

Interview Transcript:

Ethica Institute Of Islamic Finance (Yusuf Jha) And Akhuwat Founder, Dr. Amjad Saqib

Yusuf Jha: As Salaam Alaikum (May peace be upon you) and welcome to this edition of Ethica's podcast and today we have with us an amazing organization (to interview). To put them (i.e. this organization) in context, in the recent *Occupy Wall Street* movement the Wall Street Journal asked a basic question quoting William Conway, the co-founder of a major private equity firm (called) Carlyle. They asked the public how they would use \$1 billion of his \$2.7 billion fortune to create jobs and wealth. What was surprising was that the Wall Street Journal (having) quoted the fact that "the 400 wealthiest Americans have a total net worth of \$1.53 trillion, with the top 50 alone holding more than \$700 billion in personal wealth¹", went on to advocate that donations from these people alone combined with public funds would relieve much of the poverty (in the United States). What was interesting from a mainstream journal, such as the Wall Street Journal, was that they said that a precedent for this type of behavior exists and they cited Ottoman era Turkey, the Islamic Economy (as being such an example). (They effectively stated) that in the Muslim world (of the middle ages) this void between the poor and the rich was filled through the spirit of volunteerism, (through) a spirit of charity wherein which 35,000 private foundations, known as vakif (waqf) in Turkish, funded public works projects and municipal services, (all the way) from water systems and schools to hospitals, to bridge and roads. Today's podcast is about looking at this history, (looking at) the fact that the Muslim economy revolved around people for people, wherein the State was an administrator – as people took responsibility for looking after themselves through a spirit of Akhuwat, a spirit of 'Brotherhood'. Today's podcast is about an organization that is reviving this spirit in the world today. Brothers and Sisters, today's podcast is about the organization known as Akhuwat and I have with me Dr. Amjad Saqib, the founder of Akhuwat. Dr. Amjad, Salaam Alaikum (peace be upon you).

Dr. Amjad Saqib: Wa Alaikum Salaam (and may peace be upon you) Brother.

Yusuf Jha: I must say it's a pleasure for us at Ethica to have you here, we have been very much inspired about your institution and I think without any further ado, we wanted, before we go into depths about your organization, (for you) to speak about your journey. (That is) how you came to enter upon the path that you have?

Dr. Amjad Saqib: Thank you very much for your kind words. My name is Amjad Saqib as you introduced me. I am basically a medical graduate. Then I switched over to the Civil Service in Pakistan which is considered a very prestigious service in our country. During that period I worked for the government and during that (period) I also received education in International Development. I was (educated) in the American University, Washington DC and having served for more than seventeen years for the Government I realized that another avenue for bringing about change is working with the people for the people at the grass roots level. So I decided to quit (the Civil Service) and then I started this organization. The organization is now really our passion,

¹ See: **How Billionaires Can Build Bridges to the Middle Class:** The wealthy should consider a new target for their philanthropy: public works.

Available: <http://online.wsj.com/article/SB10001424052970203914304576628893908997616.html>

our life and we have been able to discover new avenues of serving the people, serving humanity and as you were mentioning in the beginning (ways of) bringing about change in this world and giving an opportunity to the billions of people to live a decent and dignified life. So, I'll not talk much about myself but I will be happy to talk about the journey we undertook and the organization. It started just as an idea which was posed by everybody we came across but it is the victory or triumph of this idea that from an idea we were able to take it into a viable and vibrant institution which is bringing hope to the lives of the millions of people in Pakistan.

Yusuf Jha: So let us set the stage then (for introducing your organization). I mean Akhuwat seems to be amongst the world's first completely interest-free microfinance institutions. It started off, from my understanding just through a simple interest-free loan that you gave, is that correct?

Dr. Amjad Saqib: Yes, that is absolutely correct, but let me slightly give you more explanation. The idea we borrowed is from the tradition of the holy Prophet peace be upon him. Actually you are familiar with that glorious tradition he established 1400 years ago, (wherein) people migrated from Mecca to Medina and (while) they were worldly poor, they did not agree to take loans and were not willing to take (part in) any kind of beggary. The Prophet (to resolve this situation) established a bond of love and brotherhood between the haves and have-nots. Those people who had more resources and were residents of Medina (through their bonds of brotherhood) adopted these (poor, emigrant) people. (In effect) one family adopted one person. This adoption meant sharing, it meant sacrifice, it meant helping somebody in need. (Ultimately it was) because of this bond of solidarity and love people who came penniless became great traders and merchants of that time. So this is the spirit and basic concept we are now propagating (through Akhuwat). That if in our world today there are 6 billion people, (where) 2 billion are living (on) less than one dollar a day. So (even) if (only) the top 2 billion adopt these bottom 2 billion life would be much easier for them. So this basic concept is borrowed from the traditions, history of Islam and the teachings of the holy Prophet and we are just replicating this concept because we feel this is not an isolated instance in history (rather) it is in-fact a way of life.

Yusuf Jha: Well the Prophet, peace be upon him, as I'm sure you're alluding to impacted the model wherein the emigrants, the Muhajirun, when they first entered Medina were paired with the people of Medina, the Ansar (lit. the Helpers). So, in essence what we take, is that this form of Akhuwat or brotherhood is a Prophetic model.

Dr. Amjad Saqib: Absolutely, we are just trying to follow this glorious tradition. We are not re-inventing the wheel, we are just trying to revive the spirit which was once the motivating force in the entire community and the entire State. Unfortunately we (have) forgot that great message and instead we are bounding here and there in search of some plausible model, without realizing that this model is already within reachable distance.

Yusuf Jha: Okay, so then if the key point was that there was a spirit that you were looking to imbibe and create and that spirit became manifest through your organization then how did that start off, what were the challenges that you faced at the outset?

Dr. Amjad Saqib: This is the spirit, the passion, this is the philosophy of Akhuwat or brotherhood. The challenge was how we can manifest this brotherhood in today's world, because there was a much simpler life in those days but here (today) life is complicated and it might be

difficult perhaps to take these have-nots to their homes and offer them love and affection. So we thought that here another principle of the Islamic teachings (should) come to our support and that is the Qard-e-hasan. Qard-e-hasan is giving someone a loan, it is a benevolent (non-interest bearing) loan, given to someone in need and the giver does not have any financial interest in it, (rather) he just shares that money and gives it as a loan to someone in need of that. So we thought having studied the modern concept of banking and microfinance and (the practice of) other financial institutions, we realized that giving these loans to somebody in need today to start a business or to start some enterprise is another plausible way of taking him out of poverty. So we combined these principles with the Islamic model of Qard-e-hasan and thought (it best) we create a pool of money which is contributed by well to do philanthropists in a spirit of Akhuwat or brotherhood or sharing (after which) then this credit pool or Qard-e-hasan fund can be utilized to provide small loans to the people free of interest. With this money the much needed financial inclusion would be materialized and these people who do not lack skills and enterprise but lack capital will be inspired to start some business with this money. So the philosophy is brotherhood, the methodology we adopted is microfinance or providing financial access to the people with much (more in) addition, (as) this microfinance is not conventional microfinance – (rather) this is linked with the Islamic concept of Qard-e-hasan. This (i.e. Qard-e-hasan) became our strategy and methodology and the brotherhood remained our passion and our philosophy.

Yusuf Jha: I am reminded by what you have said and your reference to the Prophet by a very famous hadeeth or saying in which a person from Ansar came asking the Prophet (peace be upon him) for financial help. The Prophet asked, "Is there not anything in your house?" upon which the man responded, "Yes, a piece of cloth." The Prophet then instructed him, took that piece of cloth by saying, "Bring them to me." He (then) asked, "Who will buy these?" Once it was sold, a price was acquired, through a man saying "I will take them for two dirhams." When the Prophet took these two dirhams he gave one dirham as a portion of that amount to the person to relieve his immediate needs, (such as buying food, to send to the family, etc.) and with the other he instructed the man to buy an axe head and bring it to him. The Prophet then told the man to go and chop wood with the axe (with the Prophet having attached the axe head to the handle himself) and sell it (i.e. the chopped wood). The Prophet then told the person that "I must not see you for fifteen days (i.e. implying that was the period he was to work for)". So when the man left and came back (after fifteen days) having chopped the wood and having sold much of it, this was now a way of empowerment and so the Prophetic model was (of not only) giving charity or providing money for immediate needs but also of providing a form of empowerment – and this is what I see coming from Akhuwat.

Dr. Amjad Saqib: Absolutely, you know this is exactly what people say, when they say don't give someone fish but tell them how to fish. It is against dignity that people come to you in the beginning of the day and ask for money for their livelihood so instead of giving charity on a daily basis why don't we empower the person and give him something to stand on (his own feet by). This Qard-e-hasan model is exactly based on this story which you have narrated, that is to bring people who have the potential, the desire to come out of poverty, who work hard and who have not compromised their self respect and dignity and to give them this much needed financial access, money, small petty amounts thus allowing them to be able to create a world of their own. Absolutely, this is exactly what we are seeking.

Yusuf Jha: I think now often what happens when people hear these things being said is that sometimes given the nature of the world, the skeptic self comes out and says "get real", "this can't be", "how is it possible" and I think this is why we need to go into the specifics of your model. We will come into how you have managed to make it as successful as it is today but before we get to that point I would appreciate if you could tell ourselves and the listeners as to how it all started and also some simple facts about Akhuwat. For example how big it has become on the ground and the amount of money that is now circulating through this organization.

Dr. Amjad Saqib: You know in the beginning people were very skeptical and they ridiculed us as to how in this world we were going to implement an interest free model, a model without interest on the basis of common love for humanity and brotherhood. But we thought that we will inshaAllah (god willingly) be able to do these things and the entire organization started with belief in this idea and suddenly a small incident took place. A widow from a poor slum of Lahore came to us, she had lost her husband and she said that though she was without husband or protection she had not lost hope and wanted to live with dignity and with respect. She requested us to give her around Rs.10,000 which is around 100 USD, so she said if she could get this amount she would be able to buy two sewing machines and stitch clothes, out of which she would be (able) to get some profit that would be sufficient enough to help her family. It was amazing for us, because although she said she wanted a loan, she said she would never take a loan on interest – because it was against her religious perceptions and philosophy. So we gave her Rs.10,000 and she purchased two sewing machines and what happened later was history. After six months she came back to us with a smiling face and returned the Rs.10,000 saying that through the income of the machines she had been able to nurture her family, marry (off) one of her daughters and be able to save these Rs.10,000 from the profit and now she was returning it promptly (precisely) because she believed that this money would be useful for some other family (in a similar situation). In one go she changed our entire paradigm, she told us that by hard work one can change their lives, that it was possible without compromising one's principles to move ahead in life and that at the same time her returning the money (promptly as a gesture to help others served as an example that) was extremely inspiring for us. So we thought if we created a pool of money contributed by well to do people, then many similar families can be helped without them being asked to compromise their self-respect and religious philosophy or ideology. So initially we gathered around one million rupees, contributed by friends, family and other people and we started giving this money to very deserving people who did not believe in dole and charity. What happened later was extremely inspiring (in) that these people started their businesses, these people started coming out of poverty, their children started going to schools, they got medical treatment in case of such need and at the same time they started returning the money exactly on the agreed upon time (in order to help others). So this was the other impetus that made us think that we should try and enhance this fund and create some modules and procedures, rules and regulations as to how we would be (better able to) identify these people, how we would be able to give money and how we would be able to recover that money and also build their capacity to do business, etc. So God was with us and the message spread like fragrance and wildfire and people started appreciating that and contributing more and more money and started sending to us more and more people who deserved this amount of money. (People) who were looking to come out of poverty. So it was a long journey, we met many (varieties of) stiff oppositions, problems, but we were never discouraged, we had this firm belief that the spirit of solidarity with the poor and the spirit of brotherhood is a great feeling (that will come to our aid). There are glorious examples in various communities and countries where people

were able to make a difference, (and this is what happened with us) so the amount of money started increasing and so was our enthusiasm and we got (help from) many good friends as people from the whole city and god fearing people started giving more and more money. So to cut a long story short, the journey of these 10-12 years has totally revolutionalized (in our opinion) the entire concept (of microfinance), from a mere idea we have been able to make an organization which has so far starting from a first loan of Rs.1000 been able to disperse around 30 million USD, that is 3 billion rupees in Pakistan! From the first loan given to that widow, now we have been able to disperse loans to more than 200,000 families. Mind you (it is worth reflecting that) these are families, the (actual) beneficiaries are much more than that because on average there are five to seven people in a family (in Pakistan) – so (it would not be an exaggeration to say) over a million people have benefitted from our loans. We don't claim they have (all) come out of poverty, rather that they have started their journey (towards coming out of poverty), with life not as difficult for them as it used to be. They are now finding hope, now they feel that they are not alone in this struggle against (poverty), ignorance and against disease (and) that there are people who are standing with them. This financial inclusion has brought tremendous change in their lives and now they are (all) extremely hard working (and an example for others).

Yusuf Jha: I think it is amazing that through a simple process, having started as you said with a loan of Rs.10,000 and within a span of 10 years, a decade, you have now got circulating close to Rs.3 billion and my understanding is that now you have got various networks (of donors) across Pakistan and (even) have inclusion and support of the State government as well.

Dr. Amjad Saqib: Yes, the idea started with the first loan, initially I was the loan volunteer but then we started having more and more people coming to take part and you will be happy to know that at this point of time we have more than 1,000 regular employees of this organization and we have offices in 105 cities of Pakistan across the country. The best thing which you have alluded to is that we have been able to convince the State Government, the Government of Punjab province, that this is the viable way of fighting against poverty. That this is how one should start a poverty alleviation campaign, because just by giving charity you cannot (effectively) eliminate poverty – it is only possible if you make people empowered, (that you) make them think about their future and are able to harness their potential. Only then are you able to involve them in the economic and social upbringing of the whole country and (the) whole society.

Yusuf Jha: I think now, whilst we have established how successful and how amazing this project has been we will hope to look at the challenges you have faced. I am aware you have had four core guiding principles as well as various organizational challenges which I think will be illustrative for other people (to better equip them) to being aware of how to replicate this model. But before we start that, it is interesting you mentioned the role of the State (Punjab government). I think its worth commenting that when we look at Islamic history and see the muslim world especially throughout the middle ages we will see that they operated in a very different financial paradigm to today's debt based one which assumes inherent wealth polarization because of the nature of (modern interest bearing) money. Hence (subsequently) the State has to assume responsibilities to counteract this (Wealth polarization), with the Third Sector (for alleviating poverty) having to come into play whereby in effect the solution is (almost always only) to give micro-credit. Whereas when we look at the Muslim world there were two major

institutions of poverty alleviation, (namely) Waqf and Zakat (both of which were community driven). Within them (the Waqf) there was the use of Qard-e-hasan but these were models of people or the community having mutual solidarity and support (for itself). This support was decentralized (and hence localized), with the state if anything being simply an administrator, helping to direct the funds. But it was the (collective) Muslim ummah (as one nation) being connected to each other, that looked after each other . So today when many modern day economists trained in neoclassical economics, when they look at the history they are astonished (as to) how the Muslim world having (had) such a vibrant economy had so very little state intervention. The reason is because of these two institutions, (namely) Zakat and Waqf and its because of in effect, a disruption in the function of these two institutions that we are seeing that much of the wealth disparity (across the world) exists today and infact the sad thing is that even when we look at the multilateral institutions, when we look at their Poverty Reduction Strategies (PRSs) they are usually along neoliberal lines, i.e. give microcredit, to privatize, to co-opt the people into the market - which is the opposite to how the Muslim world used to function. The Muslim world, the Islamic governments by and large did not do very much (in terms of interfering in the markets), their role was minimal and it was community-driven economics (that looked after the people's needs).

Dr. Amjad Saqib: Absolutely, absolutely, totally agree. If you allow me to mention more about that public-private partnership we are entering into with the State. That is amazing, you know a civil society organization's responsibility is to develop a model, but a model can be taken to scale either by the State or by the private sector as we understand. So what happened here is that after ten years we started approaching government and tried to sell this model and after hard work of 2-3 years we were able to convince the provincial government of Punjab and they established a Qard-e-hasan fund of their own. This is amazing, that a thing that was experimented and perfected by a civil society organization for the sake of the people – (ultimately had fruition with) the government (having) took the idea and (having) developed a Rs.2 billion fund of its own and then (having) handed over its implementation (to Akhuwat for running) on the same principles which had been (priorly) tested by Akhuwat . So the entire model was borrowed from Akhuwat and then this revolving fund which was created by the State was handed over to Akhuwat for its implementation . Now this is a classic example of public-private partnership where we are also contributing, civil society is also contributing, (the) State is also contributing and this is a way of taking people out of misery and out of poverty. Another thing which I would like to mention and highlight is that what is the real blessings out of this entire system is that the poor people or borrowers of this money to start a business have now (themselves) become the doners. That is amazing, this is real partnership, this is real solidarity. That once a person crosses the poverty line, he feels it his responsibility to pay back. These poor people, these 200,000 families which we have been able to support during the last ten years are now (our) proud partners, they are proud doners and during the last financial year they donated around three crore² of rupees for the Qard-e-hasan fund, saying that if they (themselves) have been helped with the spirit of brotherhood they (likewise) also feel obliged to help others with the same feeling. So this is the real model, I totally agree and am in alignment with what you mentioned that the State is a facilitator, (that the) State is an enabler, State is an administrator – but (that) the real issue of poverty should be tackled by the people.

² A crore is a unit in the South Asian numbering system equal to ten million (10,000,000; Scientific notation: 10⁷), equal to a hundred lakh, written as 1,00,00,000.

Yusuf Jha: Yes, and I'm sure when we discuss the operational dynamics (of your organization), I think (we shall see that) there are key aspects especially in your core principles that help bring this to the fore. The thing that I think is specifically important about this discussion is that it is not just a model for the developing, impoverished world. I mean we see the same wealth disparity even in America, (which while) purportedly the world's richest state has fewer than 7,500 individuals controlling almost 75% of the nation's industrial (nonfinancial) assets and almost two-thirds of all its banking assets³. So there is a disparity and there is poverty (around the world) but what is more important than that (to redress) is that there is a poverty of spirit. You have alluded to the fact that (with Akhuwat) the borrowers become the donors because it almost as if the Qu'ranic verse of:

Is there any Recompense for Good - other than Good?

[Qu'ran 55:60]

(Has come to life through Akhuwat). When the spirit of giving is with goodness so it is not an anonymous impersonal financial institution which is just giving money on condition you give more money back. (The borrowers) are moved by the spirit of the donors themselves and (as) they know, that they (the original donors) are giving it for God, this (spirit) induces a response from the borrowers themselves which is why your institution has become so viable and so big and has achieved such a community dynamic. Which is all in contrast to many of (the) conventional microfinance institutions, especially in the neighboring country of India where we saw many farmers committing suicide as a result of predatory microfinance loans with extortionate rates of interest⁴.

Dr. Amjad Saqib: Yes, if you allow me at this point I would like to explain the four (core) principles (of Akhuwat) as that would really tell you how this organization is flourishing and working. As I mentioned at the beginning the philosophy (of the organization) is Akhuwat or brotherhood, the operational methodology is Qard-e-hasan but we (also) follow four principles.

Principle no.1 - Is that we give money without interest – that is the basis (of our organization), that is the most important principle, because interest is the real exploitation of humanity. We don't believe (nor practice) interest. This is not an issue of religion, it is an issue of equity and humanity.

Principle no.2 – We operate from religious places – we like to bring religious places to the development forefront because we think that by using these indigenous places we are able to involve the entire community, we are able to improve transparency and accountability. So we use mosques and churches wherever possible to involve these people within the community.

Principle no.3 – Volunteerism – we believe that a civil society organization should rest on the volunteer spirit of the entire community. It should galvanize this volunteer spirit because if it doesn't do that then there is no difference between a civil society organization and the private

³ In America, fewer than 7,500 individuals collectively control "almost 75% of the nation's industrial (nonfinancial) assets, almost two-thirds of all its banking assets and more than 75% of all insurance assets" [As noted by Political Scientist Thomas Dye in *Who's Running America*]

⁴ See the recent poor track record of Microfinance in India, in which hundreds of farmers committed suicide, for more information, see: <http://www.bbc.co.uk/news/world-south-asia-11997571> and <http://www.economist.com/node/17420202>

sector. This is the volunteer spirit which has been able to reduce the costs of the operations (of Akhuwat) to a great extent.

Principle no.4 – Converting our borrowers into donors -we give them a message that today you are getting money but tomorrow we would like to see you as givers. As no society can flourish if the majority of people are always spreading their hands for the dole. If you see history none of the nations has risen if that comprises of beggars only, beggars can never be choosers, beggars can never raise their heads above their shoulders. So we (seek to) inculcate a spirit of giving. Any society which believes in giving will never be a poor society and any society which takes itself away from giving is always a poor society. So our borrowers get a message that today we are being (given to) by somebody in true humanitarian spirit, in true Islamic spirit, that it would (similarly, likewise) be their responsibility in the future if they come out of poverty to also support those people who are still in this quagmire. So this is a totally different paradigm, none of the microfinance organizations has experimented in this thing (exploring the spirit of giving), that (they should) give a message to the people that today they are takers but that tomorrow they should be the givers. They (the borrowers in Akhuwat) see themselves not as a beneficiary of the programme but as a partner of the programme.

So (in summary) these are the four principles : (being) against interest, (localization through) linking with mosques and churches, bringing in the volunteer spirit and (finally) giving the message of supporting others in the future as well (through our borrowers taking on the spirit of giving themselves).

Yusuf Jha: I think and its really beautiful that you ended off by talking about the spirit of giving and being partners because I think if we take that spirit (as being an underlying basis) all four of these points are actually interconnected. Before (this podcast) one of the podcasts we (at Ethica) actually did was with a person who (though outwardly) is not muslim (said exactly the same thing, calling for people to embody the spirit of the gift) and I don't think this message is religion specific – its something that speaks to our souls (as collective human beings). The person's name was Charles Eisenstein⁵ and he has written a book called Sacred Economics⁶ and he talks about the spirit of living in the gift, recognizing that everything we have is a gift from God (or from reality/nature – which ultimately are many people's alternative words for God). But living in the gift (is a spirit that can permeate everything we do) so that even when we engage in financial transactions (we can engage in this spirit, for) when we gift things out, gifts come back to us and this (helps) rebuild society (and community, through mutual connection, obligations and interdependence). And Charles Eisenstein has a whole chapter (in his book, Sacred Economics) on how interest destroys the spirit of the gift, because interest itself, if you look at the way (modern) money comes into existence – it comes into existence now, as a result of interest being made permissible, as (debt based) money with a further debt (to pay, in the form of interest). There is always more money to be paid back (at any point of time, the amount collectively owed to Banks is more than what exists), which (goes on to) build a culture of scarcity as people are always worried, (always) competitive and so it destroys (community and social bonds) because a person thinks more for you is less for me, which is the opposite to the way we think (and should think) in Islam. When we give for the sake of God, God will multiply it in ways we cannot

⁵ See: <http://charleseisenstein.net/>

⁶ See: <http://sacred-economics.com> [The online text for Charles Eisenstein's book]

imagine. So that was the first thing on interest (that ties in with your first principle), but I am very fascinated and maybe we could touch on it a little bit more before you speak about your future hopes and directions that you are hoping to see coming from Akhuwat, but I am fascinated by your use of the mosques and the churches. Once again I draw an analogy from the Prophet because (it shows that) you're consistent with the Prophetic model, (as) the Prophet's mosque in Medina from the first day was a real community centre quickly evolving into a multifunctional complex. So we see within it people who were bereft, who did not have a place to stay, the "ashab ul suffah" or (the) people of the Bench. They (numbered) at times between seventy and one hundred (individuals) and the community would look after these people within the mosque. So the mosque was not only a place of religious prayers, it was a place of education, healthcare, social, political and administrative functions of the Medinan community. And I think there was specific reasons why you went down the road of using mosques (and churches) because this also builds on the (theme of) localization, this (theme of) care and community, so if you could touch upon that just a little bit more and your use of churches (as well).

Dr. Amjad Saqib: Yes, absolutely, you know you have very beautifully explained the importance, (the) significance of the institution of the mosque. I will just give you an example, there are 17,000 mosques in the city of Lahore (alone). If we utilize the infrastructure of these mosques for serving the community then there is absolutely, you know, there will be a drastic reduction in the funds we need for these purposes (i.e. a reduction in operational costs of premises, offices, etc.). We can (also) utilize these mosques for giving education, for giving training, for bringing people and giving micro-loans and many other things. For that matter there are beautiful churches in Lahore as well and we have also experimented (with them) and in collaboration with the local people we have also utilized these things for this social and financial intermediation. The tremendous amount of appreciation, the tremendous amount of acceptance and cost reduction and then efficiency and then accountability and transparency, I cannot (even begin to) tell you that by bringing these religious institutions to the development forefront how (much) we have been able to achieve our objectives and how (much of) a big difference we have been able to create.

Yusuf Jha: Well it's the community activism (in looking after itself)

Dr. Amjad Saqib: Absolutely, you know I am a student of International Development and have learnt these lessons that without the development of indigenous institutions, you cannot develop. So these (mosques and churches) are great institutions (that allow for indigenous institutional development). I am not talking in terms of religion, I am talking in terms (of) bringing religion (to the fore) for the service of humanity, (that is) how can we open the doors of these religious places for the betterment of the people. You were just mentioning about the economy and finances, I am basically not an economist, neither am I a financial expert – I am just a social organizer, I am just a development student. But these simple four principles beautifully integrate with the modern financial and economic system. This is the beauty of the whole concept and institutional arrangement, that we are following a tradition, we are following legacy, we are following a model and that model is that of brotherhood. Then many things come out of this model and we were able to develop various organizational principles.

Yusuf Jha: Well I think the problem is that a lot of the economists and financial experts are cut off from the real effects (their theories) have on finance and the effects (their theories) have on communities. What we need more is people who socially dynamic and aware and can make (a change). We seem to have forgotten that money is actually something (we control), (that it) is actually a model, (that) it is a story that we can create and (that) the current model by which (it) is used as interest bearing money is a model of money that is creating many, many problems and Akhuwat is an example of a solution or a system that despite this pressure, this (endemic) debt pressure (that interest bearing debt induces collectively on society) our inwards souls, deep down inside want to help each other. People want to feel connected, people feel...

Dr. Amjad Saqib: Absolutely, you know initially most of the financial 'experts' and micro-finance 'experts', they asked us (and informed us) that without a viable, sustainable organization you cannot serve people for a long period. According to them, the sustainability emerges from taking interest, (that the sustainability) emerges from taking the cost of the operations and the cost of the financing from the people. But we said no, we are not taking organizational sustainability as our goal, our goal is our client (or people) sustainability. If we are able to make people sustainable then they will be able to take care of the organization themselves. So our journey doesn't begin by the dream of organizational sustainability, our journey or dream begins by making people sustainable and making them stand on their own two feet. And this has happened exactly as we had envisaged, now the people (the initial borrowers) that we have been able to make sustainable, these people are in turn, when they are out of poverty, they (in turn) are the pillars and foundation and strength of this organization. Any economic principle, any financial principle which is divorced from the strength of the society, divorced from the innate goodness which is within the people – I doubt whether it will (ever) be successful.

Yusuf Jha: What you have alluded to was the common idea of profit maximisation or sustainability being built on perpetual growth which is always seen in monetary terms without looking at the various other ways people grow. That is people growing through (connections to other) people. So now, I am going to put on my skeptic hat, because there may still be some skeptics out there. So the questions (they have are many, perhaps) maybe you could allude to the challenges you faced with this organization, for example if there is Qard-e-hasan, what if there are defaults? We know in today's world of inflation an interest free loan could equate to a monetary loss because when your money comes back there is a devaluing of the money. So how does Akhuwat manage to (mitigate against these issues).

Dr. Amjad Saqib: There were many challenges right from the day one. We had a scarcity of resources, we had a scarcity of human resources, there were many pitfalls, many issues with this inflation and default issue (being at the forefront). But you will be happy to know that I am amazed every day by the sincerity of our people. You know, if you plant a seed as a rose – you will get a rose, you will not get a thorn out of it. This is our experience, that if you do something good with people, you will always receive goodness at the end (in return). We educate our borrowers, we prepare our borrowers, we inculcate some good teachings in our borrowers that this is the money which has been given to you by somebody with these good intentions. (We tell them) you will use this money, if you don't return it, this means that the person who is need of it sitting next to you will not be able to get it. This is the sense of community, the sense of being together, the sense of partnership which inspires those people to return the money. You know people tell us that when somebody gives us a loan on exorbitant (rates of) interest then right

from day one we find ways and avenues as to how to cheat him, but as you (Akhuwat) give us loans without any commission, tax, interest or without any other charge – then it is not possible that you are doing such love with us and we would not pay you back.

Yusuf Jha: And there is a sense of belonging as well...

Dr. Amjad Saqib: Yes, a sense of belonging, because you are reaping on the goodness of society. All the (mainstream) financial institutions begin their activities on the basis of doubt (or mistrust) but we start our activities on the basis of trust. We are not seeing the person as a client or as a beneficiary, we are seeing him as a partner and we are inculcating some of the highest moral, social and ethical values at the same time. Because by bringing (our operations) in the mosques, we are not just giving money, it is not just economic poverty only (we are hoping to address). We are suffering from social poverty, we are suffering from political poverty, we are suffering from moral poverty. You know, we are tackling all these issues through these four core principles (as previously discussed) and (we have had) amazing results. Since the last 12 years we have been able to disperse Rs. 3 billion and the return rate is 99.85%.

Yusuf Jha: Well I think one of the amazing things (is that) you alluded to different types of poverty. One of the amazing things (in redressing the various poverties) is for people to see actual people who are actually living this model. This is itself enriching. It makes people believe again that yes, there are people like this. So I remember we were speaking before and you mentioned that apart from Qard-e-hasan you have various (other) levels (of financing), you were looking into other ways of financing people and there are people who may have to take Zakat. How does that work and what are your future plans for Akhuwat – how do you see this going forward?

Dr. Amjad Saqib: First of all we would like to grow more and more because our challenge is much bigger. There are millions of people in need and we would like to sell this model which we have been able to create to other provincial governments, to other international agencies, especially to the Islamic Development Bank. We would like to inspire them as to why they should explore the Qard-e-hasan model of financial alleviation. So this is something that we would like to grow, we would like to go to other countries, to the entire world. (We believe) that if something is good for Pakistan it would be good for other countries as well. The next thing is we would like to create a Waqf model and at the same time we would like to utilize this Zakat model, we would like to create a Zakat bank and then allow the amount of zakat so collected to be exclusively utilized for zakat purposes. These (are all) experimentations and innovative ideas, (we hope to) bring them into practice in light of context and in light of modern trends. We will experiment and create viable models and then present these models to other civil society organizations, to the State government and to the international development agencies. You know, development should also be accompanied by innovation and thinking out of the box. The financial issues which the entire world is facing today, the answer is not merely in capitalism, we need to go far and think ahead as to how we can (change things for the better). One thing I have learnt that is very important is that development is not just an increase in GDP, it is not only just a generation of wealth. Unless this (generation of wealth or increase in GDP) is accompanied by an equitable distribution of wealth we cannot see happiness around us. The 2 billion people will not be able to actualize their dreams if we are not resorting to an equitable distribution of wealth. So these

models, Qard-e-hasan model, Zakat model and Waqf model – these models are hope for the future generations.

Yusuf Jha: Well I think, I had the chance to spend some time with you and there was a specific presentation I saw on Akhuwat and I was very impressed by some of the things you said. I was very encouraged by the words you used, (recalling) you said: "you're looking to replicate, not expand." (What I took from this is that) this is not a corporate plunder, expansionist model, (that) when you say you want to 'sell' the model, you want people to take the ideas running within their own local context, its not a (case of literally selling, or a case of) Akhuwat Ltd.

Dr. Amjad Saqib: Absolutely, this is the key thing. We as I mentioned have 17,000 mosques in Lahore, if we are able to build such a model around every mosque and have the custodians of the mosques becoming Board of Directors – then (they in turn can) start running Qard-e-hasan, Zakat and Waqf models within their own communities, then you can see how much synergy there would be there.

Yusuf Jha: Well it is a model to revive the mosques.

Dr. Amjad Saqib: Absolutely, you know these mosques and for that matter all religious institutions should be brought to fore. You know this is a faith inspired development model. Why are we seeing (some) Mullahs and other people contrary to development, you (would) think that participative, that inclusive development means (that) the entire stakeholders should be brought together for a common agenda. By using these mosques (we are doing this)...and replication (of the idea) is extremely important because we do not want to grow only in (terms of) the name of Akhuwat there are many good people in the world, there are many visionaries, there are many passionate people who want to change this world, the idea is just to tell them what we have done (and for them to take our idea and replicate it themselves).

Yusuf Jha: Yeah, I think if we take your idea in a generic sense, I think what you have done with the mosques and the churches is that you have localized the sense of community belonging. This is the example of the Prophet as you said.

Dr. Amjad Saqib: Absolutely, you know all of these things we have learnt are from the life of the Prophet. In the mosque he said his prayers, in the mosque he gave education, in the mosque he gave training, in the mosque he held court, in the mosque he was a soldier, he met international delegations in the mosque, he permitted followers of other religions to say their prayers in the mosque so the mosque is essentially (a multifunctional societal institution). Every road (of society) leads us to the mosque and the mosque is an avenue that can ultimately make a significant difference within the community.

Yusuf Jha: I think it is also interesting that you alluded to this and this may be the last thing we say, but when you alluded to thinking out of the box and thinking outside of capitalism (you said that the answers do not merely lie with capitalism). It is clear now that many of the problems are (actuall) caused by capitalism, so let alone (it) solving them. The (panacea type solution) of all countries (within capitalism, is of them) having to increase their GDP – the question to ask is, "growth for whom?" If the GDP is rising for an increasing minority of people and by extension an increasing majority of people are below the poverty line then it is not an equitable growth and it is not a growth that (is fair). Infact even that increasing minority will end up becoming

impoverished because this system creates an impoverishment of relationships, you have the example where people are no longer connected to people – they are just connected to functions, i.e. I can buy this or that (not needing the person as an individual, instead his function or service becomes something generic that can be easily replaced through monetary means). Whereas (deep down) we feel empowered and feel belonging when we are connected to one another, when we feel a sense of mutual solidarity and obligation and this is what Zakat and Waqf (and Qard-e-hasan) does. These (models) have been tragically ignored by many of the international development institutions, they have not been looked at in the role of (their) policy. There may be various reasons for this but Zakat and Waqf are key models and Akhuwat is a working example of how just through a civic struggle and idea you have created such an amazing organization that if this structure was to be taken and revived and looked into and given the institutional support – then this could really change the world and we should really think high, we shouldn't think low, this is how we are encouraged to be (by the Prophetic example).

Dr. Amjad Saqib: Yeah, thank you very much. One more thing, as you mentioned in the very beginning that 400 of the wealthiest people (in America) have more than of \$1.53 trillion worth of assets, the question is – there is growth, money is being generated, wealth is being generated and yet 2 billion people are below poverty. (The only conclusion is that) there are inherent defects in this model, I won't call it the developed world when 75% of a country's resources are in the hands of so few (less than 7,500 people as quoted earlier with reference to America).

Yusuf Jha: And that itself is a judgement, (the word) developed – what development is there? Our development should come (at the level of the individual and society) when we feel real, whole and connected. Many of the people in these same communities are depressed because they don't have (spiritual and emotional) connection.

Dr. Amjad Saqib: Absolutely, you know the development of 400 families (should not) happen at the cost of 2 billion people. So this is a big moral and ethical question for us.

Yusuf Jha: Well thank you a lot. It has been a pleasure speaking to you and it has (been) inspiring for me and I hope it will be inspiring for our listeners. Is there anything final that you would want to tell the listeners that you feel is important to share?

Dr. Amjad Saqib: Yes, let me first thank you especially for bringing this humble effort in front of the world. I am extremely grateful to you and your friends. And at the same time I am extremely grateful to all of those people who have helped us in bringing this dream into reality, our donors, our employees, our supporters, our friends and above all the borrowers, the people in whom we have trust, who have (in turn) repaid our trust. The credit goes to them, because it is these people who have made this model a viable model. At the same time, I must appreciate the efforts of the Punjab government, the provincial government of Pakistan which has come up and have seen eye to eye this innovative model. We expect that all other governments would like to follow this in the future. Let me say it again that we have not re-invented anything, we have just borrowed the spirit of Muakhaat (brotherhood) from the Prophet, we have just tried to institutionalize the individual concept of Qard-e-hasan and whatever has been achieved has been through the success of these glorious traditions set by the Prophet (peace be upon him). And the message is not for muslims only, we derive inspiration from (this) Islamic spirit, but the message is for (the) entire mankind because we see that everybody who likes to come out of poverty (in all its forms) needs our support and needs our freindship.

Yusuf Jha: Thank you Dr. Amjad Saqib, I think this has been very inspiring as we said. What you have alluded to us is reminding us of the Prophetic way of tackling the problems of poverty and I think this (Prophetic) call is one that comes throughout the Qu'ran. As the Qu'ran tells us:

O ye who believe! Be Helpers of God. As said Jesus the son of Mary to the Disciples, "Who will be the helpers of God?" The disciples said, "We will be the helpers of God!"

[Qu'ran 61:14]

So the Qu'ran quotes Jesus, the son of Mary (may the peace of God be upon them both) as saying to his disciples, "Who will be the helpers of God?" and the disciples go on to say, "We will be the helpers of God!" So this call, which is said to be the call of Jesus to his disciples was a call that every single Prophet and Messenger of God made to his nation and it is a call that the Qu'ran and God is telling us, that it is through the helping of others, which is (foremost) the helping of the poor that the help of God comes. As the Qu'ran (elsewhere) says:

O ye who believe! If ye will help (the cause of) God, He will help you, and plant your firm your feet (in goodness).

[Qu'ran 47:7]

So the best way to be part of the change, the best way to be a solution to the problems of poverty is to be of help (to the needy and impoverished), to give freely of ourselves, to give our time, wealth and to be tackling the selfishness that the (modern interest based) financial system actually systemically introduces in us. (This means) to live in the spirit of the gift that Dr. Amjad Saqib sahib has said, these four core principles of Akhuwat are the spirit of the gift (to remind ourselves, they are): giving up interest, being a volunteer for the sake of God (with no selfish motives), localizing ourselves and focussing on our communities and (finally) giving back to those who give to us.

May God make this podcast and make Akhuwat continue to inspire us and give us the ability to live in this spirit. We say to yourself Dr. Amjad Saqib and to all the listeners – As Salaam Alaikum Wa Rahmatullah Wa Barakatuhu (may the peace, mercy and blessings of God be upon you all.)