

HALAL INVESTMENT OPPORTUNITY IN LIVESTOCK

LIVESTOCK SAVES A FAMILY



FARZ FOUNDATION

Public Company under the companies' ordinance 1984/sub section 42

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A Family Saving Project

BACKGROUND

Livestock play a key role in the lives of the poor, rural people in developing countries (Delgado *et al.*, 1999; FAO, 2002). The sale of animals provides major proportion of annual cash income and capital assets of households, particularly in pastoral areas. In mixed farming systems, livestock are often the only source of draught power and fertilizer for crops, also utilizing crop residues after harvest (LiD, 1999; Stein *et al.*, 2006). Livestock provide a safety net when crops fail but there are disease risks, and capital or credit is required to start up enterprises (Dolberg, 2001). International livestock research and development programs aim to reduce poverty, but recent studies on program effectiveness reveal little evidence of widespread impact on the livelihoods of the poor (LiD, 1999; Scoones & Wolmer, 2006). Reasons given include inappropriate technology, inability to deliver services to the poor.

Asian region raised 464 million cattle, 153 million buffaloes, 412 million sheep, 446 million goats, and 7080 million chickens in 1999 (FAO, 2000). But the Asian share of world total meat production has been quite low when compared to its animal population. Although the demand in developing countries for animal proteins is increasing, animal production is not keeping pace with the growth in demand. Consumption figures are lower than world average but the livestock industry is growing in this region, especially good progress has been made in the poultry sector. Judging from the animal numbers and meat output, there seems to be substantial room to make fuller use of livestock potential in this region.

LIVESTOCK IN PAKISTAN

In Pakistan farm income could rise dramatically with the rising demand for livestock products, but whether that gain will be shared by those who need it most—smallholders and landless agricultural workers—is not clear. Handled correctly, this rising demand could improve the well-being of millions of poor. Handled incorrectly, or not handled at all, it could hurt those millions. (*Dr. Alamdar Hussain Malik)

After a very deep observation and a profound study, Farz Foundation has reached to the conclusion of an asset based poverty alleviation model for microfinance. Moreover, the intend to engage the poor families with the innovative and profitable products moved Farz Foundation towards live stock as one set of goats for one family or one buffalo for one family on partnership (Musharkah) bases to pull them out of poverty.

Buffaloes, cattle, sheep, goats and other ruminant animals are life-enhancing as well as life-supporting. Animals feed people and soils. They generate incomes. They are the major capital asset of smallholder farmers. They reproduce themselves under even the harshest conditions. They are highly specialized eaters of grasses and similar vegetation. They convert these organic materials indigestible by people into human food of the highest quality. Livestock are often the most important and most reliable form of capital storage. 'Animals act as readily fungible financial instruments and yield substantial interest in the form of both weight gains and new births'. Animal products are an important source of disposable income. Where cash is severely

scarce, the sale of even a single animal can spell the difference between life and death by providing cash with which to obtain essential foods or medical care. The small daily income gained by selling milk brings new opportunities to farm households, raising hopes as well as living standards. Dairying, in fact, acts as a ‘cash crop’—and one that is heavily relied upon because it generates a more regular income than most other enterprises available to the poor. In severely cash-scarce environments, livestock-generated ‘micro-enterprises’ and ‘micro-assets’ allow people to plan for the future and see families and communities through hard times, when prolonged drought or rain or market fluctuations take their toll. Importantly, such livestock enterprises also act as a ‘starter’ that enables people to raise themselves and their families from degrading poverty to low income to middle class. (*Dr.AlamdarHussainMalik)

Opportunity For Investors:

Farz Foundation is the first Shariah certified microfinance non profit company of Pakistan. It is licensed from Security and Exchange Commission of Pakistan. The core object of the company is to make efforts for poverty alleviation through Islamic models, like Islamic trade, business and also by Zakah, Sadqa, or Khairat. Farz foundation is totally asset based and provides micro trade facility to its poor clients in shape of kind or assets for business along with their capacity building to sustain their micro businesses. Farz foundation where as working for poverty reduction, it is also providing 100% interest free and Halal , shariah compliant business models to the investors, like Mudarbah and Musharkah. It is a double bottom line as Halal business and a kar- e- khair (social work) also.

Farz Foundation is offering livestock partnership facility to the poor to address their lively hoods and at the same time is providing investment opportunity to the people who are interested in interest free business according to the Islamic principles.

Farz Foundation has completed its basic work on products and the targeted community and has started the project at three different rural and backward areas of Punjab Province as Tehsil Athara Hazari Distric Jhang, Adda Shabeer Abad Chinyot Road Distric Jhang and Khurpa Pind Distric Kasoor. It starts with training. Following the basic principles of Farz Methodology Farz Foundation is building the capacity of the 100% clients to take maximum benefit from the live stock by nourishing properly and getting reproduction at their best level.

PRODUCTS

LIVE PRODUCT ONE	
Objective	Breeding
Size	Set of 6 Goats for one poor Family (5 Female Goats + 1 Male Goat)
Age of Animal	6 month
Kind	Taidy (ٹایدی)
Size of Investment	500 USD
Period	12 to 14 month

Modality of partnership with poor Family	50%/50% at reproduced Goats
Modality of partnership with Investor	Investor gain 60% of the net profit
The parent Animals remain as owned by Farz Foundation and the Foundation can hold them back after 12-14 months and can transfer the animals to another poor family for the same purpose.	

Client, Foundation and investor can sell the out put after mutual agreement. After excluding the principal amount the client will get 50% of the out put. Farz Foundation and investor will share the profit with 40/60 ratio after excluding the operational expense. This Partnership formula will apply on almost every product, however the opportunity of any new financial arrangement would be open subjected to discussion and mutual agreement.

LIVE PRODUCT 2	
Objective	To sell for meat production
Size	Set of Goats for one poor Family (8 young Male Goats)
Age of Animal	3 to 4 month
Kind	Beethal or Barbani (بیتھول ، بربانی) and best for local environment
Size of Investment	500 USD
Period	6 month
Modality of Partnership with poor Family	The profit or gain will be 50/50 after excluding the principal amount as the client nourishes the young goats and Farz Foundation provides the animals. After the maturity of these goats These could be selling for profit or disturbed among the two partners.
Modality of partnership with Investor	Investor gain 60% of the net profit

- Full Time availability of an experienced Veterinary Doctor for care and growth of the animals.
- Capacity Building of the clients for the enhancement of their nurturing ability.
- Monthly visit of the Social Officer (Field Officer) under the supervision of Branch Manager and Monitoring Department.
- Farz Foundation provides health care facility to the clients and their family also.
- Farz Foundation also provides the other services to the clients the other like “Farz Committee” (participatory rotating saving) to build their assets.

A 500 USD CAN CHANGE THE ECONOMY OF THE COUNTRY

Join Hands with Farz Foundation for this Noble Cause

SALIENT FEATURES

- The Livestock model is sustainable since Stone Age
- The poor family sustains, The village sustains, The economy of the country sustains
- SADQA-E-JAARIAH for Donors
- Also Profitable for Investors
- Interest free

FINANCIAL FEATURES

Five Female Goats & One Male Goat		
Features	PKR	USD
Total Investment	42,500	500
Total Expected Income	76,000	894
Client Gain (50%)	38,000	447
Organization Gain (50%)	38,000	447
Operational Cost	12,000	141
Net profit	26,000	306
Investor Gain from Net-Profit (60%)	15,600	184
Farz Gain from Profit for re-investment (40%)	10,400	122

OTHER FEATURES

- 80% time must be invested in the Selection of the potential Clients.
- Transparent Musharka (Partnership) Agreement as an Islamic business model for investors.
- Farz Foundation's Skilled Staff for the Operation, Monitoring and evaluation.
- Insurance of Each Animal (Theft and Death)
- Tagging for Monitoring (500M diameter)
- Full Time availability of an experienced Veterinary Doctor for care and growth of the animals.
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