



Innovative Zakat Distribution Practices of Malaysian State Zakat Institutions and Their Socio-Economic Impact During the COVID-19 Pandemic

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Malaysia has declared three stages of COVID-19 Movement Control Order (MCO): preventive, conditional and recovery. Stage I, preventive, comprised four phases from 18 March to 3 May; stage II, conditional, from 4 May to 9 June; and stage III, recovery, from 10 June to 31 December. *Zakat* (alms) institutions are urged to play a more significant role in helping those affected by the MCO, especially the indigent and needy. Nevertheless, the COVID-19 pandemic has affected many people, increasing the number of *aṣṇāf*, including *ibn al-sabīl* (wayfarers stranded during a journey), *al-ghārimīn* (debtors), and *al-riqāb* (the emancipated slave). To date, Malaysian zakat institutions have distributed zakat funds to eligible recipients beyond the existing *aṣṇāf* to mitigate the repercussions of the COVID-19 pandemic and for their socio-economic sustainability. The Malaysian government has also allocated a special grant to all zakat institutions since the first MCO. The study examines the zakat distribution practice of zakat institutions throughout Malaysia during the pandemic. Using secondary data, this study showed that the pandemic has affected the zakat distribution approaches, necessitating rapid, efficient, and fair distribution of zakat to various recipients, including the indigent and needy, those who lost income, COVID-19 frontline workers, hospitals, affected students, and COVID-19 taskforces. It is therefore, essential to introduce innovative zakat distribution practices to those affected by the pandemic effectively for better socio-economic impact. Future studies could suggest new strategies to boost zakat collection, so that zakat institutions may contribute more innovatively and significantly for the socio-economic sustainability of the *aṣṇāf* during and after the COVID-19 pandemic.



Keywords: *zakat (alms); zakat institutions; zakat distribution; COVID-19; effectiveness, socio-economic impact*

INTRODUCTION

The coronavirus disease 2019, or widely known as COVID-19, broke out in Wuhan, Hubei province of China in late 2019. On 12 January 2020, the World Health Organisation (WHO) confirms the new disease and issues several guidelines and precautions to mitigate its spread. Not long after, it spread to multiple countries and was declared as a pandemic. In response to the pandemic, the Malaysian government enforced the Movement Control Order (MCO) from 18 March 2020 to break the COVID-19 chain. This difficult decision has affected many sectors and aspects, but especially socio-economic, from the individual and household income to the national economy and international trade. The MCO is a critical decision that aims to relieve the community and country from the outbreak.

Malaysia has declared three stages of MCO: preventive, conditional and recovery. Stage I, preventive, comprised four phases from 18 March to 3 May; stage II, conditional, from 4 May to 9 June; and stage III, recovery, from 10 June to 31 December. Zakat institutions are urged to play a more significant role in helping those affected by the MCO, especially the indigent and needy. Nevertheless, the COVID-19 pandemic has affected many people and increased the number of *aṣnāf* (zakat beneficiaries), including *ibn al-sabīl*, *al-ghārimīn*, and *al-riqāb*¹. To date, Malaysian zakat institutions have distributed zakat funds to eligible recipients beyond the existing *aṣnāf* to mitigate the repercussions of the COVID-19 pandemic and for their social and economic sustainability. The Malaysian government has also allocated a special grant to all zakat institutions since the first MCO for personal sustenance, to supplement household income, and to strengthen the socioeconomics of the ummah.

The Malaysian government has delivered economic stimulus packages to remedy the substantial economic disruption caused by the pandemic. Zakat also offers similar benefits, and it is expected to improve the socio-economic decline of the public. Zakat institutions are among the first to aid the public, especially those affected by the MCO. As of 4 May 2020, almost RM200million of zakat funds have been distributed to *aṣnāf* nationwide. This amount exceeded the collections of existing zakat schemes. This paper aims to examine the zakat distribution practices during the MCO. The remainder of this paper is structured as follows: The next section reviews related studies on zakat institutions, followed by the presentation of the research methodology. Next, the results are presented and discussed. The final section concludes the paper with recommendations, limitations, and suggestions for future studies.

¹ *ibn al-sabīl*, *al-ghārimīn*, and *al-riqāb* refer to wayfarers stranded during a journey, debtors and the emancipated slave respectively.

ZAKAT INSTITUTIONS IN MALAYSIA

Overview

In Malaysia, Islamic affairs are the exclusive jurisdiction of the state government. The State Islamic Religious Council (SIRC) acts as the sole trustee of Muslim revenues: waqf (endowment), zakat, and *mal*. There are 14 states in Malaysia, and each has an independent zakat institution that collects zakat from eligible Muslims and distribute it for social, education, economic, and human development and religious affairs. Zakat institutions play a substantial role in national and global socio-economic development (Wahyu & Anwar, 2020). Masruki (2020) discusses various zakat-funded programs that have produced many competent entrepreneurs. Success stories of zakat are regularly published in newspapers: zakat for children of *aşnāf* who excel in education, zakat to subsidize home construction, and zakat to subsidize medication cost like dialysis and other critical illness.

With the high expectations of stakeholders of zakat institutions (Masruki et al., 2016), some SIRC's have corporatized their zakat function to improve its efficiency and reduce negative perceptions of the public, as reported in local newspapers. There are at least two governance structures of Malaysian zakat institutions: i) non-corporatized, which means that the institution is directly under the SIRC or a separate entity that is still directly governed by the SIRC, and ii) corporatized, which means that the institution is either responsible for: a) both collection and distribution, or b) collection only. Table 1 presents the governance structures of zakat institutions in each state.

Table 1. Governance structures of Malaysian zakat institutions

Governance Structure	Zakat Institution	State
Corporatized	**Lembaga Zakat Selangor (LZS)	Selangor
	**Perbadanan Baitulmal Negeri Sembilan (PBNS)	Negeri Sembilan
	**Lembaga Zakat Negeri Kedah (LZNK)	Kedah
	**Zakat Pulau Pinang (ZPP)	Pulau Pinang
	**Majlis Agama Islam dan Adat Melayu Perak (MAIPk)	Perak
	*Pusat Pungutan Zakat Wilayah Persekutuan (PPZ)	Wilayah Persekutuan
	*Pusat Kutipan Zakat Pahang (PKZP)	Pahang
	*Pusat Zakat Melaka (PZM)	Melaka
Non-corporatized	Majlis Agama Islam & Adat Melayu Terengganu (MAIDAM)	Terengganu
	Majlis Agama Islam Kelantan (MAIK)	Kelantan
	Majlis Agama Islam dan Adat Istiadat Melayu Perlis (MAIPs)	Perlis



Majlis Agama Islam Johor (MAIJ)	Johor
Tabung Baitulmal Sarawak (TBS)	Sarawak

**Zakat collection and distribution, *Zakat collection only

Wahid et al. (2017) found that the zakat distribution pattern differs between corporatized and non-corporatized institutions. Nevertheless, this is likely irrelevant during today's challenging time of COVID-19 pandemic. Every zakat institution has provided numerous aids to the public in many ways using the collected zakat funds.

Types of Collected Zakat

Zakat is a religious duty imposed on independent Muslims and their wealth, so long as it fulfills three criteria: he has full ownership of the wealth, its value has exceeded a minimum threshold (*niṣāb*), and he has owned the asset for a year (*ḥawl*) (Djatkiko, 2019). The minimum threshold is defined by the fatwa committee of each SIRC. If those conditions are fulfilled, Muslims are required to pay their zakat dues to an *ʿāmil* entrusted with zakat collection. Essentially, the power of zakat management is vested in SIRC on behalf of the Sultan and Ruler. The Ruler is the main administrator of zakat in each state, and he appoints the SIRC to collect and distribute zakat within the state in accordance with state laws. Consistent with the practice of Prophet Muhammad pbuh, the *ʿāmil* is appointed to collect zakat. Qardawi (1990) suggests that zakat collection should be controlled by the Ruler of the Muslim state. In addition to state zakat institutions, under the supervision of the Ruler, zakat management may be undertaken by foundations (Triatmo et al., 2020), zakat committees within corporations (Latief, 2013), or informal committees (Zakiyah, 2011).

In principle, zakat can be divided into two types. The first is zakat *al-fiṭr* (self), an obligatory charity of less than RM10 imposed on every Muslim. Its obligation begins from the start of Ramadan and ends before the Eid al-Fitr prayer (a prayer prior to the festival of breaking fast). The second is zakat on wealth, which is obligatory for Muslims whose wealth is above the *niṣāb* (minimum threshold). Zakat *al-fiṭr* imposes a fixed rate on every Muslim. In contrast, the conditions of zakat on wealth vary by type. Table 2 shows the types of zakat on wealth and their specific conditions.

The table shows that zakat institutions collect zakat funds from diverse sources. The projected collection for each type of zakat in a given year is estimated based on past collections. A significant increase in zakat collection would increase the amount of distributed zakat, thus helping more *aṣnāf*, particularly during the challenging period of MCO. The MCO has affected many people beyond the existing *aṣnāf*, necessitating a broader definition of *aṣnāf* in line with the changing time and situation (Masruki, 2020; Wahid et al., 2010).

Table 2. Types of zakat on wealth

Type	Description
Zakat on business	2.5% of zakat-able assets of the business. Zakat-able assets refer to the value of current net assets and short-term investments as indicated in the statement of financial position.
Zakat on savings	2.5% of total savings regardless of their purpose. But the savings balance has to reach the minimum amount (<i>niṣāb</i>) for a complete one-year period (<i>ḥaul</i>).
Zakat on EPF (Employees Provident Fund)	2.5% of the total savings for the year of EPF withdrawal (if the amount is above the <i>niṣāb</i>).
Zakat on shares	2.5% of the lowest share value in a given year, after deducting debts or loans from the value.
Zakat on income	2.5% of a person's zakat-able income.
Zakat on gold and silver	2.5% of the value of gold that has been stored for a year (if above the <i>niṣāb</i> of 85 grams for gold and 595 grams for silver). Jewelries made from other materials, like diamonds and pearls, are exempted from zakat.

Zakat Beneficiaries (Aṣnāf)

The basic principle of zakat distribution has been outlined in the Qur'an (9:60): "*Alms are for the poor and the needy and those employed to administer the zakat funds and for those whose hearts have been reconciled to truth and for those in bondage and for those in debt in the cause of Allah and for the wayfarer*". This verse indicates that there are eight beneficiaries who are entitled to zakat.

Figure 1 interprets the general *aṣnāf* definitions (subject to SIRC's own definition) which can be used to widen the scopes during today's COVID-19 pandemic situation, as long as it fulfills the stated objective of zakat distribution for each recipient as shown in Figure 1. The objective acts as indicators of whether the collected zakat has been distributed effectively.

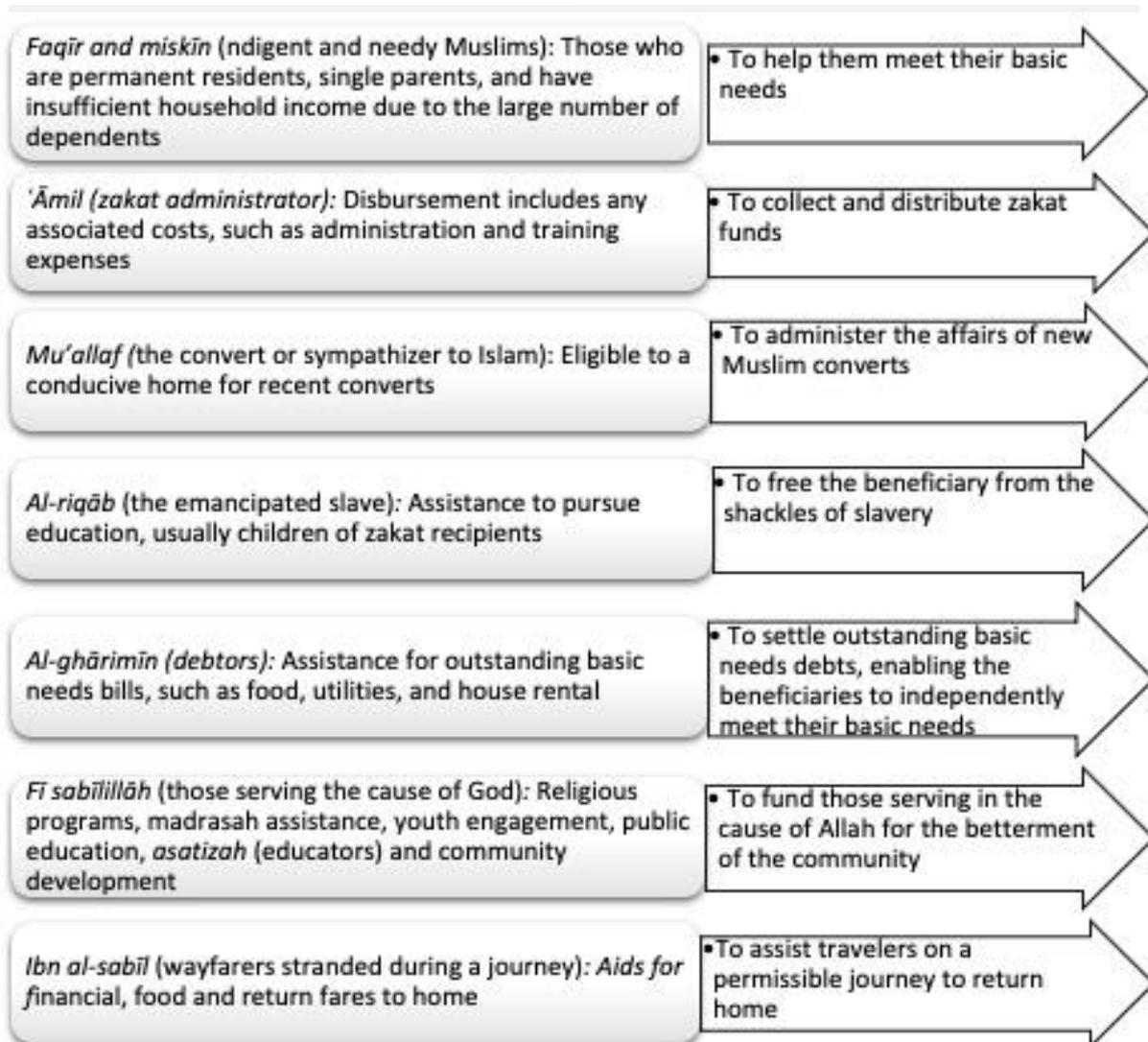


Figure 1. Zakat recipient (*asnāf*) with general interpretation and its objective

The eight groups of zakat recipients are defined by the Qur’an to prevent the misappropriation of zakat. Nonetheless, some situations still require the interpretation of SIRC, which is typically based on Islamic precedents. SIRC should enhance its accountability for the various Islamic resources they are entrusted with, so as to bridge the gap between the rich and the poor. SIRC is accountable to a wide range of stakeholders (Masruki et al., 2016), especially zakat payers, hence demonstrating its accountability would encourage more zakat payment (Wahid et al., 2017).

Rashid & Sulaiman (2020) and Wahyu & Anwar (2020) assert that zakat can be distributed for consumptive and productive purposes. The latter finds that in Indonesia, zakat, in the form of food aid, was mainly distributed to remote areas during the pandemic. Low-income earners make up almost half of job losses due to the pandemic (Lemieux et al., 2020). In Malaysia, low-income earners are the B40 group. Accordingly, most zakat assistances are given to B40

and similar groups. The same study also shows that those affected are mostly employees in public-facing roles like accommodation and food services, in addition to youth, hourly, and non-union workers. Therefore, policy makers, especially the relevant ministry, should address the demand and supply sides of labor to develop human resources.

Special Zakat Allocation for COVID-19 MCO to Zakat Institutions

The Minister in the Prime Minister's Department (Religious Affairs), Datuk Dr Zulkifli Mohamad Al-Bakri, said that zakat funds have been distributed to zakat institutions specifically to help affected *ašnāf* during the pandemic. Table 3 below shows the zakat allocation, which amounted to RM171.84 million as of 12 April 2020.

Table 3. Special zakat allocation for COVID-19 MCO

State	Zakat Institution	MYR million ²
Wilayah Persekutuan	Majlis Agama Islam Wilayah Persekutuan dan Pusat Pungutan Zakat (PPZ)	34.41
Terengganu	Majlis Agama Islam & Adat Melayu Terengganu (MAIDAM)	20.2
Kedah	Lembaga Zakat Negeri Kedah (LZNK)	16.7
Selangor	Lembaga Zakat Selangor (LZS), MAIS	15
Pulau Pinang	Zakat Pulau Pinang (ZPP)	14.52
Perak	Majlis Agama Islam dan Adat Melayu Perak (MAIPk)	14.35
Kelantan	Majlis Agama Islam Kelantan (MAIK)	12.6
Pahang	Majlis Ugama Islam & Adat Resam Melayu Pahang & Pusat Kutipan Zakat Pahang (MUIP)	12.12
Johor	Majlis Agama Islam Johor (MAIJ)	7.4
Sarawak	Tabung Baitulmal Sarawak (TBS)	6
Sabah	Bahagian Zakat & Fitrah/Pusat Zakat Sabah (PZS) Majlis Ugama Islam Sabah (MUIS)	6
Negeri Sembilan	Perbadanan Baitulmal Negeri Sembilan (PBMains) MAINS	4.3
Melaka	Zakat Melaka & Majlis Agama Islam Melaka (MAIM)	4.26
Perlis	Majlis Agama Islam & Adat Istiadat Melayu Perlis (MAIPs)	3.98
Total		171.84

Source: bharian.com.my

This amount did not include collections from other zakat schemes. The extension of the MCO term has pressed the government to take care of citizens' needs during the pandemic

² 1USD = MYR4.11 (As At 15 June 2021)



continuously and seriously, especially by overcoming local viral outbreak and reviving household and national economies. There are many possible factors that determine the zakat allocation shown in the table: amount of collected zakat, number of *aṣṇāf* in the state, and local socio-economic level. (Lemieux et al., 2020) defined socio-economic characteristics as the number and age of children in the home, age, gender, education, and job characteristics such as industry, occupation, job tenure, and daily/hourly or salaried pay. Understanding these characteristics could optimize zakat collection and fundraising. This, in turn, could contribute to the projection of zakat collection, in addition to federal and state government allocations, that can be distributed to the beneficiaries.

METHODOLOGY

Several keywords (“COVID-19”, “zakat”, “Majlis Agama Islam Negeri”, “State Islamic Religious Councils”) were used to search for and compile the research data. The search period was limited to early December 2020. All news containing these keywords were gathered from local newspapers and social media and websites of the zakat institutions and SIRC. The compiled data were analyzed using content analysis to accomplish the research objective, that is, to examine the zakat distribution practices of zakat institutions during the COVID-19 pandemic.

RESULTS AND DISCUSSION

This study found that there were numerous methods of zakat distribution during the MCO. Zakat distribution, in fact, has become increasingly frequent. The zakat institutions took immediate actions to ease the burden of those affected. The impact of the special zakat allocation following the COVID-19 outbreak was significant. During the pandemic, zakat institutions have extended their assistance to those beyond the current *aṣṇāf*. The *aṣṇāf* definition has been broadened to include a wider range of recipients, particularly those affected by the MCO, such as hawkers, street traders, and job losers, especially from vulnerable industries like tourism (Uğur & Akbıyık, 2020). The definition also included other industries that have witnessed high rates of terminations, such as airlines, leisure services, oil and gas, auto parts and equipment, and restaurants.

The next section discusses the zakat distribution practices of zakat institutions during the COVID-19 pandemic. The analysis focused on the utilization of zakat funds by Malaysian zakat institutions. The results are discussed according to four targeted recipient groups: i) the indigent and needy, ii) those who lost income, iii) frontline workers and hospital, and iv) students, mosques and COVID-19 taskforces.

Targeted Recipient Groups



The Indigent (Faqīr) and Needy (Miskīn)

MAIWP, a zakat institution located in the central region, allocated RM12.1 million for 24,196 *aṣṇāf*, or RM500 per household, on top of an advanced monthly zakat payment amounting to RM9.67 million to ease their burden during the MCO. Using the same approach, another central region, Selangor, gave RM500 per household for 9,000 *faqīr*, *miskīn*, and *mu'allaf* for a total of RM4.5 million. It also granted a total monthly allowance of RM30.5 million to *faqīr*, *miskīn*, *mu'allaf*, and registered *al-ghārimīn*. A total of 14,909 beneficiaries received food assistance, in addition to house rental, dialysis, and COVID-19 medication support. According to Wahid et al. (2010), *al-gharimin* is typically low in number in most states. Because they also suffer losses, those affected by natural disasters, such as flood, could be considered as *al-gharimin* (Wahid et al., 2017).

In the northern state of Perak, MAIPk, in cooperation with several local strategic partners, allocated RM11.95 million to ease the burden of citizens and to help those by the MCO. Around RM11.11 million came from zakat itself, while the remaining amount was collected from corporate zakat payers. In another northern state, Pulau Pinang, MAINPP allocated a one-off cash assistance of RM500 for the poor and needy traders and street hawkers, as well as the hardcore poor. Meanwhile, Perlis, being a small state with a small population, seemed to be privileged. MAIPs exempted the rentals for all tenants of rental houses, shops, and bazaars for three months, on top of additional initiatives that benefited the *aṣṇāf* and small traders. The total amount was RM343,317. It also allocated RM2.61 million to directly credit a monthly aid of RM200 to 13,091 *aṣṇāf* and those affected by MCO.

In the southern state of Melaka, MAIM likewise assisted zakat recipients with food, daily necessities, and cash. It granted an emergency food aid allowance of a minimum of RM50 to *aṣṇāf* B40 and maximum of RM100 to non-*aṣṇāf* B40 who were cut off from food supply. In the same region, Johor's MAIJ received RM5.7 million from the economic stimulus package. The fund was allocated to those affected by the MCO other than the current *aṣṇāf*. These included the indigenous people, street hawkers, the disabled, and stranded *taḥfīz* and university/college students. MAIM also granted an additional monthly food aid of RM100 to 8,640 *faqīr*, *miskīn*, and *mu'allaf*. Monthly food aid was credited in advance to the bank accounts of 653 existing *aṣṇāf* for a total of RM833,520.

In the east coast state of Terengganu, MAIDAM distributed the zakat seven days earlier than usual. The total allocation was RM17 million for 23,000 recipients. It allocated RM50,000 for basic food ingredients such as rice, cooking oil, sugar, flour, and canned mackerel to 2,500 affected people. It formed an on-call zakat team to take immediate response to the problems faced by the *aṣṇāf* and those in need. In Pahang, MUIP granted RM200 annually to 9,664 *aṣṇāf* for a total of RM1.92 million. Additional zakat of RM200 was given to 3,030 *aṣṇāf*, amounting to RM606,000. In Borneo, Sabah had a high number of *aṣṇāf*. PZS-MUIS distributed RM150



monthly zakat to 9,414 existing *aṣṅāf* for a total of RM1.4 million, while granting RM100 to 33,000 *faqīr*, *miskīn*, and *mu'allaf*, with a total amount of RM3.2 million.

Using different channels, LZNK Kedah distributed food assistances through 578 mosques to benefit 173,400 family in need. The food pack contained 5 kg of rice, 2 canned mackerel, and a bottle of soy. The total was RM9.7 million. Similarly, MAIK Kelantan provided 9,015 *faqīr* and *miskīn* with a total monthly zakat of RM3.5 million, as well as food supplies in cooperation with the state government, which amounted to RM316,000. For *mu'allaf*, the total was RM224,000. Negeri Sembilan (PBMains) distributed food vouchers to the *aṣṅāf* and those affected by COVID-19. Sarawak (TBS) established food distribution centers in Kuching; in other areas, food was delivered through selected shops. A total of 1,756 *aṣṅāf* registered for monthly aid, and during the pandemic, this number has grown steadily Ibrahim (2020). This study indicates that while the targeted recipients were largely similar (i.e., the indigent and poor), the distribution of zakat has been innovative and effective across all states, and the recipients have been broadened to include those affected by the pandemic.

Individuals Who Lost Income

In the central region of Selangor, MAIS allocated RM9.5million of zakat funds for 20,000 affected small traders and B40 households, who were considered as *fi sabīlillāh*. The Kuala Lumpur City Hall (DBKL) permits residents to temporarily open their stalls anywhere in Kuala Lumpur, Putrajaya, and Labuan to allow them to earn a living during the MCO period (The Star, 2020). Besides the affected traders, zakat was also given to employed, daily waged workers who are unable to survive because their employers had to suddenly stop operations, particularly those employed in an industry heavily affected by COVID-19 (Uğur & Akbıyık, 2020).

Accordingly, in Kedah, LZNK allocated more than RM7 million for those affected *aṣṅāf*. In Pulau Pinang, MAINPP prioritized small business owners who lost their sources of income, such as night market, street, and residential area vendors; barbers; and clothes (other than boutique) and food and beverage retailers, whose main incomes were affected by the COVID-19 pandemic. They were given a one-off grant of RM500 per household. The total amount was RM2.5 million, which came from *tawaqquf* (special) funds. Before the assistances were given, the beneficiaries' applications had been verified by the village mosques to ensure that they were really in need. Similarly, in Perak, MAIPk allocated a special capital turnover of RM2 million to small traders affected by the MCO. Another new group of recipients was those who lost jobs in Melaka. These were mostly volunteer cleaners, and they were given a sum of RM75,140 by MAIM. In general, most states always considered those who lost their income due to the outbreak, as found in Borneo (TBS, MUIS), central (PBMains, MAIWP), southern (MAINJ, MAIM) and east coast regions.



Frontline Staff and Hospital

MAIWP allocated RM3.27 million to seven hospitals treating COVID-19 for the purchase of medical equipment and medication, such as a BiPAP machine (RM80,000), ventilator (RM150,000), home ventilator (RM90,000), and other equipment ranging from RM5,000 to RM20,000. Selangor and Negeri Sembilan also showed their commitment to assist hospitals. LZS Selangor allocated RM1 million to hospitals and district health offices in Selangor to procure personal protective equipment (PPE) suits and deliver food aid. PBMains did the same, but they included those quarantined at home.

In Sabah, PZS-MUIS contributed an additional fund of RM1.4 million to the Ministry of Health (MOH) on 9 November 2020. The special aid was also extended to 56 frontline worship-friendly staff. They were each given RM500. In Terengganu, MAIDAM, through the State Health Department, sponsored medical equipment for COVID-19, as well as food aid for frontline staff and their family as a token of appreciation for their sacrifices. COVID-19 patients were given one-off payment. Pahang's MUIP bought 20 sets of oxygen machine and screening equipment for two hospitals treating COVID-19.

Likewise, in Melaka, MAIM gave hospitals treating COVID-19 stand fans and sanitizers, as well as vitamin C and daily food for frontline staff, including those at quarantine centers, to support them in combating the pandemic. In Perak, MAIPk allocated RM1 million for medical equipment and treatment for COVID-19. It also contributed RM500,000 to appreciate frontline workers, including those from the Ministry of Health (MOH), police force (PDRM), and the army (Malaysian Armed Forces). This indicates the seriousness of all zakat institutions, as well as other public and private agencies, to support the MOH to break the chain of COVID-19 (Shah et al., 2020).

Students, Mosques, and COVID-19 Taskforces

Other special recipients during COVID-19 were overseas students, mosques, and COVID-19 taskforces. For instance, MAIDAM provided food aid to students in Egypt and Jordan. Local students were also assisted during the pandemic. MAIPk contributed RM100,000 for students stranded in campus and were cut off from food supply. The same amount was also allocated for overseas students in Jordan, Indonesia, and Egypt. PZS-MUIS granted a one-off grant of RM100 to 325 students in Egypt.

For mosques, MAINPP allocated a special aid of RM400 to every mosque and surau for cleaning and sterilization purposes as a precautionary measure to break the chain of COVID-19. In Perak, MAIPk contributed RM1.5 million to every mosque and surau for the procurement of healthcare accessories for public use, such as masks, gloves, and hand sanitizers. One-hundred mosques in Sabah were given a special aid of RM3,000 each. MAIK



contributed RM603,000 to mosques in big cities and districts and RM224,000 to religious teachers and *mu'allaf*.

To date, Sabah recorded the highest number of confirmed COVID-19 cases (Statista, 2020). Accordingly, PZS-MUIS provided a special aid of RM1,000 to the family of deceased COVID-19 patients. On the other hand, MUIP allocated RM1,000 for every COVID-19 patient. Due to the seriousness of COVID-19, an emergency fund should be reserved to prepare for unprecedented incidents. For example, MAIPk has allocated RM710,000 as a contingency fund, to be used for unexpected needs caused by COVID-19. In fact, some zakat institutions have channeled their zakat funds to state government to reduce the spread of the virus and recover the declining socio-economic situation.

In summary, this study revealed that a variety of zakat assistances were distributed rapidly and efficiently in all states, demonstrating the significant roles of zakat institutions to mitigate the socio-economic impact of COVID-19 (Ibrahim, 2020). They have taken precautionary actions to break the COVID-19 chain and ensure the community is free from this pandemic. Such tremendous efforts indicate that all parties, including zakat payers with the support of the Malaysian government, have played their respective roles to help the nation to face a global socio-economic crisis. Innovative zakat distribution practices could enhance the effectiveness of zakat distribution (Masruki, 2020). Effectiveness, here, means the congruence between the distribution practices and the identified objective for each beneficiary of COVID-19 zakat. (Masruki et al., 2019). Figure 2 summarizes the zakat distribution practice for identified *asnāf* category during COVID-19 pandemic.

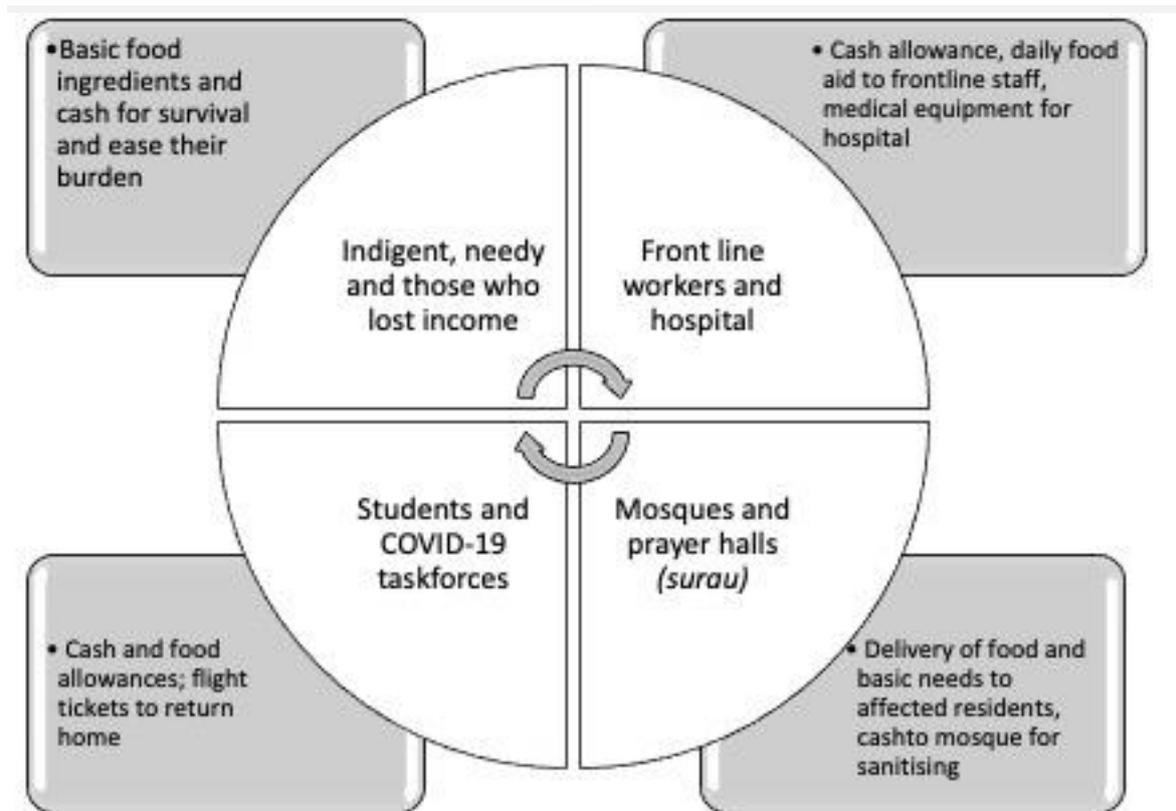


Figure 2: Zakat distribution practice during COVID-19 pandemic

Based on Figure 2 above, details of distribution practices and their objectives as shown below to see the effectiveness:

i. Indigent (*faqir*), needy (*miskin*) and those who lost their income, including *muallaf* (the converts): Basic food ingredients such as rice, flour, cooking oil, canned mackerel and cash, whereas those income losers who are treated as needy people included small business traders, daily waged and salaried workers who lost their jobs in affected industries; including cases houses damaged by natural disaster such as storms, flood and fire.

The needy is assisted in order to ease their burden being *al-ghārimīn* (debtors) in fulfilling their basic needs such as food and home.

ii. Frontline staff and hospital: Cash allowance and daily food aid to frontline staff and their family; medical equipment to selected hospitals treating COVID-19. Such assistance is to appreciate frontline staffs and their family and to support hospitals (*fī sabīlillāh*).

iii. Students and COVID-19 taskforces: Cash allowances; flight tickets to return home; appreciation for taskforce and volunteers, helping *ibn al-sabīl*, *al-riqāb*, and *fī sabīlillāh*.

iv. Mosques and prayer halls: Delivery of food and basic needs to affected residents through mosques; cash allowances to mosques and suraus for sanitizing and cleaning purposes, appointing masjid as *amil* and to break the chain of COVID-19 at large.



Mechanisms to Channel Zakat

There were various mechanisms used by zakat institutions to channel the zakat funds to those affected. These include mosques and suraus, COVID-19 taskforces at the district office, and selected shops. The assistances were delivered via direct transfer to the recipients' bank accounts, food voucher for basic groceries at selected shops, and basic food package of rice, cooking oil, flour, sugar, and canned mackerel.

Those affected by COVID-19 may directly contact the zakat institution to apply for relevant assistances. All information is available on the website of the zakat institution. Considering the size of Sarawak, TBS provided even more accessibility by using three platforms. First is the *Jejak Aṣnāf Versi 2* application, which can be downloaded from the Apple Appstore or Google Playstore. Users can apply for various assistances and suggest other eligible recipients. Second is the *Baitulmal Kamek* portal (<https://pelanggan.tbs.org.my>), and third is the institution's email (admin@tbs.org.my).

This study revealed that the zakat institutions used different mechanisms to channel zakat funds to those affected by the COVID-19 pandemic. The distinctive socio-economic level of each has characterized the needs of the *aṣnāf*. The zakat institutions have played their roles to break the chain of COVID-19, easing the burden of those affected, regardless of race and religion, and supporting frontline workers in combating the COVID-19 outbreak. The study showed that the pandemic has necessitated rapid, efficient, and fair distribution of zakat to various recipients, such as the indigent and needy, those who lost income, COVID-19 frontline workers, hospitals, affected students, and COVID-19 taskforces like the police, army, and other volunteers.

CONCLUSION

This study described the zakat distribution practice to the indigent and needy, those who lost income, frontline workers and hospitals, and other recipients like students, mosques, and COVID-19 taskforces. The study indicates that zakat institutions are urged to play more significant roles in helping those affected by the MCO, especially the indigent and needy. Nevertheless, the COVID-19 pandemic has affected many people, increasing the number of other zakat recipients (*aṣnāf*) groups, including *ibn al-sabīl*, *al-ghārimīn*, and *al-riqāb*. To date, Malaysian zakat institutions have distributed zakat funds to eligible recipients beyond the existing *aṣnāf* to mitigate the negative effects of the COVID-19 pandemic and for the social and economic sustainability of various recipient groups. Looking at the alarming economic trends in other countries, effective measures must be taken to improve the socio-economic situation following the pandemic. Accordingly, the Malaysian government has set as its main economic agenda the breaking of COVID-19 chain. To remedy the socio-economic



repercussions of COVID-19, the government has announced a number of initiatives, such as the provision of special grants to zakat institutions, which has led to innovative zakat distribution practice. The zakat funds, therefore, were able to benefit citizens throughout the country, regardless of their race and religion. Zakat collection has been increasing, and so its distribution is expected to support households to withstand the current global economic crisis. The findings in this study should be taken with caution as they were based on secondary data. Future studies could verify these results through empirical investigations. The effectiveness of zakat distribution can be estimated empirically through a robust analysis. Nevertheless, this study provides an avenue for future research on a timely topic related to Islamic social finance.



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