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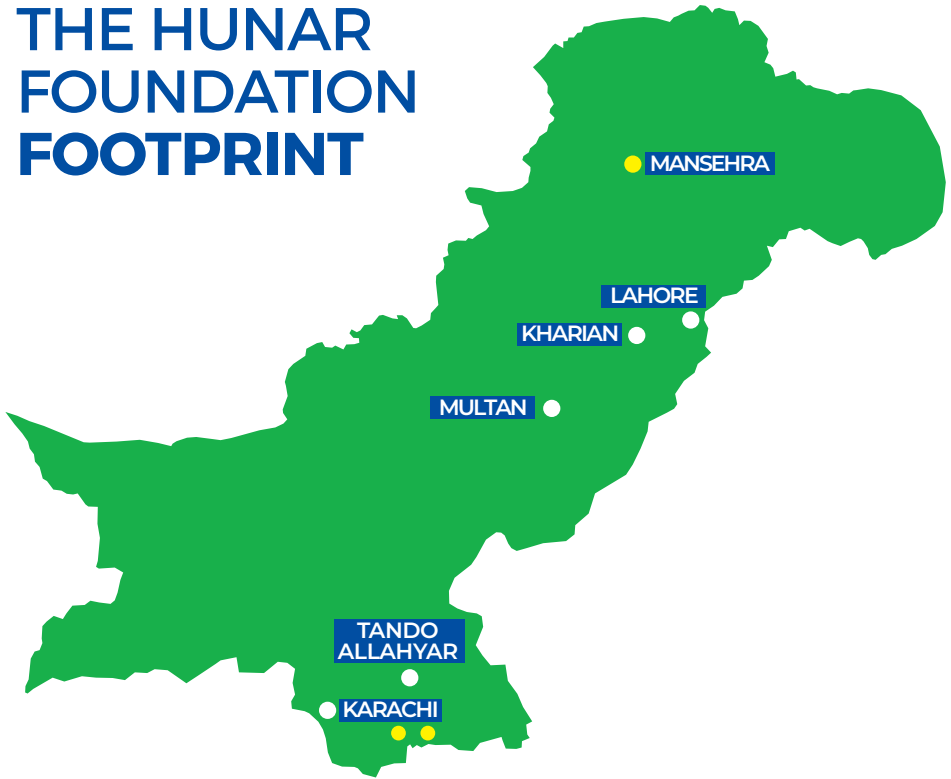
**THE HUNAR  
FOUNDATION**

TECHNICAL  
INSTITUTES

# **HUNAR WAQF (ENDOWMENT) FUND**



# THE HUNAR FOUNDATION FOOTPRINT



## CURRENT INSTITUTES

### KARACHI

- Delhi Mercantile Society Technical Institute
- Central Vocational Institute
- Saeeda Naseem Technical Institute (For Women)
- Rashid Arshad Aslam Shahid Institute of Emerging Technologies (RIET)
- Mustafa Kassam Teacher's Training Institute

### TANDO ALLAHYAR

- Hajiani Ashraf Khatoon Technical Institute

### LAHORE

- Farouq Ahmed & Aftab Shamsi Technical Institute

### MULTAN

- PakArab Technical Training Institute

### KHARIAN

- Sahib Daad Abdul Mannan Khan Technical Institute

## UPCOMING INSTITUTES

- Feroze Fatima Trust (Girls Campus) Korangi, Karachi
- Mian Zubairi Girls Institute, Orangi, Karachi
- Hanif Gohar Technical Institute, Mansehra

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**GUIDELINES**  
**WAQF (ENDOWMENT) FUND**  
**THE HUNAR FOUNDATION**

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# WAQF (Endowment) Fund Guidelines

## 1. The Purpose

The permanent Endowment Fund of The Hunar Foundation (THF) hereafter referred to as the “WAQF (Endowment)” is being formed as a contingency fund and also to generate income and capital accretion that can be utilized to grow the franchise, support student scholarship and create capacity to enhance student intake and education.

Pursuant to the decision of the Members of the Governing Body (MGB), an Endowment Committee (hereafter referred to as the “Committee”) has been established with an associated Terms of Reference. The purpose of creating the Committee is to assist THF’s MGB in overseeing the establishment, investment policy and operations of the WAQF (Endowment). The Committee shall establish the investment objectives and eligible financial instruments and products to be utilized by THF. It is understood that:

- 1.1 All financial instruments and products can be either Sharia compliant or conventional instruments, market equity, bond or fund investments. In instances where the purpose of WAQF (Endowment) is specifically designated by the donor and it falls within the broad investment parameters of WAQF (Endowment), the desire should be honored
- 1.2 Based on the nature of the funds, the need for safety, liquidity and risk tolerance shall be established in line with the expected returns and deployment timelines for such funds

The guidelines of the WAQF (Endowment) will be reviewed by the Committee atleast annually or earlier based on market conditions to ensure that the objectives of the organization are met.

## 2. Administration of the Fund

The WAQF (Endowment) will be overseen by the Committee at the direction of the MGB. The Committee will be accountable to the MGB with regards to all the decisions that are taken. The membership of the Committee shall consist of atleast seven (7) voting members, as follows:

1. President of the Committee
2. CEO, THF

3. Member of Governing Body
4. Member of Governing Body
5. Independent Advisor (co-opted with the consent of the Committee)
6. Friends of Hunar (nominated by Chairperson Friends of Hunar)
7. Administrative Representative, THF (*often referred to as the Secretary to the Committee and will be nominated by the President. Currently, it is proposed that the Finance Manager of THF serve as the Administrative Representative*)

Member of the Committee to be nominated and approved by the MGB except for the positions stated otherwise. In the absence of the President, his nominee to act as an Acting President. In absence of the nominee designate, the Committee may decide an Acting President from its members. A nominated member will hold the office for a period of three years and shall be eligible for re-nomination upon satisfactory evaluation. Member is not eligible to hold the office for three consecutive terms in a row. However, after a gap of one term, an ex-member becomes eligible for nomination to the committee membership. A vacant office of the member due to any reason can be filled by the MGB.

### 3. Fund Objectives

- 3.1 To achieve medium and long term sustainability
- 3.2 To maintain long term value of the fund after accounting for inflation while adhering the following investment guidelines:
  - i. The assets shall be invested with prudence and diligence
  - ii. Investment of these funds shall be diversified to minimize the risk of undue losses
  - iii. Concentration risk shall be mitigated
  - iv. Cash holdings to be employed productively at all times
  - v. Investments shall be made solely in the interest of the organization's objectives

### 4. Eligible Institutions and Instruments

The capital of the Fund shall be invested in rated financial instruments/securities offered by the scheduled banks, mutual funds, regulated financial entities and/or Government approved investment schemes giving due consideration to risk coverage/risk diversification in the light of investment policy approved by the MGB in consideration to the following:

- 4.1 All institutions with which funds are placed/invested shall be approved by the Committee
- 4.2 The Ratings used for placement institutions or instruments shall be based on PACRA/JCR-VIS
- 4.3 Concentration risk shall be reviewed and approved by the Committee for risk mitigation by appropriate diversification of both the institution and instruments
- 4.4 Funds received in Foreign Currencies (FCY) shall be converted at prevailing rates and invested in Pakistani Rupees (PKR) instruments to avoid any FCY exposure management unless if expressly approved by the Committee

## 5. Roles/Mandate

The WAQF (Endowment) will be maintained for deposits and investments, parameters of which will be established covering target ranges of amounts, institutions, eligible instruments, tenure and returns. These parameters will be periodically reviewed and approved by the Committee. Placement of Waqf Funds and deposits shall be deployed by the Administrative Representative (Finance Manager) with the approval of the Committee.

Reinvestments will also be carried out by the Finance Manager as directed by the Committee, provided liquidity requirements are met. At the time of reinvestment of funds, the following also need to be considered:

- i. Reinvestment in the same instrument
- ii. Reinvestment in other instrument, or
- iii. Other reinvestment options

Any exception falling outside the targets shall additionally be advised to the MGB.

In addition to designing, monitoring, reviewing and redesigning parameters of investment, the Committee will also ensure the following:

- i. Encourage endowment gifts to the WAQF (Endowment) {by cultivating donors especially for the purpose of growing the WAQF (Endowment)}



- ii. Prepare and present a report of activity at a regular interval (at least twice a year) to the MGB. The report will include but not be limited to the following:
  - a. Beginning and ending balances
  - b. Additions to the fund
  - c. Distributions from the fund
  - d. How the funds are invested (custodian, rate, terms, etc.)
  - e. Recognition of officers and board members who facilitated major donations

## 6. Funds

The sources of the WAQF (Endowment) include individuals, corporates and institutions and may be gifted in cash, market securities, shares/equity, bonds, real estate/rented property, movable/immovable properties and other financial assets/instruments. These assets to be managed at the discretion of the Committee and as per the following guidelines:

- 6.1 To emphasize the long-term growth of the principal after accounting for inflation while avoiding excessive risk and strive to contain short-term volatility consistent with market investments
- 6.2 In order to preserve the purchasing power of THF, attempts must be made to ensure returns are consistent with market over the investment horizon in excess of inflation attempting to restrict risk
- 6.3 Placement tenors will be based on need in instruments that minimize penalties for early breakage, should the situation warrant
- 6.4 Any early withdrawal of fixed tenure deposits or instruments will be approved by the Committee
  - 6.4.1 Allowable investments will be made based on periodic market scans for investible instruments
  - 6.4.2 Investment allocation by asset classes will be set up (bank deposits, term deposits, term certificates, mutual funds, equities or any other suitable investment) with a minimum and maximum range specified
  - 6.4.3 A maximum period of one year will be set for term instruments, unless appropriate longer term investments are available and consequently approved by the Committee

- 6.4.4 If warranted by market conditions, investments with a more aggressive return may be considered
- 6.4.5 Reinvestments will generally take place in the same instruments
- 6.5 A monthly analysis and projection of expenditure and inflow/ outflow of funds will be carried out to enable appropriate placement of funds to generate optimal returns on investment
- 6.6 The monthly analysis and projection reports will be evaluated on a quarterly basis and changes will be incorporated thereupon; and the proportion of returns from Endowment applied towards students sponsorship or other allowable expenses of THF will be accounted for and duly maintained

## 7. Limitations on Use of Principal

The principal of the Endowment is generally sustained, irrevocable and should not be spent. The use of a portion of the income, dividends, and some capital appreciation can be applied as directed at the discretion of the Committee within the parameters established as per Policy and approved by MGB.

## 8. Distributions

All WAQF (Endowment) distributions will be approved by the Committee. In instances where the purpose of an endowment gift is specifically designated by the donor, the desire should be honored. If the gifts are not specifically designated, distributions from the gifts can be made with the purpose of this WAQF (Endowment) at the discretion of the Committee. The distribution however, may only begin once a threshold has been reached as determined by the Committee and minuted accordingly.

## 9. Gifts to the Fund

- 9.1 Designated Gifts: Donors or groups of donors may make gifts or bequests to the WAQF (Endowment) and select the application of such funds towards a pre-determined designation which will be established by the Committee and must be in line with the stated purposes of the guidelines of THF

- 9.2 All provisions of the WAQF to the investment of funds, administration of funds and limitations of the use of funds shall be applicable to both designated and undesignated gifts, and all gifts shall be made to the WAQF (Endowment) and accepted subject to the terms and limitations set herein

## 10. Liability

In the absence of gross negligence or fraud, no member of the Administration of THF, the Committee or the MGB shall be personally liable for any action made or omission with respect to the WAQF (Endowment).

## 11. Merger, Consolidation or Dissolution of The Hunar Foundation

If at any time THF is lawfully merged or consolidated with any other organization, all provisions hereof in respect to the WAQF (Endowment) shall be deemed to have been made on behalf of the merged or consolidated organization which shall be obligated to administer the same in all respects and in accordance with the terms hereof. If THF should ever be dissolved without any lawful successor thereto, the WAQF (Endowment), including both principal and profits/capital gains to-date, shall be transferred to an organization determined by the Committee and approved by the MGB.

## 12. Amendments

The terms and conditions of the WAQF (Endowment) may be amended only by the Committee with an appropriate quorum and then duly ratified by the MGB.

## 13. Severability

If any provisions or any application of any provisions of this program shall be held or deemed to be or shall be illegal, inoperative, or unenforceable, the same shall not affect any other provisions or any application of any provisions herein contained or render the same invalid, inoperative or unenforceable.



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**TERMS OF REFERENCE**  
**WAQF (ENDOWMENT) COMMITTEE**  
**THE HUNAR FOUNDATION**

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# WAQF (Endowment) Committee - Terms of Reference

## 1. The Purpose

The purpose of creating a WAQF (Endowment) Committee referred to in the document as the “Committee” is to assist The Hunar Foundation (THF) Members of the Governing Body (MGB) in overseeing the establishment, investment policy and operations of WAQF (Endowment) for the purpose of creating a self-sustainable model.

The WAQF (Endowment) is being set up both as a contingency fund and also to generate income and capital accretion that can be utilized both to grow the franchise, support student scholarship and capacity to enhance student intake and education.

The source of funds for the Endowment shall come from individuals, corporates or institutions either specifically designated for that purpose or a proportion maybe deployed from funds received as directed by the MGB to the Endowment Committee.

## 2. Composition/Members

The membership of the Committee shall consist of atleast seven (7) voting members as follows:

1. President of the Committee
2. CEO, THF
3. Member of Governing Body
4. Member of Governing Body
5. Independent Advisor (co-opted with the consent of the Committee)
6. Friends of Hunar (nominated by Chairperson Friends of Hunar)
7. Administrative Representative, THF (*often referred to as the Secretary to the Committee and will be nominated by the President. Currently, it is proposed that the Finance Manager of THF serve as the Administrative Representative*)

Member of the Committee to be nominated and approved by the MGB except for the positions stated otherwise. In the absence of the President, his nominee to act as an Acting President. In absence of the nominee designate, the Committee may decide an Acting President from its members. A nominated member will hold the office for a period

of three years and shall be eligible for re-nomination upon satisfactory evaluation. Member is not eligible to hold the office for three consecutive terms in a row. However, after a gap of one term, an ex-member becomes eligible for nomination to the committee membership. A vacant office of the member due to any reason can be filled by the MGB.

### 3. Duties

The following duties, amongst others will be performed by the Committee members:

- 3.1 Encourage endowment gifts to the WAQF (Endowment) by cultivating donors especially for the purpose of growing the WAQF (Endowment)
- 3.2 Recommend to the MGB an overall policy with specific regard to the needs of balancing risk and returns as a non-profit organization
- 3.3 The Committee will provide parameters for portfolio investment, monitor adherence to the parameters and consider changes to these parameters based on investment and market conditions and THF organizational priorities
- 3.4 Ensure that the investment policy takes into account the guidelines set by the Board and fulfills the requirements/ constraints imposed by any regulatory and/or Government authority, as well as the donor (e.g. Sharia Compliance)
- 3.5 Monitor the effectiveness and implementation of the policy
- 3.6 Review regularly bank and investment reports received from Finance and oversee the management of these portfolios
- 3.7 Review investment performance in absolute terms, against market benchmarks and where available performance of similar organizations
- 3.8 Annually review its own performance, constitution and terms of reference to ensure effectiveness and recommend any changes it considers necessary to the MGB
- 3.9 Prepare and present a report of activity each year to the MGB

The report will include, but not be limited to the following:

- i. Brief overview of the portfolio
- ii. How the funds are invested (custodian, rate, terms, etc.)
- iii. Beginning and ending balances
- iv. Additions to the fund
- v. Distributions from the fund
- vi. Recognition of officers and board members who facilitated major donations

## 4. Limitations on Authority

- 4.1 The Committee shall report to the MGB on its proceedings and provide recommendations after each meeting
- 4.2 The Committee is authorized to seek information from the MGB and any other member of THF to fulfill its duties
- 4.3 The Committee is authorized to obtain, at THF's expense, outside legal counsel/professional advice on any matters within its terms of reference subject to the CEO's/MGB's approval

## 5. Meetings

- 5.1 The Committee will meet at suitable intervals preferably at least once every quarter of a financial year but at least thrice during a financial year
- 5.2 When appropriate, the President of the Committee can call any further meetings at his discretion
- 5.3 For urgent matters, if a meeting of the Committee cannot convene in adequate time, any three members of the Committee including Independent Advisor jointly can exercise the powers of the Committee subject to ratification by the Committee at the next meeting which must be held within two weeks
- 5.4 All Committee members are expected to attend meetings whether in person or via video conference/telephone
- 5.5 Any MGB member may attend any Committee meeting with prior consent of the Committee's President
- 5.6 Quorum for the Committee shall be four or majority of the members whichever is higher
- 5.7 The agenda of the next meeting will be circulated one week in advance to the meeting and any documents which may further the understanding of the Committee shall be sent in advance and pre-read
- 5.8 Minutes of these meetings shall be recorded and shared with the Committee within a suitable timeframe by the Secretary of the Committee

# THE HUNAR FOUNDATION IMPACT NUMBERS



65% graduates get economically engaged,  
while 15% opted to pursue higher studies

74% of THF students contribute to their  
household living expenses, particularly  
for healthcare and education



Average monthly income of our graduates  
ranges between PKR 15,000 to 50,000

89% of the families are satisfied with the  
course their family member has completed  
at THF and majority have witnessed an  
increase in their living standard



Source: Research conducted by  
Aftab Associates (Pvt.) Ltd. in the year 2021