ABSTRACT

Poverty alleviation is a global agenda targeted to be achieved by 2030. Nevertheless, poverty remains a major challenge for many countries, including the member states of the Organization of Islamic Cooperation (OIC). According to SESRIC (2024), the OIC is not on track to eradicate poverty among its entire population by 2030. Therefore, this study aims to analyze the influence of the Islamic Human Development Index (I-HDI), zakat, and macroeconomic variables, namely the inflation and trade openness, on poverty in OIC member states during the period 2004–2021. The sample was selected from the 57 OIC member states using a purposive sampling method. Based on this method, eight OIC member states were selected as the research sample, namely Albania, Burkina Faso, Indonesia, Malaysia, Mozambique, Pakistan, Qatar, and Türkiye.

This study employs panel data regression using the Fixed Effects Model, corrected with Driscoll-Kraay Standard Errors to address heteroskedasticity, autocorrelation, and cross-sectional dependence. The results show that the Islamic Human Development Index (I-HDI), zakat, and trade openness have negative and significant effects on poverty. Meanwhile, inflation has a positive but insignificant effect on poverty. Governments and policymakers in OKI member countries are advised to consider I-HDI as an alternative measure of human development, strengthen the mapping and optimization of zakat potential, and maintain trade openness by strengthening export-oriented sectors that promote job creation and income growth.

Keywords: Islamic Human Development Index (I-HDI), Zakat, Inflation, Trade Openness, Poverty, Fixed Effects Model (FEM)