

ABSTRACT

Poverty remains one of the major development challenges in the member countries of the Organisation of Islamic Cooperation (OIC). Poverty is not only associated with low income but also with aspects of human development, welfare distribution, and institutional quality. The study highlights the importance of examining factors associated with poverty through a more comprehensive approach. Therefore, this study aims to analyze the effects of the Islamic Human Development Index (I-HDI), zakat, and institutional quality on poverty levels in OIC member countries during the 2012–2023 period.

This study employs a purposive sampling method by selecting OIC member countries with complete data availability throughout the observation period. Based on these criteria, 11 countries were selected as the research sample, namely Albania, Algeria, Azerbaijan, Indonesia, Malaysia, Morocco, Egypt, Nigeria, Pakistan, Türkiye, and Jordan. The study utilizes panel data, which are analyzed using the Fixed Effect Model (FEM) with White Cross-Section Robust Standard Errors.

The findings reveal that zakat, Political Stability and Absence of Violence/Terrorism, and Regulatory Quality have a negative and statistically significant effect on poverty levels in OIC member countries during the 2012–2023 period. In contrast, the Islamic Human Development Index (I-HDI), Voice and Accountability, Government Effectiveness, Rule of Law, and Control of Corruption do not have a statistically significant effect on poverty. Furthermore, the simultaneous test indicates that zakat, I-HDI, and institutional quality jointly have a significant effect on poverty levels in OIC member countries.

Keywords: Poverty, Zakat, Islamic Human Development Index (I-HDI), Institutional Quality.

