

Zakat, Non-State Welfare Provision and Redistribution in Times of Crisis: Evidence from the Covid-19 Pandemic

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Summary of Working Paper 163

The funding of social protection initiatives is especially complex in times of crisis. While social protection is critical as a means of redistributing income, delivering relief to those in particular need, and building economic resilience, crises severely limit states' abilities to fund these efforts. Immediate pandemic relief efforts have prompted renewed attention to this dynamic.

While state-driven social protection efforts around the pandemic have been studied extensively, little attention has been paid to non-state welfare provision in a context of crisis. There has been particularly little analysis of the role and implications of what is likely the world's largest system of non-state welfare provision – zakat.

Zakat – one of the five pillars of Islam – is an annual obligatory payment of a percentage of productive wealth to a set of appropriate recipients, including the poor. The annual global zakat pool is estimated to make up at least US\$200 billion, making it a substantial part of global social spending.

Key findings

Three key questions emerge when considering the potential of zakat to support the world's most vulnerable through social and economic crisis:

- 1. How do states engage with zakat during times of crisis?** Alongside state social protection programmes, we show that states have viewed zakat as an opportunity to supplement state relief efforts and shore up the legitimacy of their leadership during a crisis.
- 2. How do citizens perceive both their governments' efforts to mobilise zakat and their own obligation to pay zakat in a crisis?** While we may expect that citizens would be less motivated to pay zakat at times of personal economic hardship, we find that a large majority of the general population and of zakat contributors perceive zakat as particularly important in the Covid-19 context and were also more likely to make other charitable contributions during the pandemic.

- 3. What role can zakat play in crisis responses, and what implications does zakat as social protection have for the effectiveness and equity of these responses?** We find that zakat may play an important role in supplementing state social protection and redistribution in times of crisis and has played a substantial part in redistributive politics in Pakistan, Egypt and Morocco in the pandemic years.

Methods

This paper seeks to answer these questions through case studies of the role of zakat during the Covid-19 crisis in three Muslim-majority countries – Pakistan, Egypt and Morocco. It draws on public statements of state actors, as well as novel and nationally-representative survey data collected through computer-assisted telephone interviews from Sunni Muslim populations in all three countries in 2020, covering 5,484 respondents.

State-led zakat mobilisation during crises

State efforts to mobilise zakat payments for Covid-relief largely proceeded in two key stages:

1. Governments, religious scholars and zakat organisations throughout Muslim-majority countries quickly identified the jurisprudential and technical clarifications that would be required in order to facilitate the use zakat contributions to address the welfare implications of the Covid-19 pandemic.
2. State authorities around the world identified zakat payments as a potential avenue to support the most vulnerable groups during the pandemic, and thus actively sought to boost zakat payments.

Citizen support for zakat during crises

How do citizens respond to zakat obligations in times of crisis? On one hand, the crisis may have affected willingness to contribute, due to the increased economic

hardship facing individuals around the world. Its economic fallout also means that fewer people may be eligible to pay zakat, and more may be eligible to receive it. On the other hand, people may feel a greater sense of obligation to pay given the increased need.

We find that people across Pakistan, Egypt and Morocco – which importantly vary in terms of the degree of state involvement in zakat administration – view zakat as a particularly important obligation in the context of the Covid-19 pandemic. These findings are in line with evidence of the power and prevalence of bottom-up responses during times of crisis.

Zakat and social protection: equity considerations

While citizens may be motivated to give zakat during times of crisis, other considerations may influence its viability and fairness as a redistributive tool:

1. Who is paying zakat?

While concerns have been raised that those with higher incomes may be better able to avoid paying zakat, this paper finds some reason to be optimistic that zakat may lead to more equitable and redistributive outcomes, as individuals with higher incomes are significantly more likely to report having paid zakat.

2. Who receives zakat?

Across the three countries, more people received state support during the Covid-19 pandemic than had received support in the form of zakat, with very few reporting they had received the latter. Although the sample of zakat recipients is small, there is some evidence that zakat may be effective at reaching vulnerable groups. In all three countries, respondents in the lowest income groups were most likely to report having received zakat, which was not always true for state support during the pandemic.

Overall, our evidence provides an important extension of the literature on social protection, non-state welfare provision and bottom-up initiatives in a crisis context. It highlights the importance of incorporating zakat within analysis of social protection in times of crisis and offers clear implications for the role and utility of the state in zakat administration.

“Zakat may play an important role in supplementing state social protection and redistribution in times of crisis and has played a substantial part in redistributive politics in Pakistan, Egypt and Morocco in the pandemic years.”

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