



Agents of Economic Resilience and the Role of Islamic Approach Towards Financial Inclusion During the Covid-19 Pandemic: A Case of Pakistan

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Abstract

In times of hyperinflation, these days Pakistan is confronted with health financing and food crises. It is essential to decrease the likelihood of food insecurity and economic vulnerability. This study aims to investigate the Vulnerability of society to pandemic shocks and the resilience of an Islamic nation such as Pakistan, as well as to investigate and identify the agents of Economic resilience in Pakistan. This study also investigated the function of Islamic financial inclusion strategies during pandemics. This study utilizes a variety of data categories and methods. The study's conclusion was reached using both primary and secondary qualitative and quantitative data. The study found that the majority of individuals are susceptible to such disruptions in terms of health, income, and social construction. The study revealed that there are numerous economic resilience agents in Pakistan, which play a significant role in bolstering support for small households and poor families. The analysis of quantitative data sets revealed that interventions or agents of change/resilience have had a significant impact on reducing hunger risk, infant deprivation, and other societal vulnerabilities. The conclusion of the study is that both formal and informal service providers contribute to enhancing the community's resilience through financial inclusion and a transitory support system. The conclusion of the study argues that the Islamic approach to financial transactions is more dependable and satisfactory for households and community-oriented organizations.

Keywords: Agents, Vulnerability, Resilience, Islamic Approach, Financial Inclusion

1. Introduction

The corona virus was first identified in December 2019 as pneumonia of unknown origin, reported for the first time from Wuhan, China. Due to its contagious nature, the virus swiftly spread from Wuhan to other countries. The World Health Organization (WHO) designated coronavirus as the sixth public health emergency of international concern (PHEIC) on January 30, 2020 (Organization, 2020). The cumulative number of reported cases of covid-19 has reached 478,261,051. This indicates that covid-19 has spread to almost every part of the globe. During this pandemic outbreak, a substantial number of lives have been lost worldwide. There are 6,133,880 recorded deaths, but there are still unrecorded and threatened regions in the world (Maraj, Gülerce, Rana, & Meraj, 2021). During covid-19, the health costs of countries have increased, but international cooperation and support have aided the recovery of cases by financing the most vulnerable. The recovery of 413,085,953 individuals has thus far been successful. Table 1 reveals the severity of the covid-19 shock's impact on Islamic nations. Where the majority of nations are still attempting to save their citizens from mortality. The economic cost of these nations has increased in terms of the provision of health services and the cost of living. During the pandemic, Pakistan has lost 1.5 million of its citizens. Pakistan has a lower active case frequency than the UAE and Bangladesh, but it is the only country in the Islamic world where new cases are being reported and where health expenditures from the core budget are still insignificant in many developing nations.

Table 1: Covid-19 case across Islamic countries

Country	Total Cases	New Cases	Total Deaths	New Deaths	Total Recovered	New Recovered	Active Cases	series critical
Afghanistan	177,321		7,657		160,402		9,262	1,124
Bahrain	548,866		1,466		539,213		8,187	7
Bangladesh	1,951,072		29,118		1,874,880		47,074	1,264
Oman	387,922		4,250		381,949		1,723	15
Pakistan	1,523,401	329	30,336	3	1,484,718	42	8,347	446
Palestine	580,873		5,345		574,144		1,384	17

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Country	Total Cases	New Cases	Total Deaths	New Deaths	Total Recovered	New Recovered	Active Cases	series critical
Qatar	360,497		677		358,686		1,134	1
Saudi Arabia	750,080		9,034		732,741		8,305	146
UAE	889,108		2,302		860,513		26,293	

(World meter, 2021)

The first coronavirus case was reported in Karachi on February 26, 2020. The virus spread rapidly around the world, eventually becoming a pandemic. Within 45 days, on April 2020, Pakistan had 4601 confirmed cases of COVID-19, with a total population of 204.65 million and a low per capita income of a few hundred dollars, the virus moved into various locations nationally, and it is now considered pandemic. This epidemic has caused numerous economic damages in Pakistan, leaving it a highly fragile economy (Lone, Shakeel, Bischler, & Marzi, 2021).

To increase the economic resilience of the economy, many programs were launched by the government and other NGOs. According to Bohari, Johar, Azhar, and Meerangani (2021), the Pakistani government has extended financial assistance to its residents. The funds that were available were insufficient for homes, individuals who had lost their employment, and family members with a favorable earning position. As per I. Ahmad (2020), it is believed that structural unemployment in Pakistan ranged from 3 million to 5 million as a result of the faltering economy. The estimated temporary unemployment as a result of the lockdown was 10.5 million workers, including daily wage, contract, and casual workers in establishments. According to the Centre for Labor Research, there will be job disruptions for around 21 million people in the country.

Pakistan's government's financial assistance impacted people and households to some extent. However, it is insufficient because financial assistance is only provided once every few months, and the nature of the assistance provided is to supplement basic income for smooth consumption and expenses (Martin & Sunley, 2020). Furthermore, the number of jobs available in the private sector has decreased as a result of businesses closing owing to the epidemic. In this context, whether or not afflicted and unemployed persons develop their own internet enterprises for subsistence-level support and to cater to the demands of their household and local markets is controversial. The monetary assistance will aid in increasing their shock absorption capacity. When consumers have access to specific financial services, this is also achievable (Azam et al., 2020).

Access to financial services can improve the resilience of a household or community. Financial inclusion for impacted individuals is critical not only for a household's economic viability but also for the country's. Financial inclusion comprises bringing people into the financial circle or system through low-interest loans, interest-free loans, high liquidity, opening bank accounts, simple paisa accounts, and other means (Maraj et al., 2021). Financial inclusion contributes to an increase in charity giving and tax collection in the country. Instead of rushing home after grocery shopping, Pakistanis are waiting outside their homes to provide food, money, or other forms of charity to people on the streets who have nowhere to stay. This generosity economy has considerably contributed to community resilience and the ability of communities to persist for longer periods of time without an input of income money. These lavish gifts are typically accompanied with a request to the receiver that is not based on the recipient's request. Because even when there is nothing to eat, asking for food is difficult. However, this Islamic regulatory structure has also assisted individuals of dignity (Bohari et al., 2021).

In response to the global coronavirus pandemic, Pakistan adopted tight containment measures, including suspending schools, prohibiting public meetings, and closing all businesses except those selling groceries or medicine. However, unlike in some other countries, the consequences of a prolonged lockdown in Pakistan were collectively addressed. People are banding together in this pandemic circumstance to help the less fortunate in a new and inspiring way. Many are specifically offering *zakat*, the traditional Muslim charity tax, to daily wage people who do not have paid leave, which functions as a healthy health insurance or financial safety net (Belabes, 2019).

This study intends to quantify and investigate the susceptibility of a community to various shocks, such as the Covid-19 pandemic. Additionally, it aims to evaluate the factors that contribute to economic resilience and financial inclusion, which are crucial for supporting individuals and households during such crises. This study encompasses three dimensions. Firstly, it aims to identify the various entities involved in promoting informal financial inclusion services that contribute to sustaining subsistence during the pandemic. These entities include individual agents,

organizations acting as agents, and household agents of resilience. Secondly, the study seeks to identify the role played by banks and non-governmental organizations (NGOs) as agents in building resilience through financial inclusion for sustaining subsistence during the pandemic. Lastly, the study examines the role of Zakat, a form of economic immunity, as an agent contributing to financial inclusion for sustaining subsistence during the pandemic.

1.1. Study Objectives

- i. The susceptibility of Islamic nations to pandemic shocks and their capacity for resistance.
- ii. To explore and identify the agents of Economic resilience in Pakistan.
- iii. To study the role of Islamic approaches toward financial inclusion during pandemic.

2. Literature Review

According to Bohari et al. (2021), the appearance of COVID-19 affected the entire world, including Malaysia. They elaborate on the economic condition of Malaysia, noting that many industries were impacted and that many individuals had lost their employment due to the closure of businesses. Despite the fact that the government provides assistance for individual subsistence. Financial inclusion during the pandemic is a critical issue for individual subsistence; their study is a descriptive study conducted to overcome the issue of financial inclusion on affected individuals during the pandemic using an Islamic approach free of "*Riba*" in order to maximize the assistance that can be provided by non-profit microfinance institutions. M. Ahmad, Dziegielewski, Tariq, and Bhutta (2017) discussed the issues associated with digital finance and financial inclusion stability. Fintech has a positive impact on financial inclusion in developing economies. In addition, they highlighted some threats to financial stability posed by digital finance. An intriguing direction for the relationship between digital finance and economic crises would be to determine if digital finance contributes to the spread of financial contagion during a crisis such as a pandemic.

According to World Bank report, using the lower-middle-income poverty rate in Pakistan. The poverty ratio in Pakistan stood at 39.3 % in 2020-21 and is projected to remain at 39.2 % in 2021-22 and might come down to 37.9 per cent by 2022-23. Azam et al. (2020) investigates how the seventh member of the coronaviruses family (COVID-19), which formed a separate clade within the subgenus SARBECO virus, Orth corona virinae subfamily, affected Pakistan's education system, poverty, and economy. The current epidemic poses a significant threat to both the global and comprehensive development systems of developing countries. As per Amadu, Armah, Aheto, and Adongo (2021), developed countries are also facing challenges due to this epidemic. Pakistan, as a developing country, has encountered an escalating demand for surgical masks, ventilators, and other healthcare instruments while implementing a nationwide lockdown. The implementation of lockdown measures has been found to have a significant impact on the decline of economic conditions and the exacerbation of poverty rates. This study aims to provide a definition of economic vulnerability within the context of the Covid-19 pandemic. Specifically, economic vulnerability is conceptualized as the susceptibility of an economy to exogenous shocks, such as those experienced during the Covid-19 crisis, and the subsequent exposure to adverse conditions, such as poverty.

2.1. Poverty, Economic Vulnerability, & Agents of Resilience

Exposure to exogenous disruptions leads to economic vulnerability, which could be detrimental to economic development due to the element of risk in the growth process of an economy, according to the majority of studies on economic vulnerability (Zakaria & Mohamad, 2019). Briguglio, Cordina, Vella, and Vigilance (2010) defines economic vulnerability as an economy's exposure to exogenous disruptions resulting from its economic openness. In contrast, economic resilience is the policy capacity of an economy to resist the effects of such disruptions. Azeem, Mugeru, Schilizzi, and Siddique (2017) examines whether various measures of ex-post poverty and ex-ante vulnerability to poverty provide comparable estimates of household poverty and vulnerability to poverty. In addition, they examine the degree of mismatch between the ex-post monetary poverty (MP) and multidimensional poverty (MDP) measures that were utilized to identify impoverished households. Azeem, Mugeru, and Schilizzi (2016) examines the effects of social protection (SP) on post-occurring poverty. The present study undertakes a deeper examination of the effects of Social Protection on ex-ante vulnerability to poverty (VtP). The findings of their study indicate that Social Protection measures have a beneficial effect on mitigating household poverty and reducing vulnerability to poverty. This effect is mostly attributed to the implementation of a short-term cash transfer program for flood relief, the provision of pensions to government employees, and households' regular purchases from utility shop networks.

Williams and Vorley (2014) examines the relationship between economic resilience and entrepreneurship in local region. They also emphasized that entrepreneurship is integral to promoting the diversification and capacity building of regional economies, traits which are characteristic of resilient economies. Masik (2018) discussed four metaphors and four resilience research domains, with a focus on the evolutionary approach to resilience and the agency perspective. The identified factors and policies are international trade balance, weakness of the Polish currency, competitiveness support, countercyclical fiscal policy, conservative banking policy, and flexible labor policy. With regional research, Kol'vecková and Korobaničová (2016) investigated the relatively new topic of economic resilience. Before focusing on macroeconomic policy, the author first offers an evolutionary viewpoint to resilience and, with it, the agency perspective. Martin and Sunley (2015) defined economic resilience, a term used to characterize how a system or entity responds to shocks and disturbances. The concept had been employed in ecology and psychology for some time, and it is now used in a variety of contexts. Both as a perceived property of an object or system and, more normatively, as a characteristic.

2.2. Economic Resilience Leading to Societal Prosperity

Pascariu, Banica, and Nijkamp (2023) undertakes an examination of this complex concept by constructing a risk-disaster opportunity framework for a territorial system, and by conducting an analysis of the socio-economic consequences of natural shocks from the standpoint of resilience. (Suwena, Budhi, Saskara, & Yasa, 2022) discovered that enhancing the economic resilience of families and recognizing the pivotal role of women farmers were significant factors. The primary objective of this study is to examine the role of women in the development of family economic resilience, as assessed through welfare levels. Gassen et al. (2021) conducted an analysis to examine the impact of social capital and family resources on the enhancement of work ethic and family economic resilience, ultimately leading to improvements in family welfare. The impact of social capital and work ethic on economic resilience is found to be substantial, whereas the influence of family resources on economic resilience is not found to be statistically significant. The influence of social capital, family resources, work ethic, and economic resilience on family welfare is substantial. This study examines the potential impact of social capital and family resources on economic resilience, specifically through the mediating factor of work ethic. The concept of economic resilience serves as a mediator in the relationship between social capital, family resources, work ethic, and family welfare.

2.3. Society Resilience Zakat during Pandemic

Zakat institutions in Pakistan are significant contributors to the promotion of financial inclusion. Zakat and cash can serve as viable resources within the context of Islamic microfinance (Abdelkader & Salem, 2013; Ibrahim, Omar, & Hamdan, 2018). "And they ask you what they ought to spend. Say: "That which is beyond your needs" (Q 2:219). The primary focus of zakat institutions in Pakistan is the collection and distribution of Islamic taxes, specifically Zakat and Ushr, in Pakistan are entrusted to the Zakat Councils. The term "Zakat" originates from the Arabic language and carries several connotations such as cleanliness, purity, growth, blessings, and prosperity and it refers to the act of purifying one's possessed assets. "Take Sadaqah (alms) from their wealth in order to purify them and sanctify them it, and invoke Allah for them" (Q 9:103). Regarding individuals who are affluent and prosperous, zakat serves the purpose of purifying oneself from the traits of parsimony and avarice (Jamal et al., 2017).

One notable distinction lies in the allocation of zakat and waqf money, whereby zakat funds are exclusively designated for the benefit of individuals falling into the "Asnaf" category, whilst waqf funds are applicable to individuals across all categories (S. Ahmad, 2019). This religious tradition, which is profoundly rooted in society, supplemented the provision of social services. "Verily, those who give Sadaqat (Zakat, Alms) men and women, and lend Allah a goodly loan, it shall be increased manifold, and theirs shall be an honorable good reward" (Q 57:18). In the midst of the pandemic, Pakistanis were banding together to aid the disadvantaged in a novel and inspiring manner. In particular, many were offering zakat, the traditional Muslim levy for charity, to daily wage earners who lacked paid leave, health insurance, and a financial safety net.

3. Research Methods

3.1. Study Data

This study utilizes several forms of data. The study has utilized five distinct data sets, the first of which involves the collection of information from publications and books for the purpose of discourse analysis and subsequent qualitative analysis. The second dataset comprises of interviews and focus group discussions performed in Karachi city, involving

two groups of economists and one group of medical practitioners. The third set of data is derived from secondary sources such as the Benazir Income Support Program (BISP), the Pakistan Standard of Living Measurement (PSLM), and the Demographic Health Survey (DHS). The fourth set of data is sourced from the Pakistan Economic Survey and Worldmeter.com. These sources provide comprehensive statistics on income growth, health expenditure, and Covid-19 variables. The final and fifth data sets are compiled from queries posed by an individual named Alim-e-din and households near Karachi University.

3.2. Sampling Technique

The study employed a simple sampling method to gather individual-level data, while purposive sampling was utilized to choose doctors and experts for inclusion in the study. The research project has compiled a selection of scholarly articles and books pertaining to the topic of economic resilience and the significance of financial inclusion through zakat, as well as other factors contributing to resilience. A subset of these resources, consisting of approximately 50 recently published papers from reputable academic publications, was subjected to a random review process. The sampling methodology employed in this study involved a selective author choice approach, where books were chosen based on their availability and accessibility.

3.3. Indicators of Resilience

- i. Secure employment, where a person has permanent and well-paid job that can sustain the life style of the household.
- ii. Secure trust of market is basically a new dimension, where people create trust in the market by paying in time of commitments. This help people to receive several products and service when they do not have any earnings.
- iii. Secure food supply is a term where household can access food continuously.
- iv. Access to monetary assets and capitals is basically associated with loans and other financial services.
- v. Secure shelter is household residing in his own house with no issues of rent and space for next 20 years.
- vi. Access to health services at manageable cost is low-cost health access to hospitals and clinics.
- vii. Shock absorption capacity is the diversification of income sources, which can help in times crises from one dimension.

3.4. Methodology

The study employed a mixed-method technique, utilizing a multi-method approach. The study employed a combination of discourse analysis, thematic analysis, exploratory analysis, and a quantitative deprivation index technique. This study examines many facets of resilience agents that played a crucial role in safeguarding society throughout the pandemic outbreak.

4. Results and Discussion

4.1. Secondary Qualitative Discourse Analysis: Insights from The Holy Quran

From an Islamic perspective, the meaning of "Zakat" is to give a portion of one's fortune to those in need in the community. I. Ahmad (2020) evaluated recipients' contentment with the distribution of zakat and its impact on their social and financial standing. The Muslim's Zakat (Community wealth tax) contribution to his life is unrestricted and includes his effort, intellect, knowledge, and finances. "And those in whose wealth there is a recognised right. For the beggar who asks, and for the unlucky who has left his property and wealth, (and his means of living has been straitened)" (Q 70:24,25).

The Prophet (peace be on him) said, "Every Muslim must perform a charity." They asked, "Messenger of God, what if a person cannot find anything to give?" He answered, "He should work with his hands to benefit himself and give in charity." "And what if he could not find that?" they asked again. "He should assist an aggrieved person in need." "And what if he could not do that?" "Then he should do well and refrain from evil - that would be his charity" (Khan, 1986). "And that which you give in gift (Riba). In order that it may increase from other people's property, has no increase with Allah; but that which you give in Zakat (Sadqah, Charity) seeking Allah's countenance, then those, they shall have manifold increase" (Q 30:39).

Zakat is a manifestation of the faith that affirms that God is the sole owner of everything in the universe, and what men hold is a trust in their hand over which God made them trustees to discharge it as He has laid down: "Believe in Allah and His Messenger and spend of that over which He made you trustees" (Q 57:7). Zakat gives a strong

incentive for investing wealth for the benefit of wale fare society and makes us refrain from hoarding it. “And (they), give them preference over themselves even though they were in need of that. And whosoever it saved from his own covetousness; such are they who will be the successful” (Q 59:09). Zakat is a means of compulsory redistribution of wealth that reduces differences between classes, groups and to be used for the benefit of the society. According to Holy Quran (2:110 Q) “And established prayer and give Zakat and whatever good you put forward for yourselves and you will find it with Allah”.

In the context of societal welfare, Muslims have historically been raised with a collective focus on the well-being of all individuals. Zakat is mentioned 30 times in the Quran, and in 27 of those instances it is closely associated with its "sister Pillar" of Islam, Ṣalât (the distinctive kneeling and prostration in worship that Muslims must perform five times a day). The second and third of Islam's renowned Five Pillars, respectively, are these two forms of worship. In the Quran, Allah has mentioned Zakat as Ṣadqah in the context of Zakat's Sharâh, which refers to the distribution of certain portions of a Muslim's collected income to eight designated categories of individuals outlined in the Quran. “As-Sadaqat (Zakat) are only for the Fuqara (poor) and Al-Masakin (the needy) and those employed to collect (the funds) and to attract the hearts of those who have been inclined (towards Islam) and to free the captives; and for those in debt; and for Allah’s cause; and for the wayfarer; a duty composed by Allah. And Allah is All-Knower, All-Wise” (Q 9:60).

Table 2: Zakat as an Agent of Resilience for Society

Author, year	Significant Findings
S. Ahmad (2019)	Zakat can increase the poor community's demands and requirements and the society's resilience. In addition to satisfying their requirements, it enhanced their socioeconomic standing.
M. Ahmad et al. (2017)	Results indicate that zakat, with its profoundly ingrained religious and spiritual traditions, provides an excellent foundation for supporting social work and social service provision.
Uyuni and Muhibudin (2020)	As a source of social funds, zakat is recognized. In Islam, zakat plays a crucial role in meeting material and financial requirements.
Ali et al. (2023)	As an Islamic social fund, Zakat plays a role in alleviating crises such as economic, social, and lifestyle crises by providing aid to communities directly affected by the crisis.
Alaghbari and Othman (2021)	People are transformed from zakat and waqf recipients to zakat payers and waqf contributors, and society as a whole attains a high level of productive capacity, human and economic advancement, and freedom from unemployment and poverty.
Lone et al. (2021)	This study focuses on two cash assistance COVID-19 response programs: the EEC Programme and the UNHCR's Cash Assistance Programme for Refugee Families.
Suwena et al. (2022)	The role of women in establishing the economic resiliency of families, as measured by levels of welfare. A prosperous family has a great deal of potential to become more resilient. Almost inevitably, the family's economic resilience will affect psychological and social resilience.
(Martin & Sunley, 2020)	The concept of resilience is increasingly being incorporated into the conceptual and analytical framework of regional and local economic studies, as it pertains to the development of regional and local economies. There has been a growing scholarly focus on the resilience of regional, local, and urban economies.
Maraj et al. (2021)	The significance of spirituality should be acknowledged and esteemed as a crucial element in addressing delicate circumstances and psychological challenges, with the aim of enhancing resilience and combating feelings of despair among survivors.

4.2. Role of financial inclusion in economic resilience

This study involved the organization of a focused group discussion with a cohort of economists, consisting of eight participants who possessed diverse areas of expertise within the realm of economics. The participants possessed expertise in applied economics, financial analysis, monetary economics, and health economics. Our debate revolved around the topic of whether financial inclusion contributes to the provision of economic resilience. According to the

financial subject specialists, it has been affirmed that financial inclusion plays a significant role in fostering economic resilience. The individual asserted that the concept of financial inclusion encompasses the comprehensive incorporation of the entire population into the financial system, wherein each individual possesses a bank account and an easy paisa account, and enjoys convenient access to loans, including Qaraz-e-Hassana. According to his statement, when every individual in society has access to these resources, the household economy can be characterized as robust or powerful. Moreover, he believed that an individual can readily meet their financial needs notwithstanding their first entry into the system. An individual who possesses both a bank account and an Easy Paisa account from the inception, may find themselves in a predicament where they require financial assistance. In such circumstances, they may resort to contacting another individual for aid. The individual thereafter requests the disclosure of the recipient's bank or Easy Paisa account number in order to facilitate the timely transfer of funds and meet their financial requirements. The health economist responded that the integration of financial inclusion and its potential impact on health outcomes has significant importance. If individuals within a given society have convenient access to health-related loans, and in the event of a health emergency within their household, can readily obtain such loans within a short timeframe, this would likely contribute to an enhancement of economic resilience. The monetary economist posited that more financial inclusion would result in a greater volume of monetary transactions inside the economy. Individuals will experience convenient financial transactions, leading to an increase in the money supply. The circulation of money within the economy will enhance the economic resilience of individuals.

4.3. Agents of Resilience

Various agents contribute to promoting resilience, with some operating at the governmental level through income support programs. For instance, the Benazir Income Support Program (BISP) has successfully provided assistance to over six million families, enabling them to maintain their household expenditures. Furthermore, it is functioning as an "agent" of resilience for impoverished households in Pakistan (Nawaz & Iqbal, 2020). The Pakistan Poverty Alleviation Fund (PPAF) is a prominent implementing agency that facilitates the distribution of around 80,000 interest-free loans on a monthly basis throughout the country. The aforementioned organization is providing assistance to the community through a diverse array of interest-free loans, ranging from PKR 20,000 to 75,000. A total of 3.8 million PKR interest-free loans will be allocated to about 2.28 million families. A total of 14.7 million individuals will derive benefits from this particular component (Ali et al., 2023). Interest-free loans can be obtained through a network of 1,110 loan centers that are currently being administered by collaborating groups. There exist affluent houses that contribute to the community through the provision of Zakat and interest-free loans (Organization, 2020). A member of a Family Development Group (FDG), in collaboration with an economist, has reported that his family has made substantial donations amounting to millions of dollars during the COVID-19 pandemic. These funds were directed towards supporting impoverished families within the local town.

Table 3: Agents of Resilience on Formal Level

Program	Assistance	Target Recipients	Covered by	Financed by	Executed by
BISP	Cash transfer as income support	Married women belong to poor families	National	Public Funds	Federal Government
Pakistan Bait-ul- Mal	Financial assistance to low-income families for daughter's wedding and sustenance.	Disables, poor below poverty line, orphans, widows	National	Public Funds	Federal Government
Microfinance	Cash support as loan for establishing business	Impoverished entrepreneurs for setting up self-employment to take out of poverty trap	National	Donors Funds	Federal Government

Program	Assistance	Target Recipients	Covered by	Financed by	Executed by
People's Work Programme	Provision of Cash transfer for work	Support to rural people in the form of provision of gas, electricity, water supply, farm to market roads	National	Public Funds	Federal Government
Zakat and Ushr	Cash provision	Need, deprived and impoverished Muslims	National	Zakat levy and private contributions	Government, Ushr and Zakat Committees and Federal Government
Employees Old Age Benefit (EOBI)	Cash	Employees belongs to formal sector	National	Employer's contribution	Federal Government
Workers Welfare Fund (WWF)	Provision of health, housing and schools' facilities	Employees belongs to formal sector	National	Employer's contribution	Federal Government
Labor Market Programme	Provision of wage subsidies credit facility	Unemployed workers	National	Public Funds	Federal and Provincial Governments
People's Rozgar Scheme	Provision of financial support for selected business	Educated unemployed community	National	Commercial Banks	National bank of Pakistan
Utility Stores	Provision of subsidy on prices	Poor and deprived segments	National	Public Funds	Federal and Provincial Government
Subsidy on sugar, wheat and fertilizers	In-Kind transfer	Poor community	National	Public funds	Federal Government
Prime Minister Youth Loan Programme	Provision of financing for some selected business	Youth Community	National	Public Funds	Federal Government

(Ministry of Finance, 2020)

4.4. Quantitative analysis

Table 4: Quantitative Data Analysis of Intervention for Resilience Score

Welfare Indicators	Control		Treatment		Difference-in-difference Coeff (SE)
	Baseline Mean (SE)	Difference Coeff (SE)	Baseline Mean (SE)	Difference Coeff (SE)	
Child Deprivation Index (CDI) at Various Cut-offs (%)					
40	0.23 (0.01)	-0.09* (0.01)	0.37 (0.01)	-0.14* (0.01)	-0.05* (0.01)
50	0.15 (0.01)	-0.06* (0.01)	0.29 (0.01)	-0.14* (0.01)	-0.07* (0.01)
Multidimensional Poverty Index (MPI) at Various Cut-offs (%)					
40	0.18	-0.07*	0.30	-0.09*	-0.02***

	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
50	0.14	-0.05*	0.25	-0.08*	-0.03***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

*Significance at 1 percent, ** significance at 5%, ***significance at 10%.

The results show that households lacking assistance access exhibit elevated deprivation scores, hence indicating a heightened vulnerability. Prior to receiving therapy, households were engaged in a struggle against poverty, but with limited success. In contrast, the treatment group had a significant reduction in deprivation, indicating that the treatment had a substantial impact. The net difference resulting from the influence of resilience factors is -0.05 in relation to the control of child deprivation, and -0.07 within the very deprived group. The implementation of these programs has effectively mitigated poverty within communities and bolstered societal resilience through various means.

4.5. Findings

- i. The Islamic approach is a robust and indisputable way for enhancing social resilience, since it promotes the practice of zakat and fosters a culture of altruism within society.
- ii. The Islamic approach is also essential in enhancing financial inclusion by means of loans and other supportive mechanisms that involve monetary advantages.
- iii. Formal organizations have significantly contributed to enhancing community support, and it would be accurate to assert that programs such as BISP and EHSAAS serve as catalysts for resilience.
- iv. In every society, several households engage in acts of altruism by providing assistance to others facing adversity and extending interest-free loans.
- v. Communities have actively contributed to the development of secure shelters for their own members.
- vi. There exists a finite number of homes that contribute monetary donations to organizations simultaneously in order to assist others. A majority of individuals exhibit a preference for engaging in tasks independently, as this approach tends to yield a higher level of utility.
- vii. Financial inclusion in Pakistan has the potential to mitigate the risk of economic instability by enabling individuals to effectively monitor their bank account information and cultivate a substantial savings position.

5. Conclusion

This study extensively examines the phenomenon of economic risks and resilience, specifically focusing on the impact of the COVID-19 pandemic on Pakistan. It reveals that households in Pakistan have faced significant deprivation of essential resources during this crisis. However, the study highlights the crucial role played by community bonds and the implementation of Islamic principles, particularly through the provision of Zakat, loans, and other forms of financial support. These contributions, predominantly from affluent members of the community, have made a remarkable contribution to the economic resilience of society, particularly benefiting the economically disadvantaged individuals within the community. The study examines the vulnerability of communities, finding that in many cases, communities are susceptible to shocks. However, certain communities that possess a moral and Islamic value system demonstrate the ability to mitigate these shocks through the presence of mutual support structures. Vulnerabilities and disruptions can function as catalysts for creative destruction, facilitating the emergence of novel arrangements and priorities within economic structures, institutions, and regulatory architectures. It is imperative to acknowledge the significance of entrepreneurship in fostering economic resilience. An entrepreneurial approach stands apart from conventional policy-driven approaches due to its reduced dependence on community involvement, which assumes a more supportive rather than interventionist role.

5.1. Policy Implications

The significance of zakat as a crucial religious obligation, aimed at providing assistance to individuals in need, should be emphasized. It serves as a means through which social service programs can effectively deliver benefits to the community. The significance of official institutions and informal community networks at the home level is of utmost importance in fostering effective and resilient communities. It is recommended that the Pakistani government develop a system of incentives to recognize and reward individuals who engage in commendable actions and contribute positively to their communities.

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