Abstract

This study investigates the interplay between the Islamic Human Development Index (I-HDI), Zakat, and Institutional Quality in mitigating poverty in the Middle East and North Africa (MENA) region. Utilizing panel data from Algeria, Lebanon, Morocco, Egypt, and Jordan spanning 2011 to 2022, this research examines the effects of I-HDI, Zakat, and various institutional quality indicators on poverty levels. The analysis employs purposive sampling and includes variables like voice and accountability, regulatory quality, and control of corruption to assess their impact on poverty.

The findings show that higher I-HDI scores, as well as better Voice and Accountability, Regulatory Quality, and Control of Corruption significantly reduce poverty levels. However, Zakat, Political Stability, and Rule of Law showed no significant effect on poverty reduction, suggesting that administrative inefficiencies and regional economic and political instability may hinder their effectiveness. This research contributes to the literature by integrating the Islamic Human Development Index with institutional quality measures to provide a comprehensive analysis of poverty alleviation strategies in the MENA region, highlighting the need for a multidimensional approach.

The research is limited by the availability and accuracy of data from the selected countries. Future studies could expand the sample size and include more diverse indicators to further validate the findings. Policymakers can leverage these insights to design more effective poverty reduction programs that emphasize improving institutional quality alongside promoting I-HDI principles, thereby enhancing the overall impact of such initiatives. The study underscores the importance of a holistic approach to poverty alleviation that integrates economic, social, and political dimensions, potentially leading to more sustainable and inclusive development outcomes in the MENA region.

Keywords: Poverty, Islamic Human Development Index, Institutional Quality, Zakat