

POLICY RECOMMENDATIONS OF THE 21st MEETING OF THE COMCEC POVERTY ALLEVIATION WORKING GROUP

A policy debate session was held during the 21st Meeting of the Poverty Alleviation Working Group (PAWG). The Working Group agreed on the policy recommendations below for reducing youth unemployment through improving the vocational education and training programs in the OIC Member Countries.

Policy Recommendation 1: Conducting a needs assessment to identify areas of improvement for addressing youth unemployment and crafting effective policies

Rationale:

Addressing the challenges of youth unemployment, informal youth employment, and NEET status demands a comprehensive and multi-faceted approach that takes into account various interconnected factors. Firstly, it's crucial to recognize the need for job creation through supportive macroeconomic and developmental policies that promote economic growth and entrepreneurship. This entails addressing macroeconomic stability and fostering an environment for formalizing informal economies. These factors significantly affect young individuals' access to decent work opportunities. Secondly, investing in education and skills development is paramount, addressing barriers like poor education quality, knowledge and skills mismatches, and inadequate infrastructure. Enhancing vocational training, technical education, and apprenticeships is essential to bridge the gap between youth skills and labor market demands. Moreover, a focus on improving education quality and ensuring equitable access is key, particularly for young girls and women facing high dropout rates and early marriages.

The OIC Member Countries vary in vulnerability to these challenges. Some face weak macroeconomic outlooks while others contend with climate change, environmental degradation, and water scarcity. Recognizing these regional differences is essential for crafting effective policies. Moreover, international cooperation is important to address complex issues like illegal migration and tap into the potential of skilled migrants. Collaboration on global initiatives, including debt relief and social protection, is essential for achieving sustainable development goals and extending support to vulnerable populations, including young individuals.

Policy Recommendation 2: Developing effective active labour market policies to reduce youth unemployment and create opportunities for decent work

Rationale:

Through education and training initiatives, active labour market policies (ALMP) help individuals acquire new skills or upgrade existing ones. This makes the workforce more adaptable to changing labour market demands, increasing their employability. In this respect, devoting a sufficient budget to developing active labour policies and programs to increase youth employment is a strategic investment that can yield significant economic, social, and political benefits in the short and long term.

ALMPs which mainly include job search assistance, labour market training, incentives for private sector employment, and public sector job creation are interventions in labour market policies that aim to increase employment opportunities and thus are essential for bolstering economic recovery by assisting jobseekers in securing employment, offering necessary training to individuals facing the greatest challenges, and providing robust support to those facing significant difficulties.

Meeting financing gaps and addressing youth unemployment, inactivity, and precarious work requires a comprehensive approach. International cooperation is vital to support developing countries, mobilizing domestic resources, strengthening social protection systems, and implementing financial reforms.

Policy Recommendation 3: Developing/improving well-designed monitoring and evaluation systems with key indicators for the effective implementation of vocational education programs

Rationale:

Monitoring and evaluation systems are essential in assessing the success of any policy/program and identifying any potential shortcomings and challenges as well tracking improvements. Developing and improving monitoring and evaluation systems provide an opportunity to have insights about the implementation and to follow the progress; to show their areas of improvement; and to ensure that they meet with their targets and objectives.

Regularly collecting and analysing data on these indicators can help educational institutions, policymakers, and stakeholders make informed decisions to improve the quality and effectiveness of vocational education and training programs.

In this context, simple data collection methods that require minimal infrastructure and limited resources may be utilized. Moreover, real-time data collection and machine learning for trend analysis related to skills shortages can also be benefitted in a rapidly changing job market.

Policy Recommendation 4: Upgrading workforce skills and increasing employability through promoting digital skills development and digital transformation of national VET systems as well as by creating the public-private partnership

Rationale:

Digitalization is crucial in vocational education in three distinct ways. First, schools play a crucial role in equipping citizens with new skills to navigate a rapidly changing world. Second, it introduces innovative resources like computers and interactive whiteboards, used in flipped classrooms or blended learning. Third, digital competencies, tools, and content are readily accessible not just within vocational schools but also at apprentices' workplaces. Widespread adoption necessitates digitizing both VET and national skills frameworks, ensuring rapid alignment with the dynamic labor market.

Developing guidelines for national VET systems' digital transformation is crucial. Digitalization has a profound impact on the workplace and alignment of training with evolving job market skills. Digitalization plays a pivotal role in enabling individuals to acquire new skills in the constantly changing world. It introduces innovative teaching

resources and approaches while also enabling rapid adaptation to labour market transformations. Furthermore, a digitalized system is essential to ensure that education processes remain resilient, and skills acquisition continues uninterrupted, even in crises such as a pandemic.

The advantages of digitalization in VET systems encompass several key aspects: data-driven decision-making, enhanced quality and efficiency broadened learning horizons, increased employability, and unrestricted communication through digital technologies. While there are potential risks, such as job displacement and the digital divide, it is crucial to convince society about comprehensive systemic digital transformation and address challenges like limited internet access and digital skill disparities.

While creating and implementing vocational training programs, involving the private sector in the studies and receiving its support enable both the training of personnel needed in the sector, that is, the preparation of the expected qualified workforce, and the implementation of faster and result-oriented programs by easing the financial burden on the public budget.

Policy Recommendation 5: Initiating full-fledged incentive schemes in order to encourage entrepreneurship and business management, employment assistance, and on job training

Rationale:

Incentivizing entrepreneurship and business management, employment assistance, and on-the-job training is essential for addressing youth unemployment and improving labour market outcomes. Job search assistance programs play a pivotal role by enhancing job seekers' search efforts, streamlining the job matching process, and ultimately leading to higher-quality job placements.

Incentivizing private sector employment through initiatives such wage subsidies and entrepreneurship programs can provide youth with the skills, resources, and support needed to start and run their own businesses. Public sector employment programs are another avenue to consider, especially for disadvantaged individuals, as they offer a source of income and help maintain labour market connections, while also mitigating high unemployment rates.

Policy Recommendation 6: Developing policies and initiating labour market reforms to reduce informal employment

Rationale:

Addressing informal employment is essential for a country's economic development and the well-being of its youth. Policies and initiatives that promote formalization, improve labour market conditions, provide access to education and skills training, and create opportunities for decent work are crucial for reducing the negative impact of informal employment, especially among young people.

On the other hand, informal workers typically lack the legal protections and benefits afforded to formal workers. This includes minimum wage guarantees, overtime pay, paid leave, social security, and health and safety regulations. As a result, informal workers are more vulnerable to exploitation and abuse. Furthermore, informal workers often lack access to social safety

nets, such as unemployment insurance and retirement benefits. This leaves them financially exposed to unexpected events like job loss, illness, or retirement, leading to increased economic insecurity.

Even in many developing countries, a significant portion of employment opportunities is in the informal economy, which may not provide stable income, social protection, or job security. Informal workers may not fully understand the advantages of formalization, so educational campaigns can play a crucial role.

Simplifying labour regulations, reducing the cost and administrative burden of hiring formal workers, and streamlining employment contracts can create a more conducive environment for formal employment. Moreover, providing incentives for informal businesses to formalize their operations including tax breaks, subsidies, or access to financial services for businesses can facilitate transition to the formal sector.

Facilitating access to formal markets for informal businesses, including supply chain integration and market linkages can help informal producers and service providers reach a wider customer base and increase their revenues. Investing in vocational training and skill development programs can enhance the employability of informal workers. Equipping them with valuable skills can help them transition to formal employment or improve their productivity as entrepreneurs. Developing and expanding social protection programs, such as unemployment insurance, health insurance, and retirement benefits, to cover informal worker can reduce the economic vulnerability of informal workers and encourage formalization.

Policy Recommendation 7: Developing sound policies with comprehensive strategies aiming to reduce NEET rate

Rationale:

Decreasing youth NEET rates is a very important issue for governments as NEET leads to prolonged periods of economic inactivity and unemployment. Ensuring the active engagement of young individuals in either gainful employment or educational pursuits holds paramount significance, as inactive youth are susceptible to various social risks and adverse outcomes.

While the global youth NEET rate is at 23.5% as of 2022, the youth NEET rate is particularly higher in the Middle East and North Africa (MENA) region where most OIC Member Countries are located. Moreover, there is significant variation among OIC member countries in terms of the youth NEET rates. Some member countries have youth NEET rates as high as 40-50%.

Addressing high NEET rates requires a multifaceted approach that includes improving education and training systems, creating job opportunities, reducing economic and social inequalities, and implementing supportive policies and programs that target young people who are at risk of becoming NEET. Collaboration between government agencies, employers, educational institutions, civil society organizations, and youth representatives is crucial for the successful implementation of such policies. Additionally, monitoring and evaluation help governments refine and improve their NEET reduction strategies over time.

Policy Recommendation 8: Promoting effective coordination of all the stakeholders and creating synergy for the realization of inclusive youth employment policies.

Rationale:

Collaborative efforts among the relevant stakeholders (Public Institutions, NGOs, International Organizations and Donors) are very instrumental in realizing inclusive youth employment policies. Pooling resources knowledge and expertise contribute to the efforts towards equipping young people with relevant and market oriented skills.

Effective partnerships among the relevant stakeholders are very crucial for inclusive policies and social inclusion. The partnerships also facilitate the exchange of good practices, innovative methodologies and a more inclusive working environment.

In this respect, it would be beneficial to establish a single guidance mechanism including relevant stakeholders, to facilitate the entry of new graduates into the employment market and to ensure the employment of suitably qualified personnel in jobs related to their fields.