures for the Smooth flow of organisational activities?	<p>1. We receive different donations sent as contribution to a certain cause. Therefore, we make it sure that the donation is spent for the certain same cause for example we categorize all the donations on the basis of their intended purposes such as jihad, ushar, zakat etc.</p> <p>2. Each district has assigned to it an amount and number of people to take donations and collect money from, all the collections from each Central Mosques in each District are send to the Centre</p>	
	<p>And, every district used to pay 2 Lac to the Centre, and every unit 10 thousand Rupees</p>	

<p>18) What is FATF? What do you know about FATF? Did you understand FATF?</p>	<p>1. We receive in donations 1 to 1.5 million rupees from every district in Pakistan. In last ramadan we received a 100 million rupees donation solely from Faisalabad city. It will be beyond your imagination that how much people contribute and donate even after we are banned in the country.</p> <p>2. They do arrest us to fulfil the concerns of other people, we endure and don't react to whatever FATF do to us just for the sake of our country, I am still in Fourth Schedule. I am obliged to obey the limits or prohibitions for the sake of my country.</p> <p>Because of fatf, we are still dealing with issues and accusations. our jamaat has been prohibited for the past 18 to 20 years. Due to the actions of fatf, me and my friends were arrested and sentenced to prison. However, we are attempting to ensure that our nation benefits from our imprisonment, and we are prepared to do so. According to the Anti terrorism Act of 1997, I have</p>	
--	---	--

	<p>been in the fourth schedule for the past 20 years. We are currently under surveillance. We are unable to travel or engage in any activity. Each and every time we want to accomplish anything or travel somewhere, we must first obtain permission from the local police station.</p>	
<p>19) On what grounds are Shia referred to as kafar? and how do you prove that with Quarn o Hadees? 20) When deobands acknowledge that shia are kafar, what kind of assistance or favour do you receive from them? (donations or something else)</p>	<p>Some ulama refers shia as kafar, but only a small number do not. The insult of sahaba is an issue that we cannot ignore, and it is also a topic that is not easily changed. Some scholars believe that insulting a sahaba is the same as insulting a rasool, and that the individual who does so is wajib ul qatal, whereas others do not believe this.</p> <p>Because we are united under one flag and demand respect for Sahaba at all costs, we do not disrespect anyone and demand respect from everyone. Because we have problems like anyone else in society, we collect donations and garner votes in a similar manner. However, now we have been banned, despite the fact that we did not do anything to earn this ban. In recent days, a Shia ilam</p>	

	<p>speaker has been spewing venom, but we have remained silent since we have been banned, and the government must now take action against him, but no inquiry has been launched against him.</p>	
--	--	--

Appendix C: UDC 3.

Local community

Question	Response	Findings
<p>Q no. 1 Do you give charity?</p>	<p>1. I give charity on yearly, quarterly and monthly basis to permanent sources. 2. Yes I give charity to my local mosque 3. Yes 4. Yes. 5. yes 6. yes 7. yes 8. yes</p>	<p>Almost 100% of the respondents donates charity.</p>

	<p>9. yes 10. yes</p>	
<p>Q no. 2 When do you give charity?</p>	<p>1. We give charity due to our religious inspirations and obligations. 2. I give charity allround the year to needy people. 3. I give charity allround the year 4. I give charity all round the year but during ramadan and wheat harvesting season i give more charity 5. Regularly and specifically during the harvesting season of wheat 6. During wheat harvesting season specifically and regularly for needy and mosques. 7. Regularly in the form off wheat and food for needy</p>	<p>Most of the respondents are of the view that they donate whenever they were asked to, regardless of time and location. In other words, respondents opined that donations have no specific time and location. However, some are of the view that there are special occasions such as at Friday's prayer, time of harvesting, in the month of Ramazan and Zul Haj, and sometimes at the end of religious ceremonies.</p>

	<p>8. All round the year</p> <p>9. Usually in the wheat season and very little around the year</p> <p>10. All round the year</p>	
Q no. 3 Why do you give charity?	<p>1. I personally give charity to the organizations supporting our sect permanently. 2. Because charity is necessary part of our religion.</p> <p>3. We give charity because it is necessary in our religion 4. Because it is obligatory in our religion to give</p> <p>5. Because charity is foundation of our religion</p> <p>6. Charity is one of the foundations of our religion</p> <p>7. We give charity in the name of Allah and we also give specific share of our earning in the name of Allah</p> <p>8. Because of religious reason</p>	<p>According to the respondents, there are various reasons based on which they donate charity. For instance, majority of the respondents consider donations as religious duty, foundation of religion, and source of promoting harmony and equality in the society. For some respondents, sectarian association motivates them to donate charity only to their own sects.</p>

	<p>9. I think Allah will do us good if we help others</p> <p>10. Because it is mandatory in our religion to help those in need</p>	
<p>Q no. 4 who is the recipient of your charity?</p>	<p>1. I attend religious ceremonies of my own sect regularly.</p> <p>2. I give charity to needy based on my intuition.</p> <p>3. Whenever a needy asks for charity I try to give as much as I can</p> <p>4. I give charity to madrassas and mosques mostly</p> <p>5. I usually give charity for mosques and madrassas</p> <p>6. I give charity to mosques and madrassas</p> <p>7. I give charity to widows and orphans in our area because i feel like they need our charity</p> <p>8. I give charity to those in need, madrassas and religious organizations</p>	<p>According to the respondents, there are many recipients of recipient for charity donations. That is, for majority of the respondents donate charity to madrassah and mosque. Some of the respondents donate to needy and poor people via fulfilling their basic needs. Many other recipients are, beggars, orphan centers, and religious organizations.</p>

	<p>9. I give charity to beggars, needy and widows</p> <p>10. I give charity to needy and helpless only</p>	
<p>Q no. 6 Do you attend religious ceremonies?</p>	<p>1. Yes the religious ceremonies I attend help me stay connected to my religion</p> <p>2. Yes religious ceremonies have an impact on me</p> <p>3. Yes the religious ceremonies have a strong impact on our thoughts and actions</p> <p>4. yes</p> <p>5. Yes. These religious ceremonies increase my knowledge of our religion</p> <p>6. Yes religious ceremonies have a positive impact on our words and actions</p> <p>7. My knowledge of religion increases because of sermons given by scholars</p> <p>8. Yes</p>	<p>Most of the religious institutions and organizations conduct religious ceremonies on some special occasions. It has been generally observed that, administration of the religious ceremony usually call for donations at the end of the program. In this regard, majority of the respondents agreed that they attend such type of religious ceremonies. On the other hand, some of the respondents revealed that do not attend religious ceremonies now. Different type of justifications provided by the respondents such s, it makes religious attachment stronger and increase religious understandings,</p>

	<p>9. I haven't been to any religious ceremony for the past 20 years 10. I don't go to religious ceremonies</p>	
<p>Q no. 7 Do the religious ceremonies you attend have an impact on you?</p>	<p>1. Lack of knowledge of your religion mainly makes me ponder upon the direction we are moving towards as a society 2. Good deeds done in these ceremonies have a positive impact on my thinking 3. The good deeds discussed their make me strive to do more good 4. Senior religious scholars discuss religion in the light of Quran and Sunnah which affects my life positively 5. Religious ceremonies had a positive impact on my personality. I have become more kind hearted because of them 6. Islam is a peaceful religion and preaches the message of peace.</p>	<p>According to the respondents, they attend religious ceremonies because the discussion and preaching of peaceful Islamic message motivates them to attend. For some, they feel spiritual betterment during and after the religious ceremonies and for that reason regularly attend religious ceremonies. On the other hand, some are of the view that religious scholars hatred speech regarding other sects reduce its impact and they usually avoid these ceremonies,</p>

	<p>So when we attend religious ceremonies they teach us peace and harmony</p> <p>7. Ignorance in my thoughts and actions are positively impacted by religious ceremonies</p> <p>8. We learn more about our religion</p> <p>9. Usually what happens on religious ceremonies is the speakers start blaming other sects which leads to clashes among these sects</p> <p>10. I dont attend religious ceremonies</p>	
<p>Q no. 9 Do they ask you for donations at such ceremonies?</p>	<p>1. Yes, charity is one of the basic foundations of our religion which motivates us to donate</p> <p>2. Yes, but thoughts of helping the poor make me donate</p> <p>3. Yes, but thoughts of giving in the name of divine makes me do charity</p> <p>4. Yes, its religious obligation</p>	<p>According to majority of the respondents, they usually donate at the end of these religious ceremonies when the asked to donate. However, respondents revealed that they donate for human welfare and consider donations as religious duty.</p>

	<p>5. Yes, but the thought of helping my religion flourish make me donate</p> <p>6. Yes, but the thought of religious obligations makes me give charity</p> <p>7. Islam has obligated us to do charity and give specific shares of our wealth to those in need</p> <p>8. I give charity because it is necessary in our religion to give charity</p> <p>9. Our religion binds us to give charity</p> <p>10. Necessary in our religion to help those in need</p>	
--	--	--

Appendix D: UDC 4.

Law enforcement agencies

Question	response	Findings
<p>1) Do you monitor faith based organizations and Madrassah? If yes, then how?</p>	<p>Yes, we do. We monitor them in three ways. First one is a more technical surveillance in which we focus on virtual investigation via checking, mobile phone, Facebook account, WhatsApp details, and call detail record (CDR). Second type of monitoring is more physical than technical, and carried out through sending staff members to physically visit madrassahs and faith based organization centers. The last type of monitoring is invisible monitoring and under which, the suspect does not know that he is under the personnel approach them with unknown identity talks to them and sit with them.</p> <p>2. Yes, we do, for this we have different types of mechanism. Our security branch and special branch personal do the surveillance and CTD specifically deals with organizations. But in our local police there are personal of special and security branch without uniform who work undercover.</p> <p>3. Yes, we monitor their social media accounts such as Facebook, Whatsapp, Telegram, Instagram, and any other groups in which they are participating, which can be from any religious jamiyat or from the <i>Maslak</i> sect. We conduct foot surveillance of <i>Madaris</i> as well as network monitoring for other organisations. We work with 5-6 different departments, including research analysis, information technology, intelligence, investigations, special operations, and others. I worked in special operations as well as investigations and surveillance.</p>	<p>.</p>
<p>2) Do you monitor the collections that the local representatives of FBO's and other religious institutions gathering in form of money, grains and animal heed's ?</p>	<p>1. They are banned from taking donations of wheat. <i>Madaris</i> get NOC for donations collection(Animal Heeds, Wheat) and other FBO which are not banned also get NOC from District Government then they collect donations. We take strict action against illegal collection or generations of funds. we have concerns with resources of revenue where from and how much they are getting money. If they are collecting more and they need less</p>	

	<p>then where the funds are going? We put investigation against them if you have doubt.</p> <p>2. Yes, we do monitor them. And the amount of money, and quantity of grains and animal heeds should be justified in front of law enforcement agencies whenever required.</p> <p>3. TLP members are really active these days. A prohibited outfit collects donations through donation boxes, or collects donations in <i>Jalsa</i>, or collects grains, rice or animal heeds then they are apprehended and detained by the authorities. Every banned outfit, whether they put up a banner or collect donations, is closely monitored. One must have a letter of authorization (NOC) in order to collect donations</p>	
3) Do you monitor the fund collection process of Madrassah	<p>1. Yes, we do. Our concern is that the <i>Madaris</i> have 40 students and the donations or ration that they have collected is for about 600 students, that concerns us. They use the children's ration as a cover.</p> <p>2. Yes, we do.</p> <p>3. Yes we do. If Madrasa is registered with government and collecting wheat then it's normal and not a big deal. One must have a letter of authorization (NOC) in order to collect donations; otherwise, we will arrest them.</p>	
4) Do you take any legal action against the illegal funds collection activity of religious institutions?	<p>1. Yes, we do. Interrogation regarding their income and expenditures, bank accounts of them (Maulana sab) and their family members and sometimes scold them. Any kind of illegal or terror activity that is happening in the <i>Madariss</i> and the donors or the members of the community are aware of that and they don't report to police or CTD then they are equally involved.</p> <p>2. And when we found a suspect then we abduct/arrest them and then we file FIR against them and put them before judiciary.</p> <p>3. if Someone is collecting donations over the internet or physically and animal heeds for religious institutions and originations without our permission, we also capture and investigate them. If we get clue then we put section that deals with the financing of terrorism</p>	
5) What measure have been taken at micro and macro level for surveillance of FBO's and other religious	<p>1. We have been categorized Masajid and <i>Madarisin</i> three categories especially, category A, B and C. A and B category is strictly banned for collection of donations</p>	

<p>institutions or organizations in post 9/11 world especially with the FATF</p>	<p>they both are under observation at every time. And they have to get permission form the government for any activity. And the government is providing us with latest technologies available, our manpower is increasing and authorities have introduced a new course on terrorism. At the micro level, the Fourth Schedule is crucial , which is a type of the strictest/rigid surveillance. 2. The law enforcement agencies have been empowered. We keep travel record/history and call records of religious institutions and organizations. At the micro level we have the Fourth Schedule for suspects and under this we do a rigid type of surveillance by specifying each personnel and organization.</p> <p>3.CTD take notable steps for the surveillance of the religious organisations and institutions what are their resources of revenue and monitor the movement or mobility of the leadership of religious institutions/organisations and also monitor there social gatherings (<i>Jalsa</i>).</p> <p>On a regular basis, we conduct a check and balance of the Jamaat's leaders' movements, social gatherings, and seminars (<i>Jalsa</i>). As a result of this check and balance or surveillance, we have apprehended 2-3 suicide bombers and their facilitators from the Raiwand Ijtima area. Checking and balancing is more important on social media. If someone shares information that is in opposition to the sect, such information is brought to our attention and we apprehend that individual.</p> <p>In our meetings, we mostly discuss terror finance, with the understanding that no resinous party is required to solicit funds or to provide support for terrorism. In addition, leaders of religious organisations will be monitored to determine whether or not they are involved in terrorism activities; if they are, they will be subjected to legal punishment. In addition, JuD ameer is being held in judicial custody (we are dealing with this matter).</p>	
<p>6) How the Community reacts when law enforcement agencies takes any measure against FBO's?</p>	<p>1. Community reaction is not supportive in most of the cases. We rarely receive support of the local community when we arrest a bearded-suspect similar to the volunteers of FBO's. In most of the cases we can't</p>	

	<p>provide evidence to the public, and 80% of our work is not discussed with public, and for that reason local community often speak against us/our work.</p> <p>2. The situation is worst in upper Punjab than South Punjab. Majority of the people in South Punjab are overall peaceful and non-violent. They don't counter law enforcement agencies. People in South are soft as compared to the Upper Punjab. It implies that local community reacts in favor of law enforcement agencies.</p> <p>3. I spend more than seven years with CTD. Our department and have good image we never take bribery not give any relaxation to anyone who commits a crime. We deal high profile cases and take actions but there isn't violent behaviour from public but rarely. CTD have terror in public.</p>	
<p>7) What is Terror Financing? Do you know about it? What is your opinion or experience with respect to the legislation that is being passed regarding terror financing? Is it legislation is helpful and useful for the law enforcement agencies?</p>	<p>1. For me, it implies giving money to terrorists activates It means that any paisa or rupee of yours that goes to any kind of terrorist activities/organizations that is terror financing. You can view it from two perspectives; internationally and nationally. If I see it internationally then the demands that they make from us are right/good but the difference in that is that those demands are of a slight/relaxed form for other countries. And there are many countries who have just completed two or three points of FATF and they have been removed from the grey list. On the national level each and every legislation that's being made in either National or Provincial assembly is right. Yes, and this legislation is subjective in a sense that its different for a student in <i>Madaris</i> as compared to a student in university.</p> <p>2. The facilitation of terror or terrorism is terror financing. And each and every one who is facilitating terror by financial means is involved in terror financing. This legislation regarding terror financing is best for us. Yes, this legislation is useful and helpful for our law enforcement agencies.</p> <p>3. in Pakistan educated youth is involved in Terror financing. Young and educated population ie doctor engineer have connections with the Soot ul Umah, Da'esh and Al Qaeda on social networking and generate funds</p>	

	<p>for them. They collect funding specifically not publicly. In my carrier i deal four cases of terror financing in sindh. They were very sharp they were released due to less evidence against them. CTD also have a section which deals suspicious transactions. They make miner transactions otherwise FBR get them on their radar. If we get any person involved in unlawful act which is against the public order or involved in sectarianism then we report against him to Home Department then they put them in Fourth Schedule. And then they have to report their local police station before doing anything. Put a person in fourth schedule is a big punishment then the jail.</p> <p>For the past three years, our department has been more closely associated with the FATF. Our regional officers and senior leadership have been asked to attend the FATF meeting. The majority of <i>Molvi sahibans</i> are apprehended under FATF. We also file a formal complaint against those who work beneath them. I If anyone take any action against the state then it is terrorism ie anyone opens up a fire in public place and disturb public order then it is also included in terrorism. He faces 780 ATA (7 act) . Any type of sectarianism, violent speech ie In last Muharam some Shea Ulama Makes violent speech we put cases of terrorism upon them. If any person gives shelter any kind of transportation or any facility to a terrorist he faces the case of terror financing</p> <p>There are still some countries in the world that have not met half of the fatf requirements but have been removed from the grey list. On the other hand, despite the fact that we have followed all fatf instructions (only one left), we remain on the grey list. This appears to be a major international political issue. We require a framework such as the FATF in order to effectively combat terrorism. We cannot engage in 1980s or 1990s politics in which we assist organisations, deal with international pressure, and make it clear to foreign nations that we have outlawed various organisations and do not support the Khasmiri <i>Mujahideen</i> or Afghanistan.</p>	
--	---	--

Appendix E:

--	--	--

The 40 Recommendations primarily focus on money laundering but also provide guidelines and initiatives to help Financial Investigative Units (FIUs) and other AML/CFT agencies combat the proliferation of criminal financial actions.

Below is a list of the FATF’s 40 Recommendations, with broad categories:

AML/CFT POLICIES AND COORDINATION

- Recommendation 1: Assessing risks and applying a risk-based approach
- Recommendation 2: National cooperation and coordination

MONEY LAUNDERING AND CONFISCATION

- Recommendation 3: Money laundering offense
- Recommendation 4: Confiscation and provisional measures

TERRORIST FINANCING AND FINANCING OF PROLIFERATION

- Recommendation 5: Terrorist financing offense
- Recommendation 6: Targeted financial sanctions related to terrorism and terrorist financing
- Recommendation 7: Targeted financial sanctions related to proliferation
- Recommendation 8: Non-profit organizations

PREVENTIVE MEASURES

- Recommendation 9: Financial institution secrecy laws
- Recommendation 10: Customer due diligence
- Recommendation 11: Record-keeping
- Recommendation 12: Politically exposed persons
- Recommendation 13: Correspondent banking
- Recommendation 14: Money or value transfer services
- **Recommendation 15: New technologies** □ **Recommendation 16: Wire transfers**
- Recommendation 17: Reliance on third parties

- Recommendation 18: Internal controls and foreign branches and subsidiaries
- Recommendation 19: Higher-risk countries
- Recommendation 20: Reporting of suspicious transactions
- Recommendation 21: Tipping-off and confidentiality
- Recommendation 22: DNFBPs: customer due diligence
- Recommendation 23: DNFBPs: Other measures

TRANSPARENCY AND BENEFICIAL OWNERSHIP OF LEGAL PERSONS AND ARRANGEMENTS

- Recommendation 24: Transparency and beneficial ownership of legal persons
- Recommendation 25: Transparency and beneficial ownership of legal arrangements

POWERS AND RESPONSIBILITIES OF COMPETENT AUTHORITIES AND OTHER INSTITUTIONAL MEASURES

- Recommendation 26: Regulation and supervision of financial institutions
- Recommendation 27: Powers of supervisors
- Recommendation 28: Regulation and supervision of DNFBPs
- Recommendation 29: Financial intelligence units
- Recommendation 30: Responsibilities of law enforcement and investigative authorities
- Recommendation 31: Powers of law enforcement and investigative authorities
- Recommendation 32: Cash couriers
- Recommendation 33: Statistics
- Recommendation 34: Guidance and feedback
- Recommendation 35: Sanctions

INTERNATIONAL COOPERATION

- Recommendation 36: International instruments
- Recommendation 37: Mutual legal assistance
- Recommendation 38: Mutual legal assistance: freezing and confiscation
- Recommendation 39: Extradition
- Recommendation 40: Other forms of international cooperation

FATF 9 Special Recommendations on Terrorist Financing:

The 9 Special Recommendations (also known as Recommendations IX) acts in tandem with the 40 Recommendations as a simple framework to aid the detection, prevention, and eradication of terrorism funding.

The 9 Special Recommendations are:

1. Ratification and implementation of UN instruments
2. Criminalizing the financing of terrorism and associated money laundering
3. Freezing and confiscating terrorist assets
4. Reporting suspicious transactions related to terrorism
5. International cooperation
6. Alternative remittance
7. Wire transfers
8. Non-profit organizations
9. Cash couriers

Appendix F: FATF 27-Action Plan for Pakistan

1. Understanding risks categorized under countering Financing of terrorism (CFT) by the financial sector
2. Outreach sessions of anti-money laundering (AML) and CFT for the financial institutions.
3. Developing an integrated data base at airports.
4. Mechanisms to publicize designated persons and entities.
5. Terrorist financing (TF) specific units and analysis done by financial monitoring unit and state bank of Pakistan.
6. Audit of financial institutions by the state bank of Pakistan.
7. Suspicious transaction reports disseminations an analysis done by FMU.
8. Terror financing risk assessment and its implementation.
9. Inter-coordination mechanism of federal and provincial departments.
10. Parallel investigations by counter terrorism departments.
11. Risk assessment of cash smuggling.
12. Implementation of domestic cooperation to counter cash smuggling.
13. Understanding TF by the judiciary through conducting awareness and training session.
14. Risk based outreach of designated non-banking financial institutions and non-profit organizations
15. Pakistan will have to demonstrate effectiveness of sanctions including remedial actions to curb terrorist financing in thr country.

16. Pakistan will have to ensure improve effectiveness for terror financing of financial institutions with particular to banned outfits.
17. Pakistan will have to take actions against illegal money or value transfer services such as Hun-di-hawala.
18. Pakistan will have to place sanction regime against cash couriers.
19. Pakistan will have to ensure logical conclusion from ongoing terror financing investigations and law enforcing agencies against banned outfits and proscribed persons.
20. Pakistan authorities will have to ensure international cooperation based investigations and convictions against banned organizations and proscribed persons.
21. The country will have to place effective domestic cooperation between financial monitoring unit and LEAs om investigation of terror financing.
22. Prosecution of banned outfits and proscribed persons;
23. Demonstrate convictions from court of law of banned outfits and proscribed persons;
24. Seizure of properties of banned outfits and proscribed persons;
25. Conversion of madrassas to schools and health units into official formations;
26. To cut off funding of banned outfits and proscribed persons; and
27. Pakistan will have to place permanent mechanism for management of properties and assets owned by the banned outfits and proscribed persons.