



CCO BRIEF ON POVERTY ALLEVIATION

**COMCEC COORDINATION OFFICE
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I. Introduction

Over the past three decades, substantial progress has been achieved in reducing extreme poverty worldwide. According to the World Bank's revised global poverty estimates, around 1.5 billion people moved out of extreme poverty between 1990 and 2022. This progress has been particularly associated with sustained economic growth and improvements in living standards in several developing regions, demonstrating the significant gains that can be achieved through economic development and effective poverty reduction policies.

Despite these achievements, global progress in poverty reduction has lost considerable momentum in recent years. The COVID-19 pandemic, slower economic growth, inflationary pressures, rising debt burdens, conflicts, fragility, and climate-related shocks have placed additional pressure on households and constrained poverty reduction efforts, particularly in low-income and fragile economies. Following the World Bank's 2025 revision of the international poverty line from \$2.15 to \$3.00 per person per day based on 2021 purchasing power parities (PPPs), an estimated 838 million people, corresponding to 10.5 percent of the global population, were living in extreme poverty in 2022. The latest nowcast estimates indicate that the global extreme poverty rate declined to around 9.9 percent in 2025.

Progress has also remained highly uneven across countries and regions. Extreme poverty has become increasingly concentrated in Sub-Saharan Africa and in economies affected by fragility and conflict, while improvements in other regions have been more pronounced. At the same time, poverty cannot be considered solely in monetary terms, as inequalities in access to employment opportunities, education, health care, basic services, and other dimensions of well-being continue to affect the living conditions and resilience of disadvantaged segments of society. These challenges demonstrate that, despite the considerable progress achieved over recent decades, poverty eradication remains a major development priority.

Given that twenty-one out of the forty-four countries included in the Least Developed Countries list are OIC member countries, poverty alleviation remains a particularly important development priority for the OIC. In this regard, the COMCEC Strategy identifies poverty alleviation as one of its major cooperation areas and defines the strategic objective of cooperation in this field as "eradicating extreme poverty and hunger in the Member Countries." The COMCEC Poverty Alleviation Working Group (PAWG) serves as an important platform for Member Countries to exchange experiences and develop common policy recommendations towards this objective.

II. Poverty Alleviation Efforts under the COMCEC

Skill mismatch is one of the most important labor market challenges in many developing countries, affecting the ability of individuals to find jobs that correspond to their skills and of employers to access workers with the qualifications they need. Rapid technological change, structural transformation, evolving occupational requirements, and changing patterns of labor demand have further increased the need for skills to adapt to labor market developments. Persistent mismatches between available skills and labor market needs may limit employment opportunities, reduce productivity, and constrain the effective use of human capital, with broader implications for income generation and poverty alleviation.

Preventing and reducing skill mismatch requires comprehensive and coordinated policy approaches that strengthen the link between skills development and labor market needs. Effective policies should focus on improving skills anticipation and labor market information systems, enhancing the responsiveness of education and training systems, strengthening technical and vocational education and training (TVET), and supporting lifelong learning and skills development. In this context, effective public employment services and active labor market policies, together with stronger cooperation among public institutions, education and training providers, employers, and the private sector, are important for facilitating the transition from education to employment and enabling workers to adapt to changing skills requirements.

Due to the importance of the subject, the Poverty Alleviation Working Group has dedicated its meetings in 2026 to the issue of skill mismatch. Within this framework, since the 42nd COMCEC Session, the COMCEC Poverty Alleviation Working Group held its 26th and 27th Meetings focusing on policies and practices for preventing skill mismatch.

A. Preventing the Skill Mismatch in the Labor Market of the OIC Member Countries

(26th and 27th Meetings of the Poverty Alleviation Working Group)

The 26th Meeting of the COMCEC Poverty Alleviation Working Group was held virtually on April 21st, 2026 with the theme “Preventing the Skill Mismatch in the Labor Market of the OIC Member Countries.” The 27th Meeting of the Working Group was held on 16-17 September 2026 in Ankara, Türkiye with the same theme.

A research report with the same theme is being prepared for two consecutive COMCEC PAWG meetings (26th and 27th). While the first draft version of the report was submitted to the 26th PAWG meeting, the final version of the report was presented during the 27th PAWG meeting.

The report provides a conceptual and analytical framework for understanding skill mismatch in the labor market and examines its main forms, underlying causes, and implications for employment, productivity, and poverty alleviation. It also reviews policy approaches and good practices from OIC Member Countries as well as selected non-OIC country, with particular attention to skills anticipation, technical and vocational education and training (TVET), active labor market policies, public employment services, lifelong learning, and cooperation between education and training institutions and the private sector. In this context, the report includes six case country analyses, namely Pakistan, Nigeria, Türkiye, Saudi Arabia, Malaysia, and Germany, providing a detailed examination of their respective experiences, policy frameworks, institutional arrangements, and practices in addressing skill mismatch and better aligning skills development with labor market needs.

The 26th and 27th Meetings of the Working Group thoroughly elaborated on the issue and considered the main findings of the draft research report. Participants shared their respective country experiences, challenges, and good practices in preventing skill mismatch and discussed possible policy measures for better aligning skills development with the changing needs of the labor market.

The report aims to shed light on the significant challenges faced by OIC Member Countries in addressing skill mismatch in their labor markets. It highlights the various forms and underlying dimensions of skill mismatch and draws attention to their implications for employment opportunities, labor productivity, and the effective utilization of human capital.

Furthermore, the report provides an overview of the main factors contributing to skill mismatch in OIC Member Countries. It examines, among others, the implications of technological transformation, changing labor market needs, gaps between education and training systems and employer demand, and limitations in skills anticipation and labor market information systems. In this context, the report highlights the importance of timely and reliable labor market information for identifying current and future skills needs and improving the responsiveness of education, training, and employment policies.

The report also reviews relevant policy and institutional frameworks to assess the approaches adopted by OIC Member Countries in addressing skill mismatch. Particular attention is given to strengthening technical and vocational education and training, improving the effectiveness of active labor market policies and public employment services, promoting lifelong learning and skills development opportunities, and enhancing cooperation between education and training institutions and the private sector. Moreover, the report emphasizes the importance of effective coordination among relevant public institutions, education and training providers, employers, and other stakeholders in designing and implementing policies responsive to labor market needs.

The final report also puts forward a set of policy recommendations to provide insights into effective policies and measures for preventing and reducing skill mismatch in the OIC Member Countries. After listening to the main findings of the report and the policy options presented therein, the participants discussed the Policy Recommendations to be considered by the 42nd COMCEC Ministerial Session.

In this respect, the Working Group came up with the following policy recommendations to be submitted to the 42nd COMCEC Ministerial Session. The research report and the Policy Recommendations document will be available on the COMCEC website (www.comcec.org).

- *Developing labor market information and skills anticipation mechanisms by making better use of available data to identify and respond to skill mismatches.*
- *Strengthening foundational and future-oriented skills by integrating relevant competencies into education and training and promoting equitable access to skills development opportunities.*
- *Enhancing the attractiveness of TVET while aligning TVET, higher education, and training with evolving labor market needs through regularly updated curricula, work-based learning, and flexible learning pathways.*
- *Improving school-to-work transitions by enhancing employment services, practical work experience, and employer engagement, with particular attention to young people facing barriers to employment.*
- *Strengthening institutional coordination and stakeholder engagement by promoting cooperation and social dialogue among relevant institutions, employers, workers, and other stakeholders in skills development.*
- *Developing/strengthening sustainable and inclusive financing for skills development through appropriate financing mechanisms and greater stakeholder participation, with particular attention to SMEs, women, youth and persons with disabilities.*
- *Improving results-oriented monitoring and evaluation by using labor market outcomes and other relevant evidence to inform the review and improvement of skills policies and programs.*

B. COMCEC Project Funding

COMCEC Project Funding (CPF) is the other important instrument of the Strategy. Projects financed under the CPF serve cooperation among member countries and are designed in accordance with the objectives and the expected outcomes defined by the Strategy in the poverty alleviation section. Projects also play important roles in the realization of the policy recommendations formulated by the member countries during the PAWG meetings.

In 2026, three project has been selected in the area of poverty alleviation to be implemented as follows:

The project's title is "Mobilizing Capital for Affordable Housing: A Masterclass on REITs, REIFs and Housing Sukuk" and the project is being implemented by Nigeria with the partnership of Malaysia and Türkiye. The project aimed at equipping capital market and housing sector professionals with the technical expertise to structure, launch, and manage real estate investment trusts, real estate investment funds, and sukuk bonds specifically designed to finance affordable housing in Nigeria, by learning the experiences of partner countries on modern housing finance instruments. In this regard, a workshop will be organized in the project.

The project titled as "Foresight Skills Lab (FSL): Bridging Today's Skills with Tomorrow's Jobs" is being implemented by Pakistan with the partnership of Malaysia and OIC Labor Centre. The project is designed with the purpose of equipping policymakers and TVET planners with forecasting tools, and pilot forecasts that inform curricula, training programs and employment policies to meet the future demands of the labour market. The project includes study visit and training.

SESRIC implemented the project titled as “Experience Sharing on Islamic Financial Instruments for the Provision of Social Housing” with the partnership of Bangladesh, Malaysia, Egypt. The project aims at strengthening institutional and human capacity for pro-poor housing by integrating Islamic financial interventions into housing policy, planning, and delivery. It enhances the ability of public institutions and financial actors to scale affordable, equitable, and sustainable housing through Islamic financial instruments. A workshop was implemented within the framework of project.



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