

OIC Labour Market Strategy 2025



ORGANISATION OF ISLAMIC COOPERATION

**STATISTICAL, ECONOMIC AND SOCIAL RESEARCH
AND TRAINING CENTRE FOR ISLAMIC COUNTRIES**





OIC Labour Market Strategy 2025

PARTICIPATION

PROTECTION

PRODUCTIVITY

PARTNERSHIP

Adopted during the 4th Islamic Conference of Labour Ministers

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ORGANIZATION OF ISLAMIC COOPERATION
THE STATISTICAL, ECONOMIC AND SOCIAL RESEARCH AND
TRAINING CENTRE FOR ISLAMIC COUNTRIES (SESRIC)



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ENCOURAGING PARTICIPATION TO LABOUR MARKET

&

ENHANCING EMPLOYABILITY

&

PROTECTING THE WORKERS' SAFETY AND WELL-BEING

&

PROMOTING LABOUR PRODUCTIVITY

&

REDUCING UNEMPLOYMENT

21 STRATEGIC GOALS

162 ACTIONS

PREFACE

In the era of knowledge-based economy, the role of human capital is becoming more important, since it has a direct relationship with workforce productivity and contributes positively to economic growth. Therefore, developing human capital and creating more productive and better quality jobs are at the heart of OIC member states' policies aimed at achieving strong sustainable economic growth, poverty reduction and increasing social welfare.

According to SESRIC's estimates, as of 2016, there was 1.16 billion people in OIC member states that were at working age, but only 681 million of them were part of the labour force. This situation arose because of the mismatch between the educational system and the needs of the labour market, the low levels of productivity coupled with relatively low wages, the emigration of skilled labour, and inadequate labour market information, among others.

Consequently, it has become clear for OIC member states that addressing these challenges necessarily requires pro-active labour market policies, which will influence the labour market and take full advantage of human capital and workforce as well as enhance intra-OIC cooperation in this crucial sector.

It is in this context that the present OIC Labour Market Strategy, which was developed pursuant to the resolution of the 3rd Islamic Conference of Labour Ministers held in Jakarta, Republic of Indonesia in October 2015, establishes a set of common objectives and targets for improving labour market and employability in OIC member states. Its main aim is the creation of more and better jobs throughout the OIC region.

The OIC Labour Market Strategy lays out a useful foundation. We now have a better understanding of the challenges facing our labor markets as well as possible ways of how we can address them. The cornerstone of this strategy is a stronger and more robust intra-OIC cooperation and country ownership. Accordingly, we need to take both collective and country-level actions for effective implementation of the Strategy. In addition, the Strategy will further boost the implementation of the OIC-2025: Programme of Action, which was adopted by the 13th Islamic Summit held in Istanbul, Turkey in April 2016, and which sets enhancing the competitiveness of OIC workforce and creating the decent work opportunities for all as one of the priority areas of intra-OIC cooperation for the next decade.

We have committed ourselves to implement the Strategy and I am confident OIC member states will efficiently contribute to this endeavour.

Dr. Yousef Al-Othaimen,
Secretary General
Organization of Islamic Cooperation



I. OIC VISION, POLICY AND STRATEGY IN THE AREA OF LABOUR MARKET

OIC countries face multiple challenges with regards to the labour market developments. High unemployment rates, low levels of skills, lack of investment to new skills, high informal unemployment and high prevalence of skills mismatch are some of the labour market characteristics and challenges observed in many OIC countries. Moreover, analyses on the OIC labour markets show that labour force participation rate, employment to population ratio, share of employment in services sector, share of labour force with tertiary education are lower, but female unemployment rate, share of vulnerable employment, share of employment in agriculture, inactivity rate, and share of labour force primary education are higher in OIC countries compared to non-OIC developing and developed countries.

As of 2016, there are 1.16 billion people in OIC countries that are at working age (out of 1.77 billion population), but only 681 million of them are part of the labour force. The remaining 480 million people remain economically inactive. Moreover, more than 50 million people who are in the labour force are unemployed. In other words, around 54.3% of the total working age population are employed, 4.3% are unemployed and 41.3% are inactive, or not engaged actively in the labour market, either by working or looking for work. In order to facilitate the transition of inactive people towards the labour market in OIC countries, it appears to be particularly important to recognize and understand the diverse, complex and deep-rooted nature of economic inactivity and accordingly design the appropriate needed interventions.

Labour market structure of an economy reflects the existing capabilities in achieving transformation towards more productive sectors. Higher productivity implies higher welfare and better living conditions. Therefore, by improving labour market situations and prospects, OIC countries can promote economic performance and increase living standards. Considering the wide range of labour market challenges in OIC countries, there have been several attempts to address those challenges at OIC level over the last decade. Regular meetings held at OIC ministerial level and relevant decisions taken during these meetings to cooperate in addressing some of the critical challenges is perhaps the most noteworthy initiative.

In this context, OIC successfully developed the OIC Framework for Cooperation on Labour, Employment and Social Protection. An executive programme for the implementation of the framework is also launched in 2014, with a nine areas of cooperation among the OIC member states. Moreover, the labour issues in the OIC are also underlined in the OIC Ten Year of Programme of Action: 2016-2025, particularly goal 2.9 proposed the specific goals for employment, infrastructure and industrialization in the OIC.

In addition to these, relevant OIC institutions also play an active role in addressing some important issues related to the labour markets in OIC countries. For instance, SESRIC has been implementing numerous activities within the context of its mandate, namely, statistics, research, training and technical cooperation, geared to the needs of the member states as well as to the general objectives of the OIC. OIC General Secretariat together with its relevant institutions also leads some awareness raising initiatives at the OIC level through organizing a series of regional events, workshops and seminars on employment of persons as well as promotes exchange of best practices/policies among member states in the domain of employment of persons. Some more detailed information about the major activities and initiatives taken at OIC level are provided below. The next subsection provides general information about the strategy document.

A. Major Activities and Initiatives Taken at the OIC Level

The OIC Ten Year Programme of Action 2016-2025

The OIC Ten Year Programme of Action 2016-2025 (OIC-2025), which as adapted at the 13th Islamic Summit held in Istanbul during 10-15 April 2016, aims at fostering cooperation for exchange of expertise and manpower and promoting transfer of knowledge, experiences and best practices. In the area of labour, it aims at conducting joint action and training programmes with a view to generating considerable improvements in labour market conditions in OIC countries, thereby reducing unemployment, increasing labour productivity, and improving the state of occupational health and safety. More specifically, the Goal 2.9/v of the OIC TYPOA-2025, titled ‘Labour, Employment and Social Protection’, aims to

- Promote the exchange of information and best practices as well as strategies, policies and experiences in the area of occupational safety and health, employment, social protection and migration, with a view to promoting a culture of prevention and control of occupational hazards (Goal 2.9.14);
- Promote labour protection, which comprises decent conditions of work, including wages, working time and occupational safety and health, essential components of decent work (Goal 2.9.15);
- Improve information transparency on employment statistics and promote vocational training programmes (Goal 2.9.16).

Islamic Conferences of Labour Ministers and Steering Committees

In many OIC countries, there is a necessity to address labour market related issues such as youth and women employment, entrepreneurship, and social inclusion. In order to enhance cooperation in the area of labour to tackle some of the common problems faced by member states of the OIC, regular ministerial meetings were started to be held since 2011. The first meeting was held in Istanbul, Turkey in September 2011. The second meeting was held in Baku, Azerbaijan in April 2013. The third meeting was held in Jakarta, Indonesia in May 2015 and the fourth meeting is to be held in Riyadh, Saudi Arabia in February 2018.

During these meetings, important decisions and resolutions have taken, including the approval of the OIC Framework for Cooperation on Labour, Employment and Social Protection as well as the Executive Programme for the Implementation of the OIC Framework of Cooperation on Labour, Employment and Social Protection, establishment of OIC Occupational Safety and Health Network (OIC-OSHNET) and OIC Public Employment Services Network (OIC-PESNET), establishment of OIC Labour Centre in Baku, and expansion of Youth Employment Support (YES) programme of IDB. Additionally, the meetings decided to establish a Steering Committee to follow up the resolutions as well as the implementation of the OIC Framework for Cooperation on Labour, Employment and Social Protection.

OIC Framework for Cooperation on Labour, Employment and Social Protection

The OIC Framework for Cooperation on Labour, Employment and Social Protection, which was adopted during the second Islamic Conference of Labour Ministers (ICLM) in Baku, aims to facilitate collaboration and cooperation among the OIC member states through certain ways and means. It includes six main cooperation areas: namely; ‘Occupational Safety and Health; ‘Reducing Unemployment’; ‘Workforce Capacity Development Projects’; ‘Foreign Migrant Labour’; ‘Labour Market Information Strategy’; and ‘Social Protection’.

Occupational safety and health (OSH) was identified as an extremely important area for the developing countries in general and for the OIC member states in particular. The main focus in occupational safety and health (OSH) is on four different objectives: (i) the maintenance and promotion of workers’ health and working capacity; (ii) the improvement of working environment and work to become conducive to safety and health; (iii) protection against occupational risks; and (iv) development of work organizations and working cultures.

Reducing unemployment is also a critical challenge for many OIC countries. The problem of youth unemployment is rapidly assuming dangerous proportions in many countries around the world, including the OIC members. There is also a significant risk that the jobs crisis will have long-lasting negative social and economic implications.

Workforce capacity development projects are considered as third cooperation area in the framework document. It is aimed to strengthen and promote the cooperation among the member states in the field of education and vocational training as well as to ensure the exchange of information between public employment institutions, among others.

Migrant and foreign contract labour is also centred in the framework document. Migrant and foreign contract workers in an irregular situation are usually at high risk of exploitation. In this context, the framework aims to increase the constructive effects of migration for development and accelerate brain gain, among others.

Labour market information strategy are highlighted as the fifth cooperation area in the framework document; as it is necessary for employers, businesses, governments and as well as other stakeholders to have the ability to access to accurate information on the labour market. The main objective is to provide relevant, accurate and timely labour market information for economic actors to let them make informed decisions.

Social protection is another cooperation area marked in the framework document. Social protection is instrumental in promoting human welfare and social consensus on a broad scale, and conducive to and indispensable for fair growth, social stability and economic performance. It emphasizes the need to implement comprehensive, coherent and coordinated social protection and employment policies to guarantee services and social transfers, paying particular attention to the vulnerable groups.

Towards the implementation of the framework, an executive programme was prepared in 2014. The programme proposed the implementation of nine points, including technical cooperation projects related to OSH development, elaborating an enforcement policy on integrated OSH concepts for the labour inspectorate services, and coordinating the organization of the labour market data statistics collection, among others.

Activities of Relevant OIC Institutions in the Area of Labour

Relevant OIC institutions, particularly SESRIC and IDB, have been playing an active role in addressing issues related with the labour and employment. While IDB initiated important projects on enhancing youth employability, SESRIC has been quite active in organizing training and capacity building programmes, as well as collecting statistics and conducting regular research.

SESRIC started to prepare a comprehensive report on OIC labour markets, analysing the current state of labour market in OIC countries and discussing some important aspects of labour market policy and developments. As being the first comprehensive report in its field, OIC Labour Market Report 2015 report was submitted to the 3rd ICLM. Recently, OIC Labour Market 2017 report is prepared to be submitted to the 4th ICLM with a special focus on encouraging economic activity. In the area of statistics, OIC-Stat Database of SESRIC provides data on more than 20 labour market indicators under relevant categories.

SESRIC also conducts numerous capacity building and training activities, particularly under the OIC-OSHNET and OIC-PESNET initiatives. Under OIC-OSHNET, more than 25 activities conducted since 2011. Under OIC-PESNET, two main meetings were organized to bring together the senior officials from public employment offices of OIC member states. In addition to these very specific areas, there are tens of other training programmes, projects and events

organized by SESRIC to enhance the employability of people, particularly the youth, in OIC countries. Moreover, the trainers' database in the area of Occupational Safety and Health has been established under the OIC-OSHNET portal, by which the institutions have access to reach any expertise to benefit in the OIC member states.

B. Overview of the Strategy Document

Given the common labour market challenges faced by the member states and the need for enhancing cooperation to address some of these challenges, the 3rd ICLM requested from SESRIC to prepare a Labour Market Strategy proposal for the next session of the conference to be held in Saudi Arabia in 2017. Subsequently, SESRIC prepared and circulated the draft outline of the strategy document to collect comments and feedback from the member states. Based on the comments received from the member states, SESRIC finalized the outline of the document and presented during the Second Steering Committee Meeting in Indonesia in April 2017.

Towards preparing the strategy document, SESRIC has conducted an analytical study on the major challenges and obstacles in OIC labour markets based on the available data and statistics. In order to be able to propose more solid recommendations, the Centre also approached the member states to provide more detailed information on the existing and planned labour market policies in their countries by preparing a labour market survey in three languages. Thirteen countries responded to the questionnaire. The outcomes of the analytical study and labour market survey have significantly contributed to the preparation of this document. A summary of the outcomes of the analytical study and survey has been provided in the next section.

As finalized during the last Steering Committee Meeting, the strategy document identified five thematic cooperation areas for strategic action. These are: (1) Encouraging participation to labour market; (2) Enhancing employability; (3) Protecting the workers' safety and well-being; (4) Promoting labour productivity; (5) Reducing unemployment. Specific actions under each thematic area, together with some further elaboration on these areas, have been listed in section three.

An important aspect in realizing such comprehensive strategy documents is an effective implementation and monitoring mechanism. An implementation modality has been proposed in section four of this document to facilitate the implementation and monitoring of the actions identified in each thematic area. The modality pays particular attention to the transfer of knowledge and experience in specific labour market policies and actions.

Overall, this strategy aims to stimulate cooperation among the member states in addressing some common labour markets problems and challenges. There is definitely a need for a comprehensive strategy to address the multiple and complex challenges faced by OIC countries. This requires action on many fronts including employment regulations, job creation, skills development, welfare benefits and many others. In this regards, this strategy aims that cooperation in this area is translated into concrete actions to promote improvements in the

level of employment, productivity and well-being with effective responses to the new requirements and demands of the labour market in OIC countries.

The strategy is also well aligned with the Sustainable Development Goal - 8 (SDG8), which aims to promote inclusive and sustainable economic growth, employment and decent work for all. Increasing labour productivity, reducing the unemployment rate, especially for young people, and promoting policies that encourage entrepreneurship and job creation are essential components of sustained and inclusive economic growth. Effective measures to protect labour rights, eradicate forced labour, slavery and human trafficking should also be taken to achieve the goal of full and productive employment and decent work for all.

Finally, the strategy is based on four main principles: **participation, protection, productivity** and **partnership**. It strongly promotes participation of all working age population to labour market as well as services provided by national or local institutions in enhancing their employability. It also advocates for protecting workers from unhealthy working conditions and relations, discrimination of any kind, and any other conditions that may push the workers into vulnerable and disadvantaged conditions. Moreover, the strategy firmly supports the efforts to increase the productivity of workers by encouraging investments in skills development and actions to avoid skills mismatch. Dealing with the problem of skills mismatch will also address one of the common causes of unemployment. Finally, the strategy is all about partnership. The member states of the OIC are highly heterogeneous in terms of levels of development, resources, capabilities and challenges. Some members may have already achieved some of the goals identified in this document, but others may be considerably lacking resources and capabilities to achieve the same goals. The spirit of this document is to identify which countries are doing well in very specific labour market policies and which others would benefit from the experience of external partners, and then to promote partnership and knowledge sharing among the countries in these specific policy areas.



II. REVIEW OF OIC LABOUR MARKET DEVELOPMENTS AND CHALLENGES

Economic performances of countries are strongly associated with their ability to raise productivity levels across the economic sectors. However, different sectors entail different characteristics in terms of contributing to overall productivity growths. It is widely believed that to achieve sustained growth and better economic performance, there is a need for structural transformation towards higher productivity sectors. Therefore, in order to achieve structural transformation, productive sources of an economy should move towards sectors that have higher productivity potential.

Labour market structure of an economy reflects the existing capabilities in achieving transformation towards more productive sectors. As highlighted in SESRIC (2017), low levels of skills, high unemployment, lack of investment to new skills, high informal unemployment, and high prevalence of skills mismatch are some of the labour market characteristics observed in many OIC countries. Additional challenges are faced due to economic policies that provide special incentives to some sectors for development, education policies that provide opportunities for only limited share of the population, political approaches that do not help to improve the equal access to services, or external shocks that limit the capacities of countries to tackle the labour market challenges.

OIC countries have relatively higher population growth and higher proportion of youth in total population compared to other parts of the world, which requires devising special policies to create jobs and improve skills of the labour force for enhanced employability. However, there are numerous internal and external challenges that make the job of the policymakers more difficult. While education and private sector development policies are some of the internal critical issues, the recent global economic and financial crisis is an example on the external challenges, which left long-lasting harms on real economies in terms of output contractions, large deficits and high unemployment rates. Although the negative impacts of the crisis on the real economy varied widely among countries and regions, the sharp increase in unemployment rates around the world was the common and most severe one. Low-skilled workers, young people and workers on temporary contracts with limited employment protection have suffered quite a lot.

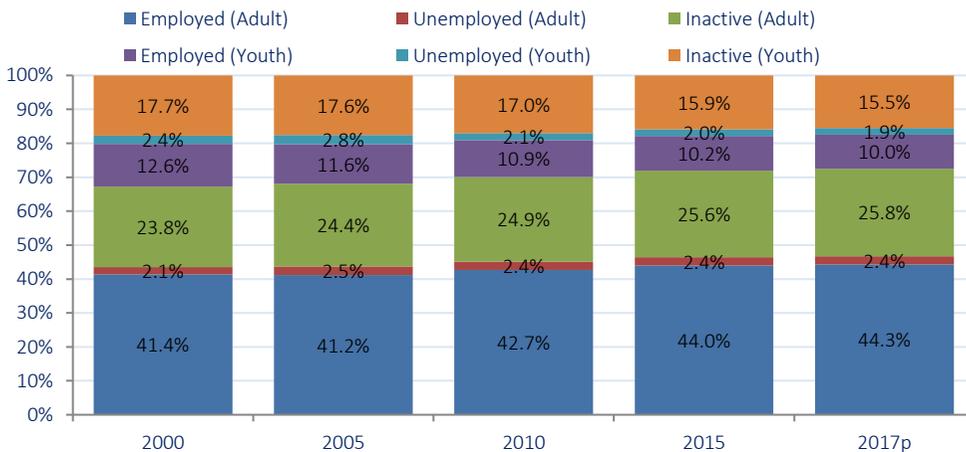
All these issues at regional and global level make the discussions on labour markets even more interesting. This section provides a brief account of labour market conditions in OIC countries in order to identify the major challenges and thereby facilitate the design of the strategic goals and actions in the next section.

A. Recent Labour Market Developments

Figure 2.1 shows the shares of employed, unemployed and inactive proportions of total population, disaggregated by age (youth and adult).¹ In total working age population, around 54% of people were employed in 2016, 44.3% of which are adult and 10% are youth people. Share of unemployed people represents only 4.3% of total working age population (2.4% adult and 1.9% youth). On the other hand, 41.3% of people at working age are inactive, or not engaged actively in the labour market, either by working or looking for work. This clearly indicates that while unemployment is a serious concern, inactivity is even more serious. Share of inactive population in non-OIC developing countries is 35.1% and in developed countries 40.2%. Therefore, OIC countries need special measures to encourage people to enter actively into the labour market.

With regard to the share of OIC countries in world total labour force, SESRIC (2017) shows that OIC countries have constantly increased their share in the world from 16.7% in 2000 to 19.7% in 2016 and it is further expected to increase 20.6% in 2020. On the other hand, the increase in the share of youth labour force is even more striking, which increased from 20.7% in 2000 to 25.8% in 2016 and is projected to increase to 27.4% in 2020. This trend is in line with the increasing share of OIC countries in world total youth population (see SESRIC, 2016 for more discussion on population structure of OIC countries). Therefore, it is critical for OIC countries

Figure 2.1: Structure of Labour Market in OIC Countries (2000-2017)



Source: ILO, Key Indicators of the Labour Market (KILM) Database, (p: projected).

¹ The data used in this section is obtained from the ILO Key Indicators of the Labour Market database. It covers 56 OIC countries, 92 non-OIC developing countries and 38 developed countries.

to effectively utilize the relatively growing size of youth labour force in economic development.

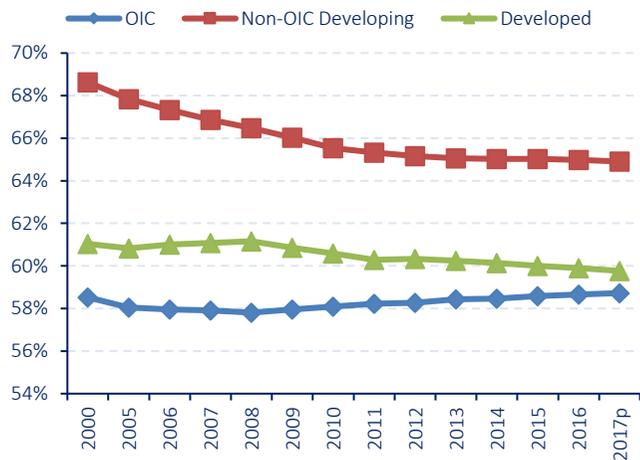
Low Labour Force Participation Rate

While the share of OIC countries in world total labour force is increasing, their labour force participation rate is not particularly promising. As shown in Figure 2.2, the average labour force participation rate in OIC countries is constantly lower than other country groups. However, contrary to other country groups, it follows a slightly increasing trend, which stood at 58.7% in 2016 compared to 62.8% in the world, 65% in non-OIC developing countries and 59.9% in developed countries.

Although OIC countries registered globally comparable performance in terms of total and male labour force participation rates, their performance in case of female labour force participation rate remained significantly lower (see SESRIC, 2017). Female labour force participation rate in OIC countries was recorded at 39.6% in 2016, which is significantly lower than the average of non-OIC developing countries (51.8%) and the average of developed countries (53%).

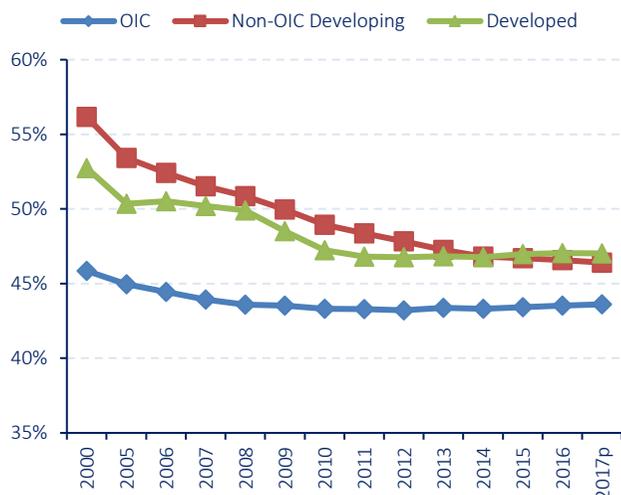
With respect to young population aged 15-24, a declining trend is observed in the labour force participation in all country groups (Figure 2.3). The global youth labour force participation rate, estimated at 45.8% in 2016, remained more than 3 percentage points below the pre-crisis level, as more young people, frustrated with their employment prospects, continue to drop out of the labour market. In OIC countries between

Figure 2.2: Labour Force Participation Rate (2000-2017)



Source: ILO, Key Indicators of the Labour Market (KILM) Database, (p: projected).

Figure 2.3: Youth Labour Force Participation Rate (2000-2017)



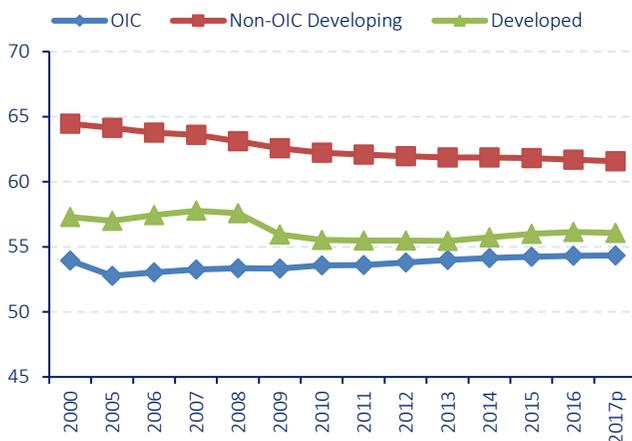
Source: ILO, Key Indicators of the Labour Market (KILM) Database, (p: projected).

2000 and 2016, youth labour force participation decreased from 45.9% to 43.5%, but it decreased even more significantly in other comparison groups, from 52.7% to 47% in developed countries and from 56.2% to 46.6% in non-OIC developing countries. The world average has accordingly declined to 48.5% in 2016 compared to its level of 53.3% in 2000. This trend can largely be explained by rising participation of young people to education and vocational training programmes, longer stay in school and tough labour market policies avoiding the work of teenagers.

Low Employment-to-Population Ratio

The global employment-to-population (E2P) ratio stood at 59.2% in 2016, a rate which is still below the pre-crisis level of 60.6%. The male employment-to-population ratio at global level stood at 72% and the female ratio at 46.5%. While the E2P ratio in OIC countries increased

Figure 2.4: Employment to Population Ratio (2000-2017)



Source: ILO, Key Indicators of the Labour Market (KILM) Database, (p: projected).

from 52.8% in 2005 to 54.3% in 2016 (Figure 2.4), a reverse trend was observed in other country groups. In non-OIC developing countries, the ratio decreased from 64.1% in 2000 to 61.7% in 2016, while it decreased to 56.1% in developed countries from its level of 57% in 2005. As of 2016, OIC countries narrowed the gap between the developed countries to 1.8 percentage points, which is a promising development for the OIC countries.

Employment-to-population ratio for female is only half of the ratio for male population in OIC countries (SESRIC, 2017). Despite slight increase in the ratio for female, it is expected to reach only 35.9% in 2017, whereas the ratio for male is expected to reach 72.4% in the same year. In other country groups, such large discrepancy is not observed. The gender gap is 25% in non-OIC developing countries, but only 13.1% in developed countries.

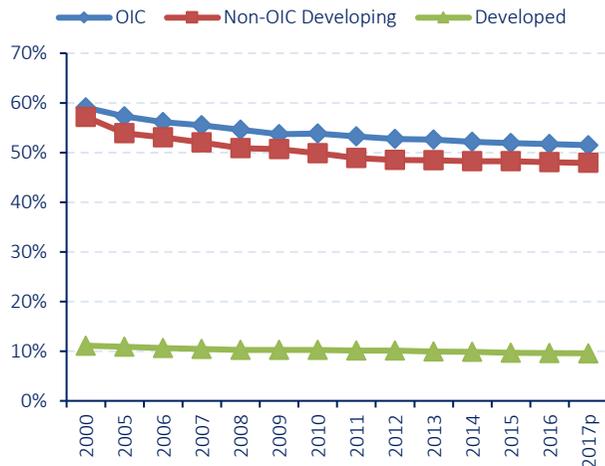
High Vulnerable Employment Rate

Vulnerable employment reflects working under inappropriate conditions and persons in vulnerable employment are more likely to have limited or no access to social security or secure income. According to the ILO, over 1.4 billion people were in vulnerable employment in 2017, accounting for almost 43% of total employment. With the increasing shares of wage and salary workers and employers in OIC countries, share of vulnerable employment has continuously

declined to reach 51.7% in 2016 compared to 59.1% in 2000 (Figure 2.5). Non-OIC developing countries have also demonstrated a similar success and reduced the share of vulnerable employment during the same period by almost 9 percentage points. Overall, the share of vulnerable employment remains excessively high in developing countries.

On the other hand, as shown in SESRIC (2017), male workers in OIC countries have made significant progress since 2000 and displayed lower level of vulnerability (46.5%) in 2016 compared to non-OIC developing countries (48.1%). However, despite some improvement, the level of vulnerability of female employed remains at 62.5% in 2016, a rate which is higher than that observed in non-OIC developing countries (48%).

Figure 2.5: Vulnerable Employment



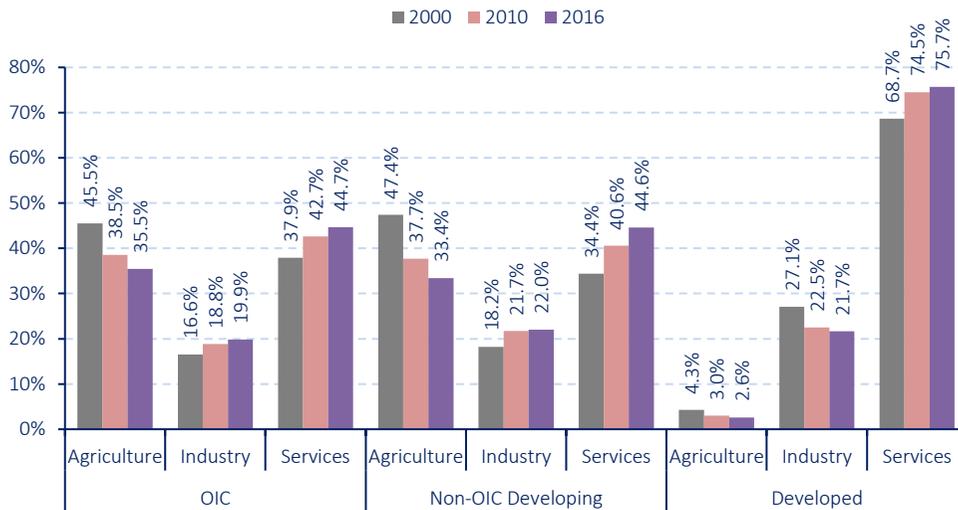
Source: ILO, Key Indicators of the Labour Market (KILM) Database, (p: projected).

Lower Share of Employment in Manufacturing and Services

In conjunction with economic development, it is typically observed a shift in employment from agriculture to industry and services sectors, with a corresponding increase in wage and salary workers and decrease in self-employed and contributing family workers. When total employment is disaggregated into three broad sectors – agriculture, industry and services² –, the share of employment in agriculture in OIC countries (35.5%) is slightly higher than the share in non-OIC developing countries (33.4%), whereas only 2.6% of total workers are engaged in agricultural activities in developed countries as of 2016 (Figure 2.6). Industry sector accounts similar shares of employment in all country groups, 19.9% in OIC countries, 22% in non-OIC developing countries and 21.7% in developed countries. 75.7% of total employment in developed countries is concentrated in services sector, while this share is around 44.7% in OIC countries and 44.6% in non-OIC developing countries. Overall, in OIC countries as well as in other developing countries, while the share of agriculture in total employment is declining, the shares of industry and services are rising.

² Agriculture here refers to crop cultivation, livestock production, forestry, fishing, and hunting. Industry includes manufacturing, mining, construction, electricity, water, and gas. Services cover all other economic activities, including trade, transport, and communications; government, financial, and business services; and personal, social, and community services.

Figure 2.6: Employment by Sector



Source: ILO, Key Indicators of the Labour Market (KILM) Database, (p: projected).

High Unemployment Rates

According to the ILO, the global unemployment rate is expected to rise modestly from 5.7 to 5.8% in 2017 representing an increase of 3.4 million in the number of jobless people. Due to ongoing uncertainties about world economic developments, little improvement is expected in the global labour market in 2018. Global uncertainty and the lack of decent jobs accordingly contribute to social unrest and migration in many parts of the world.

According to the latest available data, OIC countries recorded significantly higher average unemployment rates compared to the world, developed and non-OIC developing countries during the period 2000-2017 (Figure 2.7). Since 2000, total unemployment rate in OIC countries fluctuated between 7.4% and 9.1%. The high unemployment rates in developed countries following the financial crisis in 2008 constituted the only exception, which exceeded the rate in OIC countries during 2009-2013. After the global financial crisis, unemployment rates in developed countries increased from a level below 6% to over 8%. Since 2014, average unemployment rate in developed countries fell below the rates observed in OIC countries and reached 6.3% in 2016, compared to 7.4% in OIC countries. Average unemployment rate in non-OIC developing countries remained significantly lower (around 2-3%) than the OIC average throughout period under consideration, which is expected to remain at 5.1% in 2016.

Unemployment rates for male labour force are typically lower than the rates for female in all country groups (SESRI, 2017). Despite significant improvements since 2005, female unemployment in OIC countries remains highest with 9.3% in 2017. It is estimated at 5.4% in non-OIC developing countries and 6.2% in developed countries for the same year. Male unemployment in OIC countries is expected to decrease from 7.8% in 2005 to 6.6% in 2017

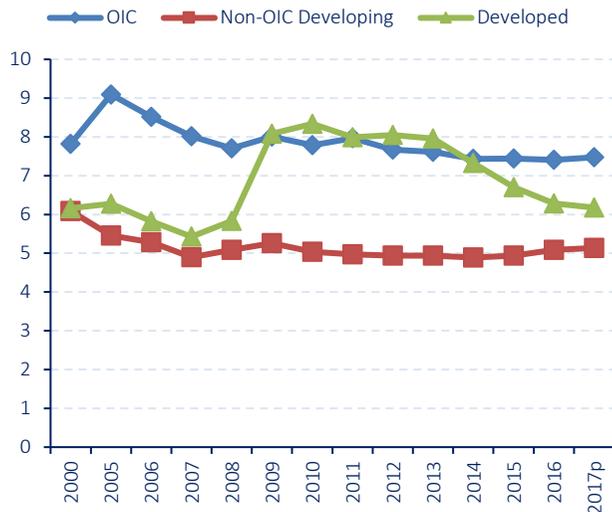
and from 5.2% to 5% in non-OIC developing countries during the same period. On the other hand, with 6.1% in 2017, male unemployment rates in developed countries reached to its same level in 2005 after surging up to 8.7% in 2010 due to the global financial crisis.

High Youth Unemployment Rates

Youth (aged 15 to 24 years) continue to suffer from lack of decent job opportunities across the globe. According to the latest estimates of ILO, the number of unemployed youth globally will reach 71 million in 2017. Accordingly, the global youth unemployment rate is on the rise after a number of years of improvement, and is expected to reach 13.1% in 2017 (from 12.9 in 2015). This is very close to its historic peak in 2013 (at 13.2%). It is particularly high in the Northern Africa (29.3%) and the Arab States (30.6%).

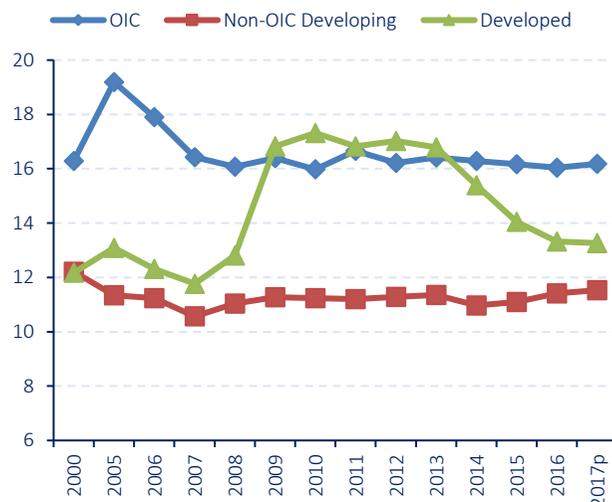
The figures on youth unemployment rates in OIC countries are not quite promising. The rate remained constantly above 16% and also well above the averages of non-OIC developing and developed countries since 2000. After the financial crisis that hit developed economies, the problem of youth unemployment in these countries became even more serious compared to that in OIC countries during the period 2009-2013 (Figure 2.8). As of 2017, youth unemployment in OIC countries expected to remain at 16.2%, while it will decline to 13.3% in developed countries and remain at 11.5% in non-OIC developing countries.

Figure 2.7: Unemployment Rates (2000-2017)



Source: ILO, Key Indicators of the Labour Market (KILM) Database, (p: projected).

Figure 2.8: Youth Unemployment (2000-2017)

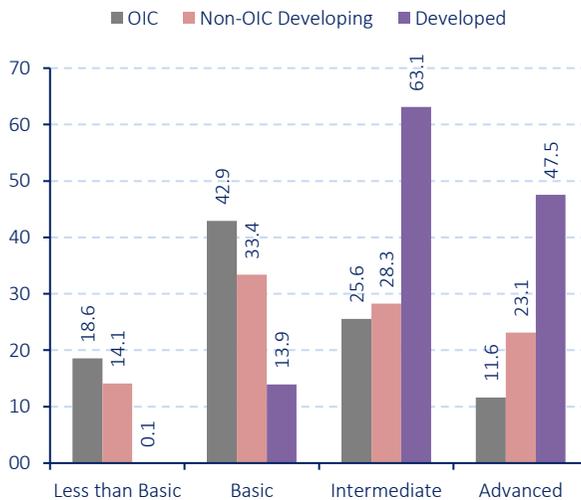


Source: ILO, Key Indicators of the Labour Market (KILM) Database, (p: projected).

Low Educational Attainment

Formal education is highly instrumental to improve the production capacity of a society. Better education improves the production process in several ways. Educated, or skilled, workers are able to perform complex tasks and thereby contribute to producing more technologically sophisticated products. Especially in developing countries, skilled workers increase the absorptive capacity of the country by acquiring and making efficient use of rapid technological advances, which is of crucial importance in successful economic diversification and development as well as to compete successfully in world markets. Skills level of labour force is generally classified according to specific level of education they attained. As the share of labour force with intermediate and advanced level of education increases, the ability to adopt new skills and absorb new knowledge increases.

Figure 2.9: Educational Attainment of the Labour Force (Shares in Total)



Source: ILO, Key Indicators of the Labour Market (KILM) Database, Latest year available.

According to the latest data available, educational level of labour force in OIC countries is relatively low. While 18.6% does not have even basic education, 42.9% of the labour force has only basic education (Figure 2.9). The shares of labour force with intermediate and advanced education are only 25.6% and 11.6%, respectively. Non-OIC developing countries have a slightly better picture, where the shares of labour force with intermediate and advanced level education are 28.3% and 23.1%, respectively. Again around 14% of labour force in non-OIC developing countries did not complete even primary level

education. Share of labour force with advanced education in non-OIC developing countries is around 12% higher than that in OIC countries, which makes a quite significant difference in terms of quality of labour force. Developed countries, on the other hand, are well endowed with skilled labour force, where 63.1% of all their labour force has already completed intermediate level of education and another 47.5% have completed advanced level of education.

Low Labour Productivity

Productivity plays a pivotal role in the development of an economy. It helps to increase real income and improve living standards by catalysing the economic growth. Labour productivity is usually defined as the output per unit of labour input or output per hour worked. It helps to identify the contribution of labour to the GDP of a country and provides a base for cross country comparison and explanation of income disparities.

At the global level, labour productivity has witnessed an increasing trend during the period 2000-2017. As shown in Figure 2.10a, output per worker in OIC countries has increased from US\$ 19,400 in 2000 to US\$ 26,500 in 2016, as measured in constant international prices based on purchasing power parity (PPP). This upward trend was only affected by financial crisis in 2008 during the whole period under consideration. The labour productivity gap between the developed and developing countries remained substantial throughout this period as output per worker in the developed countries is estimated at US\$ 93,400 in 2017 compared to just US\$ 22,900 in non-OIC developing countries and US\$ 26,900 in OIC countries. This means that an average worker in the group of non-OIC developing countries produces only 24.5% of the output produced by an average worker in the developed countries and an average worker in OIC countries produces only 28.8% of the output produced by an average worker in the developed countries.

Figure 2.10a: Labour Productivity (GDP per worker, constant US\$ in PPP)

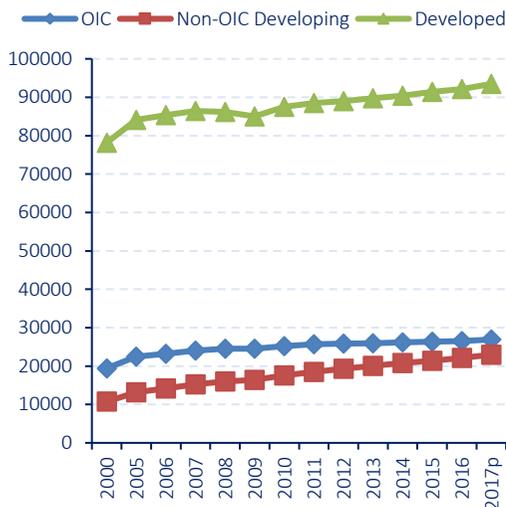
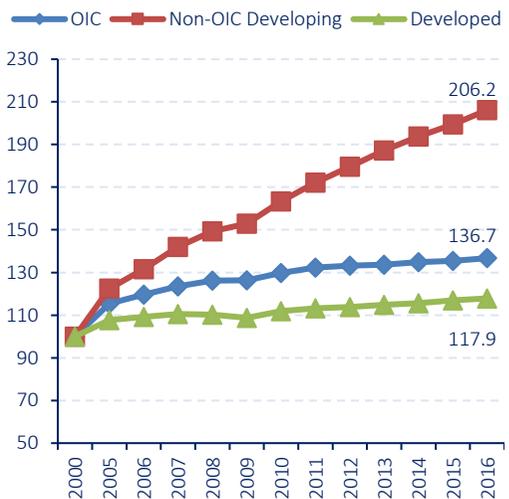


Figure 2.10b: Labour Productivity Index



Source: ILO, Key Indicators of the Labour Market (KILM) Database, (p: projected).

However, when the performance of different country groups is evaluated since 2000, it is observed that non-OIC developing countries have made the largest improvement in labour productivity levels. By considering the year 2000 as the base year, Figure 2.10b shows the improvements in the productivity levels in each country groups. By attaining 106.2% increase, non-OIC developing countries have more than doubled their level of labour productivity over

the period 2000-2016. On the other hand, workers in OIC countries could increase their productivity only by 36.7%. This figure is 17.9% in developed countries.

Low Skills Levels

The level of skills and qualifications of a person is a critical factor in enhancing the employability in the labour market. However, the benefits of skills development go beyond the employability. For an economy, skills development of workers with low qualifications in general increases productivity and strengthens long-term competitiveness. For enterprises, workers with better qualifications will be more productive and increase the profitability of the firms. Likewise, workers with better skills and training will receive higher earnings. Therefore, maintaining and upgrading the skills and competences of the labour force to meet and adapt the continuously changing working environments are all crucial for employees, employers as well as the whole economy.

Figure 2.11 shows the skills levels of employed people in OIC countries under three categories: low skills, medium skills and high skills. It is observed that while employed people with medium

Figure 2.11: Skills Levels in OIC Countries (2000-2017)



Source: ILO, Key Indicators of the Labour Market (KILM) Database, (p: projected).

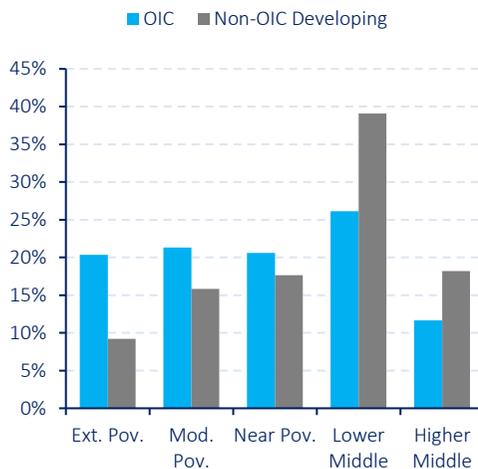
skills constitute more than two third of all employed people, its share is declining over time, which fell to 71.1% in 2016 from 75.7% in 2000. On the other hand, shares of people with low and high skills are increasing. The share of people with low skills in total employment increased from 13% in 2000 to 13.5% in 2016 and the share of people with high skills increased from 11.4% to 15.5% during the same period. When compared with other country groups, OIC countries display smaller share of high skilled employees than the group of developed countries, but similar shares with non-OIC developing countries (SESRI, 2017).

High Working Poverty Rates

Another interesting aspect of labour market analysis is the classification of employed people with respect to their level of income or economic class. ILO provides estimations on five different income groups.³ The share of employed people with average income level below US\$ 1.9 is rapidly declining (SESRIC, 2017). Their share is dropped from 39.3% in 2000 to 19.6% in 2017. The share of “moderately poor” employed also showed a declining trend and expected to reach 21.4% in 2017 compared to 22.6% in 2000.

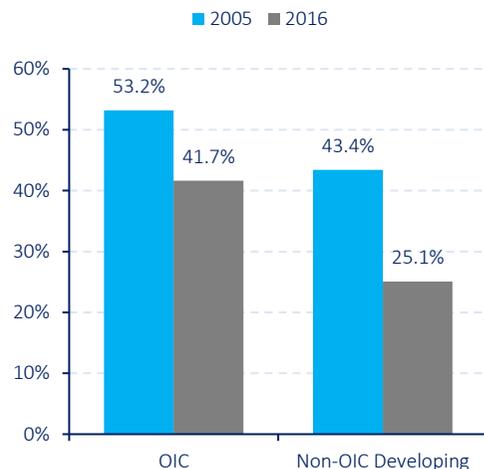
When compared with non-OIC developing countries, however, it is observed that employed people in OIC countries are still poorer than those in non-OIC developing countries (Figure

Figure 2.12a: Employment by Economic Class (2016)



Source: ILO, Key Indicators of the Labour Market (KILM) Database.

Figure 2.12b: Working Poverty Rate



Source: ILO, Key Indicators of the Labour Market (KILM) Database.

2.12a). In general, the shares of workers with average income levels below US\$5 are higher in OIC countries and the shares of workers with average income levels above US\$5 are higher in non-OIC developing countries. The working poverty rate (living on less than US\$3.10 per day, PPP) in OIC countries declined from 53.2% in 2005 to 41.7% in 2016, while it fell more dramatically in non-OIC developing countries from 43.4% to 25.1% during the same period (Figure 2.12b). Therefore, OIC countries need to pay greater attention to improving the living conditions of the labour force.

Apparently, unemployment figures understate the true extent of labour market challenges in OIC countries since large numbers of people are working, but do not earn enough to lift

³ These groups are: Extremely poor (less than US\$1.90, PPP); moderately poor (between US\$1.90 and US\$3.10 PPP); near poor (between US\$3.1 and US\$5 PPP); developing middle class (between US\$5 and US\$13 PPP); and developed middle class and above (above US\$13 PPP).

themselves out of poverty. In fact, roughly 262 million workers in OIC countries live in extreme poverty (i.e. on less than US\$1.90 per capita per day) or in moderate poverty (i.e. on between US\$1.90 and US\$3.10) despite being in employment. Moreover, youth exhibit a higher incidence of working poverty than adults. Globally, 37.7% of working youth are living in extreme or moderate poverty in 2016, compared to 26% of working adults (ILO, 2017).

B. Labour Market Issues and Challenges based on SESRIC Survey

The summary of major labour market indicators in the previous subsection reveals that labour force participation rate is slowly improving in OIC countries; but, with female participation rate of 39.6%, OIC countries are significantly lagging behind the world average of 49.5%. While the share of vulnerable employment remains excessively high in OIC countries, it has continuously declined to reach 51.7% in 2016 compared to 57.3% in 2005 with the increasing shares of wage and salary workers and employers.

As of 2016, total unemployment rate in OIC countries is estimated at 7.4%, which is higher than the world average as well as the averages of developed and non-OIC developing countries. Moreover, average youth unemployment rate in OIC countries is even less promising. It remained constantly above 16%, a rate which is well above that of both non-OIC developing and developed countries.

Overall, it is found that labour force participation rate, employment to population ratio, share of employment in services sector, share of labour force with tertiary education, average skills levels are lower, but female unemployment rate, share of vulnerable employment, share of employment in agriculture, inactivity rate, and share of labour force primary education are higher in OIC countries compared to other developing and developed countries.

In order to better identify the challenges faced by the member states, a survey has been conducted by SESRIC for the preparation of the OIC Labour Market Strategy proposal (see Box 2.1). It involves questions mainly related to labour market challenges and policies. This subsection provides more insights on labour market challenges based on the outcomes of this survey.

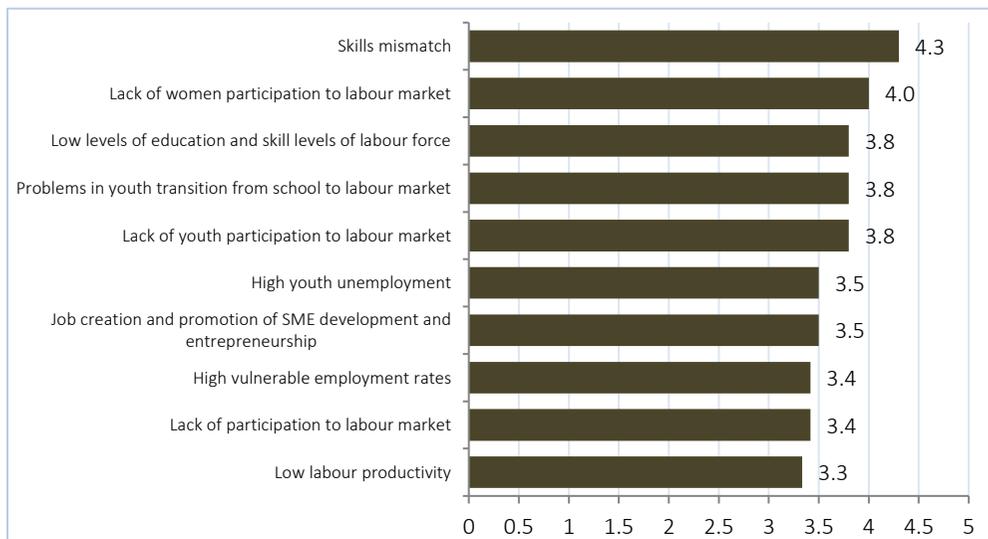
Box: 2.1: Survey for the Preparation of OIC Labour Market Strategy Proposal

With a view to collecting primary data and information about the experiences and practices of OIC countries on different aspects of labour market challenges, SESRIC conducted an online survey in three official languages during August 2017. Thirteen (13) countries responded to the questionnaire, including Azerbaijan, Bangladesh, Indonesia, Jordan, Kazakhstan, Malaysia, Palestine, Qatar, Saudi Arabia, Senegal, Togo, Turkey and Uganda. Responses from Uganda were largely missing; therefore it is excluded from the analysis. Although the number of participating countries is low, these countries together account for more than 43% of total labour force in OIC countries. In this regards, the analyses made in this section by using the outcomes of the survey results are believed to reasonably reflect the labour market situation in OIC countries.

Major Challenges

While some challenges are easy to identify from the analyses based on internationally available databases, others are difficult to identify. In this regards, respondents were asked to determine the severity of some potential challenges in their countries. Figure 2.13 shows the top 10 challenges identified out of 31 potential challenges listed in the survey. Skills mismatch is by far the most critical challenge identified by the respondents. Likewise, low levels of education and skill levels of labour force are identified as the third major challenge.

Figure 2.13: Top Labour Market Challenges



Source: SESRIC Labour Market Survey. 5: Very Challenging; 1: Not Challenging

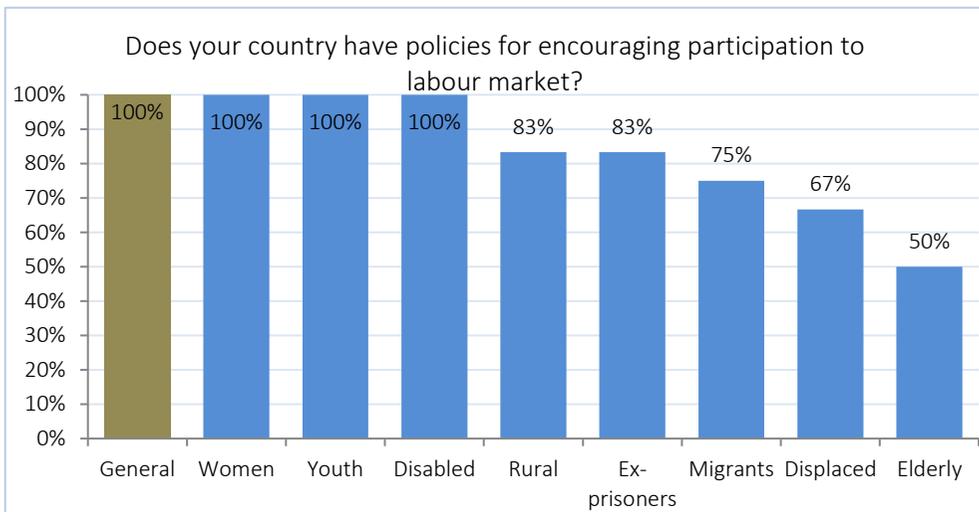
There are three challenges among the top ten challenges identified by the member states that are related to participation to labour market. While, lack of women participation to labour market is identified as the second most important challenge, lack of youth participation is identified as the fifth and overall participation to labour market is identified as the 9th most important challenge by the participating countries.

Three problems that are directly related to youth employment are identified as the 4th, 5th and 6th major challenges. These are problems in youth transition from school to labour market, lack of youth participation to labour market and high youth unemployment rates. Job creation and promotion of SME development and entrepreneurship, high vulnerable employment rates and low labour productivity are also among the major challenges.

Participation to Labour Force

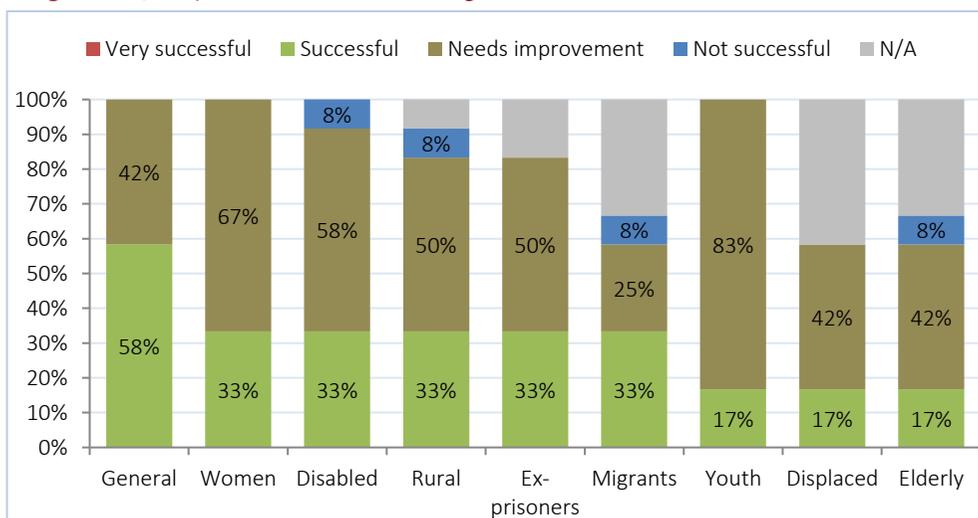
Despite the fact that all countries participating to the survey have policies to promote participation to labour force (Figure 2.14), it remains among the top challenges in OIC countries. As shown in Figure 2.15, most of the countries consider the existing programs to be improved further in order to better address the challenges related to labour force participation. Moreover, majority of respondents stated that they would benefit from intra-OIC as well as international cooperation in designing and implementing these policies.

Figure 2.14: Policies for Promoting Labour Market Participation



Source: SESRIC Labour Market Survey.

Figure 2.15: Top Labour Market Challenges

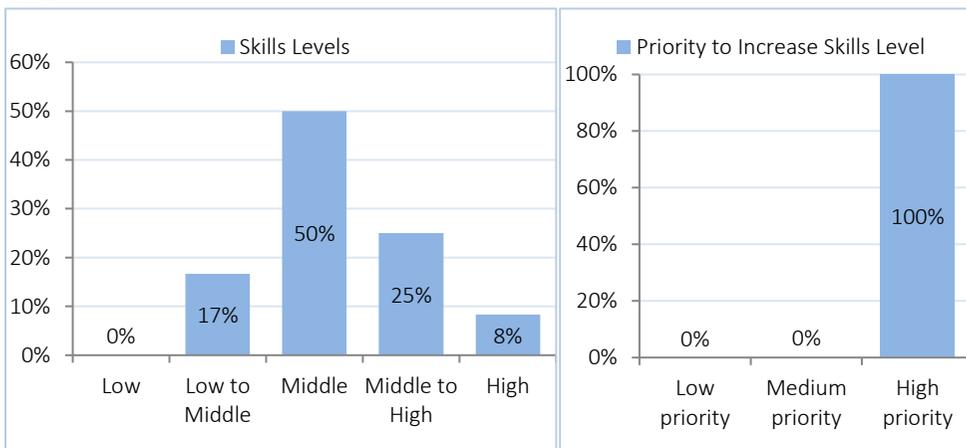


Source: SESRIC Labour Market Survey.

Skills Levels

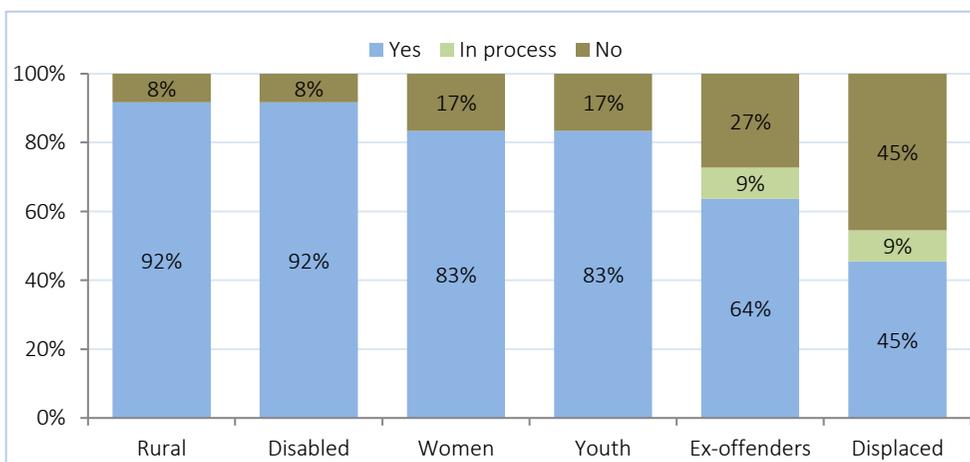
Low level of skills was identified as one of the top challenges by the respondent countries. An important step in addressing this challenge is to have a database on existing skills base in the country. Majority of the respondents stated that their workforce is either middle or low-to-middle level skilled. Nonetheless all countries indicated that it is a high priority for them to increase the skills current levels (Figure 2.16). In this regards, almost all countries have skills development policies for rural and disabled populations (Figure 2.17). Again most of countries have skills development policies for women and youth. The number of countries that have skills development policies decreases in the case of ex-offenders and displaced people.

Figure 2.16: Composition of Skill Level of Labour Force



Source: SESRIC Labour Market Survey.

Figure 2.17: Skills Development Policies

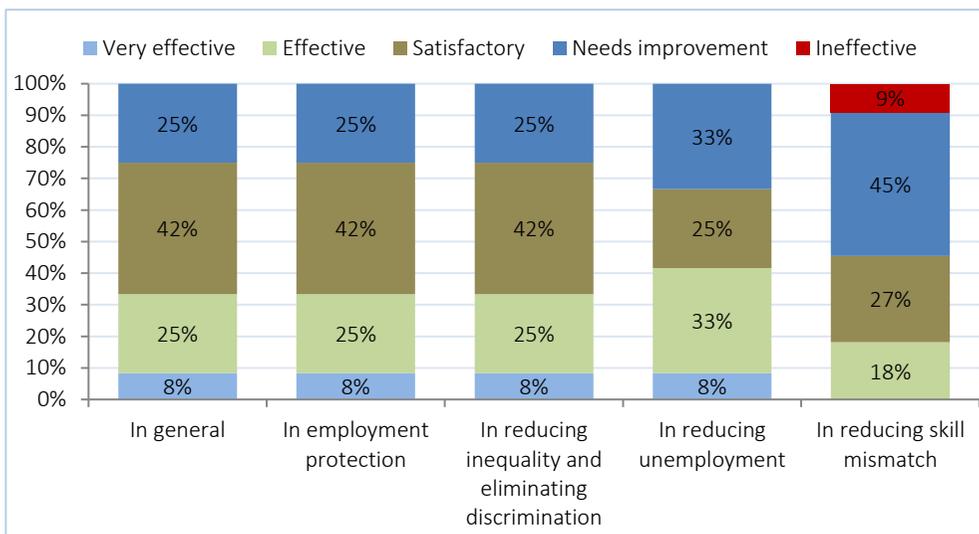


Source: SESRIC Labour Market Survey.

Moreover, 58% of respondents indicated that they have a national skills recognition system. On the other hand, only 34% indicated that they have or in negotiation to have a bilateral or multilateral skills recognition mechanism with other OIC member states. Moreover, one third of the respondents indicated that they have no mechanism to measure future skills needs in their country.

In assessing the effectiveness of labour market institutions, majority of countries indicate that labour market institutions are not effective enough in reducing skills mismatch (Figure 2.18). This indicates that labour market institutions need to be reformed to tackle the top challenge in OIC countries.

Figure 2.18: Effectiveness of Labour Market Institutions



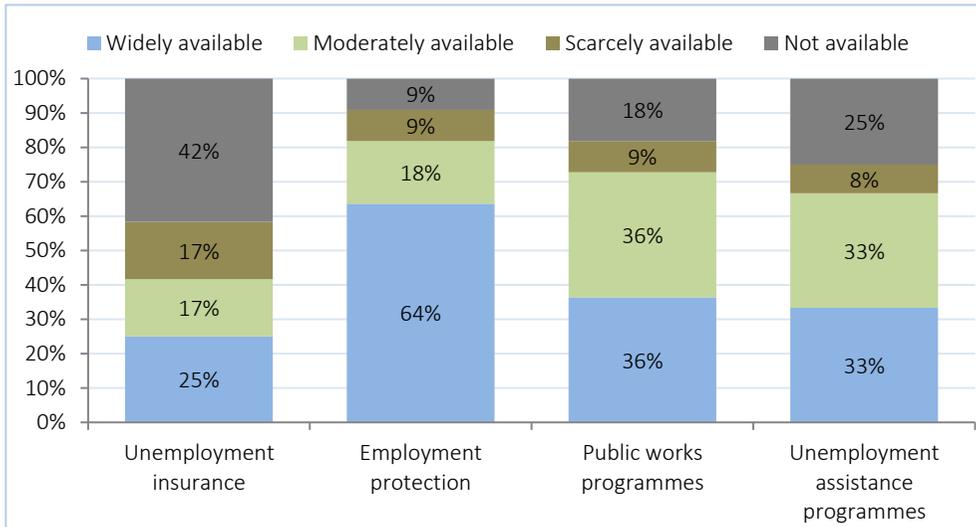
Source: SESRIC Labour Market Survey.

Social Protection

Protecting workers' safety and well-being is of critical importance. Therefore, governments should widen the social protection measures, raise the occupational safety and health standards, prevent discrimination in the work place, and eliminate child and forced labour. According to the survey results, it emerges several issues and challenges related to the promotion of social protection measures.

Figure 2.19 shows the availability of different types of social protection tools in OIC countries. While employment protection schemes are more widely available, unemployment insurance is largely unavailable in majority of OIC countries. Public works programmes and unemployment assistance programmes appear to be moderately available.

Figure 2.19: Major Types of Social Protection Tools



Source: SESRIC Labour Market Survey.

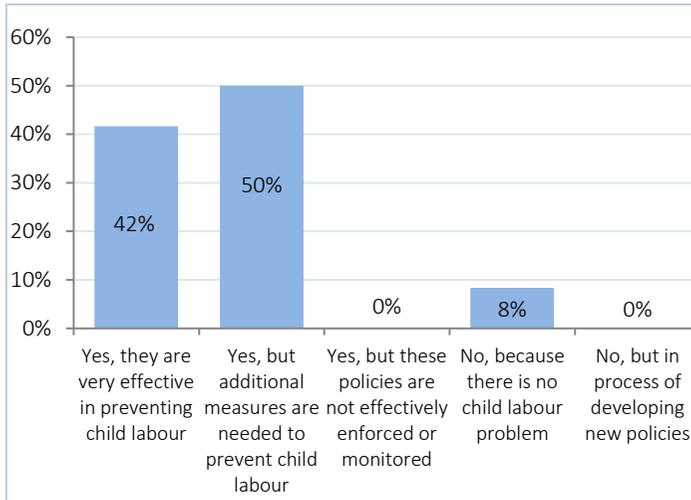
Occupational safety and health (OSH) is one of the most challenging issues in promoting social protection across the developing countries. Due to lack of adequate systems for data collection, it is not possible to measure the current level of occupational accidents and workplace hazards. However, survey respondents indicated their major concerns in promoting OSH in their countries (Figure 2.20). Accordingly, lack of awareness of workers on OSH standards and inability to monitor workplace hazards and lack of engagement of firms to improve OSH standards are listed among the most critical concerns.

Figure 2.20: Major Concerns in Promoting OSH



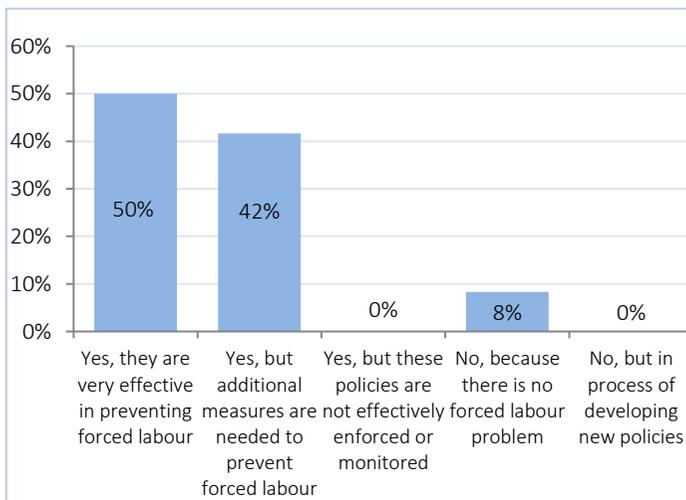
Source: SESRIC Labour Market Survey. 5: Highly critical concern; 1: Not a Concern

Figure 2.21: Policies to Prevent Child Labour



Source: SESRIC Labour Market Survey.

Figure 2.22: Policies to Prevent Forced Labour



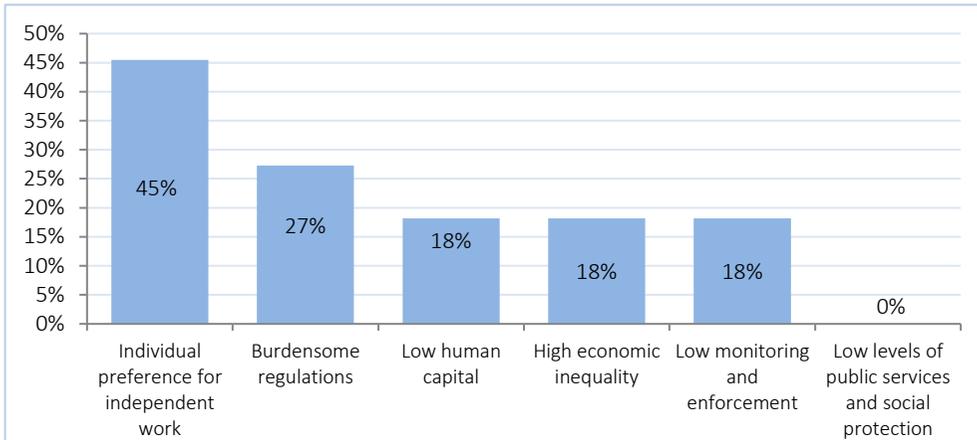
Source: SESRIC Labour Market Survey.

An important constituent of social protection is to prevent child and forced labour. Significant number of countries indicates that although there are special policies to prevent child and forced labour, they need additional measures to prevent child and forced labour (Figures 2.21 and 2.22).

Informal employment is a widespread phenomenon across the developing world that hampers social protection measures. It is again difficult to collect statistics on the scale of informality in labour markets. When asked about the main reasons of informal employment, significant number of respondents indicates the individual preference for independent work as the main reason. Burdensome regulations are also indicated as the second most important reason (Figure 2.23).

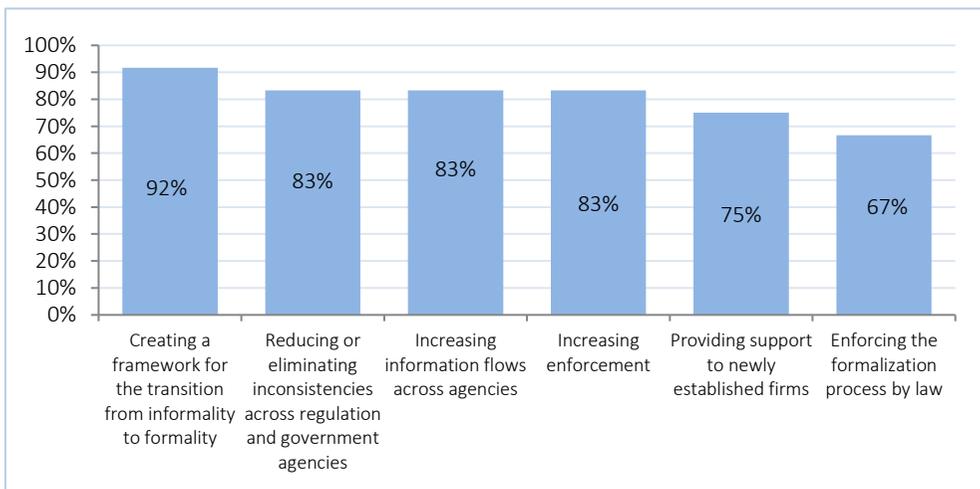
In addressing the informal employment problem, countries implement diverse policies. Figure 2.24 shows the frequency of some policies implemented in OIC countries. Creating a framework for the transition from informality to formality is the most widely implemented policy. Reducing or eliminating inconsistencies across regulation and government agencies, increasing information flows across agencies, and increasing enforcement are also among the other commonly implemented policies to address the informality problem.

Figure 2.23: Reasons for Informal Employment



Source: SESRIC Labour Market Survey.

Figure 2.24: Special Policies for Reducing Informal Employment



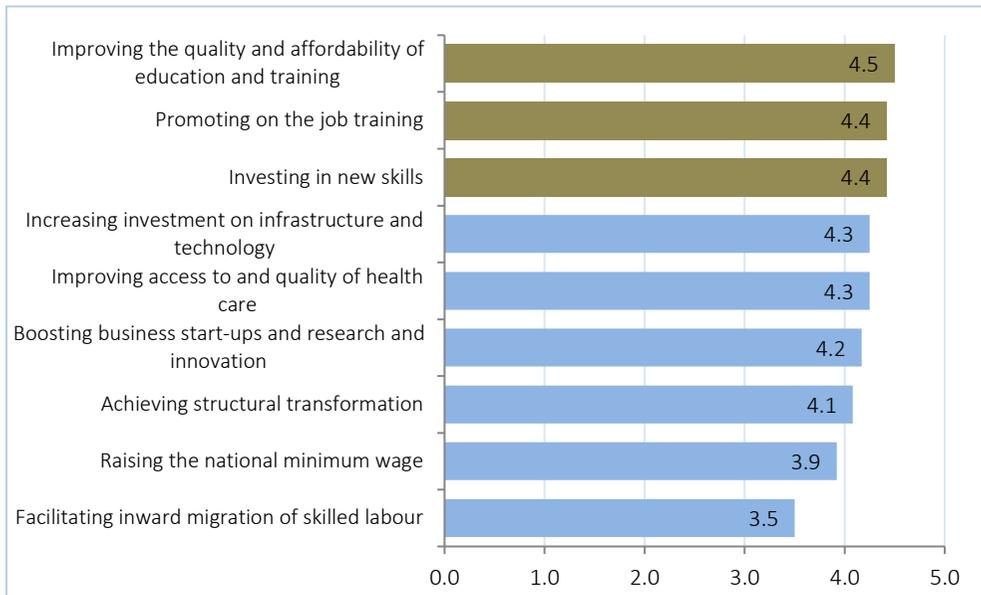
Source: SESRIC Labour Market Survey.

Labour Productivity

As identified in the previous subsection, low productivity is one of the most critical challenges in OIC countries. When asked about the level of productivity of workers, majority of respondents indicated that the current level of labour productivity is at medium level. Only one country indicated that it is high and no country indicated that it is very high. There are alternative measures to increase the labour productivity. According to the outcomes of the survey, improving the quality and affordability of education and training is the most significant factor in raising the labour productivity in OIC countries. Promoting on the job training and

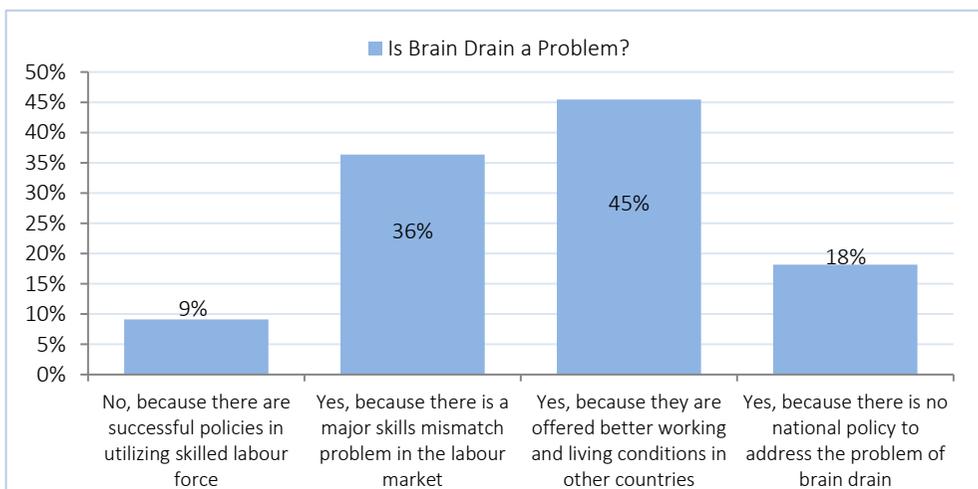
investing in new skills is also considered among the major policy instruments to increase labour productivity (Figure 2.25).

Figure 2.25: Significance of Factors in Raising Labour Productivity



Source: SESRIC Labour Market Survey. 5: Very high; 1: Very low

Figure 2.26: Brain Drain Problem



Source: SESRIC Labour Market Survey.

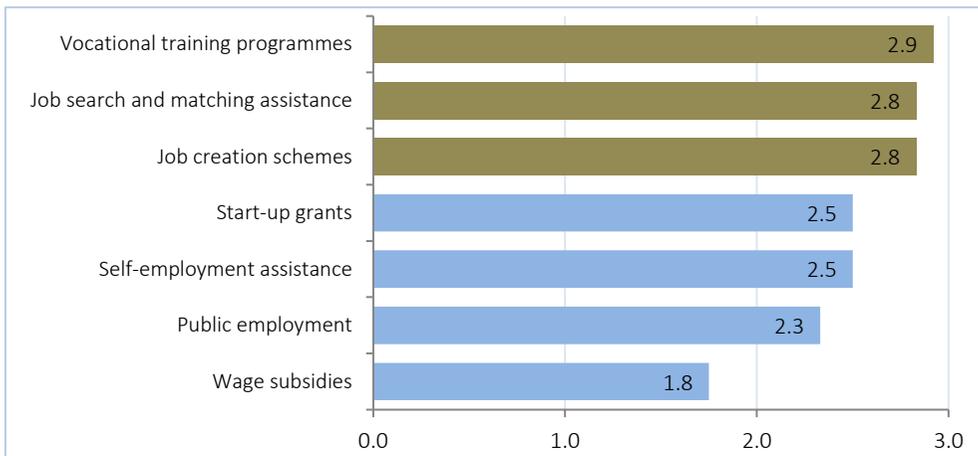
Another important challenge that also results in lower productivity in the labour market is immigration of high skilled labour force, or as commonly called 'brain drain'. Almost all

countries indicate that there is a brain drain problem in their country (Figure 2.26). While some of them explain it with widespread skills mismatch in the labour market, some others emphasize the better offers that they receive from other countries.

Unemployment

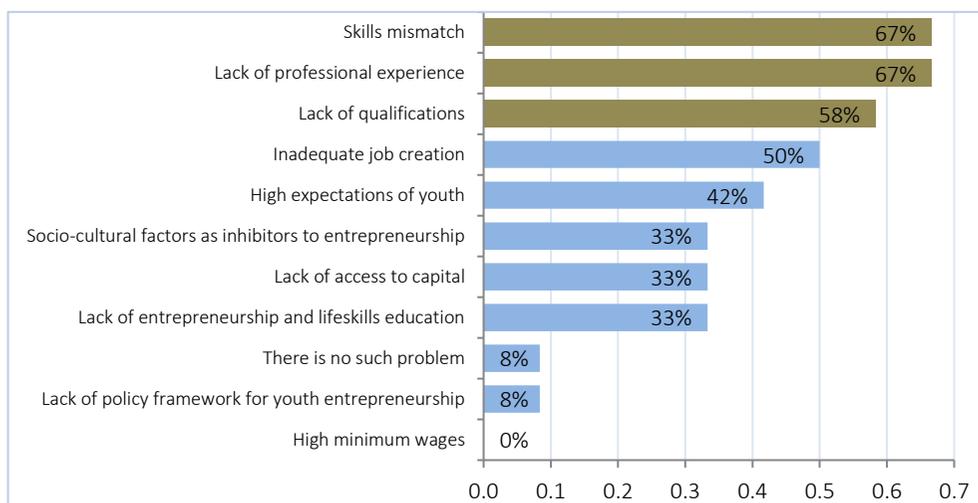
Average unemployment rates in the group of OIC countries remain constantly above the global averages. In order to reduce the number of unemployed, OIC countries implement different programmes and policies. Vocational training programmes are the top policies implemented in respondent OIC countries. Job search and matching assistance and job crating schemes are also listed among the high priority policies in reducing unemployment (Figure 2.27).

Figure 2.27: Major Policies for Reducing Unemployment



Source: SESRIC Labour Market Survey. 3: High priority; 2: Medium priority; 1: Low priority.

Figure 2.28: Reasons for Youth Unemployment

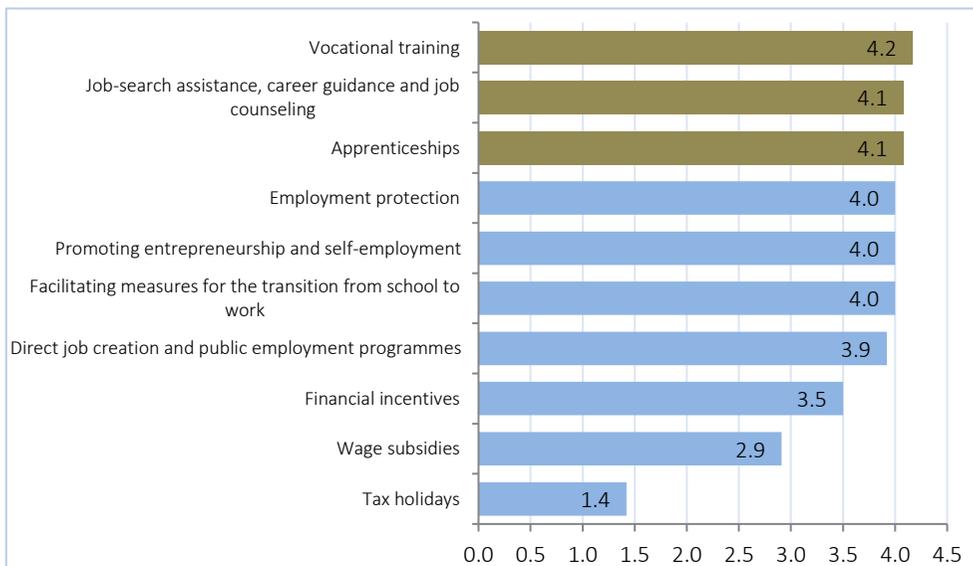


Source: SESRIC Labour Market Survey.

Youth unemployment rate is a particular concern in many OIC countries. Majority of respondents identify the skills mismatch and lack of professional experience as the top reasons of youth unemployment. Lack of adequate qualifications for the job market is also listed among the top reasons of high youth unemployment rates. However, lack of policy framework for youth entrepreneurship is considered not a major issue in causing unemployment (Figure 2.28).

Similar to the policies for reducing total unemployment rates, vocational training, job search assistance, carrier guidance, job counselling and apprenticeships are the most preferred policies to fight youth unemployment. On the other hand, policies that require financial intervention such as tax holidays, wage subsidies and other financial incentives are the least preferred policies in respondent OIC countries (Figure 2.29).

Figure 2.29: Significance of Policies for Promoting Youth Employment



Source: SESRIC Labour Market Survey. 5: Very High; 1: Very Low

III. AREAS OF COOPERATION

Based on the major challenges and problems observed in OIC countries, this section identifies five main cooperation areas for strategic action. Under these thematic areas, 21 strategic goals and 162 actions are identified.

A. Encouraging Participation to Labour Market

There is a variety of reasons why some individuals do not participate in the labour force. Caring for family members, retirement, sickness, disability, education, unavailability of suitable jobs, and unwillingness to work are among the major reasons. In particular, existing negative perceptions on some groups of people such as elderly, disabled and ex-offenders discourage them to be active in the labour market.

Considering the relatively lower labour force participation rates in OIC countries, there is a need to pay more attention to the challenges related to the labour market inactivity. Addressing this challenge would contribute to achieving a more inclusive and productive economy across the OIC region. Reducing economic inactivity not only stimulates economic development but also contributes to solving diverse social problems. Social cost of labour market exclusion may be extremely high in certain settings. Inactive individuals may lose confidence, motivation and self-respect in their society and may cause further social deprivation, as they are more likely to engage in harmful and illegal activities. Even worse, economic inactivity may trigger social unrest and be a source of conflict in a society.

Nevertheless, the average labour force participation rate in OIC countries is slowly rising. However, for some specific groups such as women, elderly and disabled people in the society challenges are still significant and there is limited progress. In particular, the wide gap between male and female inactivity rates is still there that lowers economic contribution of women into the growth of the OIC countries. On the other hand, the existing heterogeneity across OIC countries in terms of participation to labour market is also an indication of the influence of regional factors such as culture, perceptions, labour market rigidities, economic and political stability.

Overall, OIC countries need to devise and implement policies to reduce economic inactivity and encourage participation among the target groups which are likely to contribute to increased economic productivity and competitiveness in the long term.

In this context, five strategic goals (SGs) are identified to encourage participation to labour market in the OIC Countries:

- **SG 1.1:** Improve labour market prospects and outcomes
- **SG 1.2:** Promote skills development according to labour market needs
- **SG 1.3:** Implement inclusive policies to enhance participation of female, young and elderly population
- **SG 1.4:** Devise policies to narrow down the gap between participation to labour market in urban and rural areas
- **SG 1.5:** Design programmes and policies to activate the potentials of vulnerable groups including disabled, ex-offender, and displaced people in labour market

In order to observe the OIC level performance in encouraging participation to labour market, two key performance indicators (KPIs) are identified:

- **KPI 1.1:** Labour force participation rate (all population)
- **KPI 1.2:** Gender gap in labour force participation rate

The current levels and potential targets for 2025 are provided in Table 3.1 below:

Table 3.1: Key Performance Indicators and Targets for Encouraging Participation to Labour Market

KPI Code	KPI Description	2016 Realization	2025 Target
KPI 1.1	Labour force participation rate (all population)	58.7%	63%
KPI 1.2	Gender gap in labour force participation rate	38%	30%

STRATEGIC GOAL 1.1: Improve Labour Market Prospects and Outcomes

Labour market prospects and outcomes are important factors that affect the decision of people whether to be attached to the labour market. In particular, the possibility of having a job in the labour market is a motivating factor for many people. On the contrary, the existence of limited job opportunities, which can be measured by the long-term unemployment rate, has several impacts on well-being and prospects of people through lowering their prospects. A higher unemployment rate not only reduces economic wellbeing but also can be detrimental to other family members.

Unemployed people are also likely to report loss of self-respect and confidence as the duration of period of unemployment extends. This usually associates with high inactivity rate where



people no longer look for a job on the grounds that lack of job openings and prefer staying out of the labour market. Therefore, specific policies should be developed to target the people who are in the labour market but not finding suitable jobs for a long period of time. Moreover, due to the lack of macroeconomic stability in some OIC countries, job security is a major concern for a large share of workforce. Therefore, it is critical to improve labour market prospects and thereby promote participation to labour market.

Actions

Action 1.1.1: Pay particular attention to solving the problem of structural unemployment by designing well-structured job market reforms

Action 1.1.2: Make the necessary investments to improve the effectiveness of labour market such as through introducing IT based job search tools at the national level

Action 1.1.3: Review the efficiency of public sector jobs through developing standards and job descriptions with a view to improving prospects and outcomes in labour market

Action 1.1.4: Invest into education and training to upgrade the skills level of people and improve their labour market prospects

Action 1.1.5: Improve social security systems to encourage participation of unskilled labour force to job market

Action 1.1.6: Share and transfer the experiences from OIC countries regarding initiatives on reducing inactivity in the labour market

STRATEGIC GOAL 1.2: Promote Skills Development According to Labour Market Needs

Many OIC countries suffer from some form of skill mismatch problem that translates into structural unemployment, lower economic growth and productivity through workforce underutilization and a discouraged workforce. The prevailing skill mismatch problem in OIC countries raises the question whether there is a good fit between the existing educational systems and the needs of the labour market. Skills mismatch usually stem from short-sighted policies that could not foresee labour market developments and upcoming trends in demand for skills in the medium and long-term. Although education policies are among the major root causes for skills mismatch, labour market policies also play a role such as through complicating the job-search process.

In order to eliminate market inefficiencies and improve skills-match, OIC countries need to devise and implement a wide range of policies in several domains. A good planning in the education system would help to forecast the number of people to be needed by different economic sectors and occupations. Identifying more competitive sectors in the economy through diagnostic studies would provide some clues on the volume of required investment in different types of education including basic, tertiary and vocational. Investing into labour

market systems such as centralized and integrated job-search tools managed by a public institution would help to curb costs and eradicate skills mismatch.

Actions

Action 1.2.1: Conduct diagnostic studies to assess the profile of the inactive labour force and understand the needs for skills development according to the labour market needs

Action 1.2.2: Review education programs with a view to improving their quality and equipping students with skills that will be highly demanded in labour markets

Action 1.2.3: Upscale investments into the technical and vocational education and training system (TVET) for inactive populations

Action 1.2.4: Make reforms in the labour market with a view to facilitating transfer of basic skills across different occupations

Action 1.2.5: Encourage employers to be more inclusive by hiring people with diverse education backgrounds as long as they have basic skills to carry out their duties

Action 1.2.6: Improve dialogue with the private sector representatives to provide on-the-job training with a view to facilitating transfer of knowledge, particularly for long-term unemployed

Action 1.2.7: Ensure a good coordination among different institutions such as Ministries of Education, Development, Labour, and Planning in order to minimize inefficiencies, reduce duplication of efforts and eliminate differences among projections on labour market trends

STRATEGIC GOAL 1.3: Implement Inclusive Policies to Enhance Participation of Female, Young and Elderly Population

There are certain groups of people in societies where their tendency to participate into labour markets is relatively limited stemming from both internal (e.g. status of personal health, personal commitments and family-related responsibilities) and external factors (e.g. labour market legislations and institutions). In particular, age-related and gender-based challenges discourage many people to be active in labour markets. Moreover, some people are discouraged to be active in the labour market stemming from high expectations from employees and the probability of registering an unsatisfactory performance in the work.

It is important to have adequate policies to facilitate the transition from school to work for young labour force. In cases where education and training systems do not provide young people with the basic skills needed to work, even when they find a job, they may underperform and lose their jobs. Therefore strategies for skills development should be designed to address the needs of special target groups such as youth.

Participation of women into labour force and economic activities is also important for economic growth and development. A higher share of economically inactive women not only

prevents countries in reaching their potential GDP but also triggers gender disparity within the society. Although there is a declining trend in the inactivity rates of female population in OIC countries, it remains very high.

On the other hand, some OIC countries started to face the challenge of aging population and therefore in the process of developing policies to better utilize elderly workforce and keep them active in the labour market. While age is one of the major obstacles that hinders successful job search for senior people, other obstacles such as low skills, lack of confidence, inadequate up-to-date qualifications, and long-term health conditions also hinder long term employment. It is important to enable these people to work flexibly to accommodate health considerations and lessen its physical demands.

Actions

Action 1.3.1: Identify the challenges faced by female, young and elderly population that discourage them to be active in labour market

Action 1.3.2: Draw a roadmap to address the challenges faced by female, young and elderly population

Action 1.3.3: Identify among existing statistical indicators and develop new ones in order to measure and review the progress in coping with factors that discourage female, young and elderly population to be active in labour market

Action 1.3.4: Ease transition from school to work for youth through promoting internship and on the job training programmes

Action 1.3.5: Consider providing financial and non-financial incentives for female, young and elderly population to support them into labour market

Action 1.3.6: Make required legislative changes to encourage older or retired people to be active in the labour market such as through flexible work arrangements including consultative, temporary or part-time positions

Action 1.3.7: Empower women's participation into economic activities through promoting their education with a view to equipping them with necessary skills

Action 1.3.8: Cope with gender-biased labour market arrangements to create a more favourable labour market especially for women

Action 1.3.9: Improve the employability of the senior people by adjusting workplace environments to the physical and mental capacities of older people, providing targeted training and education, and adapting social security systems to provide incentives for working at senior ages

STRATEGIC GOAL 1.4: Devise Policies to Narrow Down the Gap between Participation to Labour Market in Urban and Rural Areas

In general, rural population are highly vulnerable and they face significant risks in labour markets due to their limited assets and knowledge base. Children and young people in rural areas generally drop out of the school and they do not have enough opportunities to improve their skills, even in informal educational and training settings. They often tend to work in informal employment in low-skilled and insecure jobs.

Due to limited prospects for decent job in the rural non-agricultural sectors, many people either go out of the labour market or migrate to urban areas. However, due to their limited skills and capabilities, they are not able to compete well with relatively better educated urban residents. Without securing a decent job or moving beyond low-skilled informal jobs and thereby building their asset and knowledge base, rural population and particularly youth tend to stay inactive in labour markets.

Enhancing participation of rural population by improving their individual capacities needs greater attention, particularly in rural development programmes. In order to reduce regional disparities and alleviate poverty in the rural context, population should have access to education and skills development opportunities in order to create a dynamism and productive environment in rural areas. By allowing the rural people to develop their skills and knowledge, they will have chance to take advantage of new economic opportunities in agricultural as well as non-agricultural production, even in the job market.

Actions

Action 1.4.1: Design and implement targeted education programmes to improve skills of youth, women and adult living in rural areas

Action 1.4.2: Implement policies to support youth living in rural areas, which are neither in education nor in training, to be active in the labour market through special incentives such as scholarship programmes and financial awards

Action 1.4.3: Organise awareness-raising and promotion programmes for parents living in rural areas about the importance of education of young girls and boys

Action 1.4.4: Ensure better functioning of public employment services in rural areas and ease their accessibility such as through mobile offices that can reach remote areas

Action 1.4.5: Develop key performance indicators to better monitor inactivity rates in rural areas by taking local conditions such as high unofficial employment rate in the agriculture sector into consideration

STRATEGIC GOAL 1.5: Design Programmes and Policies to Activate the Potentials of Vulnerable Groups Including Disabled, Ex-Offender, and Displaced People in Labour Market

Employment prospects for persons with disabilities, ex-offenders and displaced people should be improved through targeted policies as these people are more likely to experience adverse socioeconomic outcomes in terms of lower educational achievements, less economic activity and employment, poor health outcomes, and higher poverty rates. Such a negative outlook usually forces them to stay out of the labour market on the grounds that they will not be employed because of their disabilities or background. Given the potentials of these people, allowing them to be inactive in labour markets would lead to high socio-economic costs. In this context, policies to encourage and re-integrate them into labour market would bring important social and economic benefits to their societies. Activating these people in labour markets not only help them to earn income and support their families but also promotes inclusiveness in the society through participation.

Labour market institutions are very important to create a favourable environment to activate vulnerable groups in labour markets. For instance, the lack of national legislations and mechanisms to protect basic rights of disabled people at work would discourage these people go into the labour market. On the other hand, weak legislations against discrimination at work would likely associate with a higher chance of discrimination during the job-search process as well as after start working. In this regard, displaced people or ex-offenders would face with a high level of discrimination in labour markets even they have enough skills to make them competitive enough. Therefore, designing and implementing policy instruments in the labour market to protect rights of vulnerable groups would encourage them to participate into labour market.

Actions

Action 1.5.1: Design special training programmes and encourage people in vulnerable groups to improve their skills and qualifications

Action 1.5.2: Organise special education and training programmes for disabled, ex-offender and displaced people to equip them with new skills in suitable areas

Action 1.5.3: Revise and update the legislations to better fight with discrimination at work based on background of people

Action 1.5.4: Enhance coordination among the key stakeholders (e.g. Ministry of Education, Ministry of Labour, and Ministry of Health) to improve employment prospects for people in vulnerable groups

Action 1.5.5: Raise awareness among employers about the potentials of disabled, ex-offender and displaced people at work

Action 1.5.6: Review best-practices and policies implemented in OIC countries in encouraging disabled, ex-offender and displaced people to be active in the labour market

Action 1.5.7: Consider implementing community-based rehabilitation programmes to better understand people with special needs and assist them in their inclusion and integration into labour market

Action 1.5.8: Introduce special quotas for job-seekers with some disadvantages to increase their employability and therefore encourage them to be active

B. Enhancing Employability

Employability refers to “portable competencies and qualifications that enhance an individual’s capacity to make use of the education and training opportunities available in order to secure and retain decent work, to progress within the enterprise and between jobs, and to cope with changing technology and labour market conditions” (ILO, 2004). The level of skills and qualifications of a person is a critical factor in enhancing the employability in the labour market. There are several aspects of developing a strategic framework for skills development. Skills development is needed to improve employability, enhance productivity, enable matching of skills supply to the needs of labour markets, and facilitate the adjustment to changes in technology and markets. Considering the constantly changing technology and introduction of innovative production processes and systems, including Industry 4.0, it is also important to develop capacities for anticipating and preparing for the skills needs of future. None of these issues has categorical priority against the others and they should be part of a comprehensive approach in skills development. However, according to the needs and priorities of each economy, special importance can be given to certain issues when devising programmes and policies for skills development.

International statistics and SESRIC labour market survey reveal that skills mismatch is among the top challenges faced by OIC countries. There might be different explanations for why the level of skills of individuals does not match the level of skills required in the labour market. Skill mismatch is an unhealthy phenomenon in the labour market that has significant negative consequences. At the macroeconomic level, it contributes to structural unemployment and reduces economic growth through workforce underutilization and a reduction in productivity. At the firm level, skill mismatch reduces productivity and contribute to high employee turnover rates.

On the other hand, efficient functioning of labour markets and institutions significantly affects the labour market outcomes. Labour markets should be flexible enough to allow workers to move easily in order to get the job that suits best to their skills and qualifications. Moreover, governments have primary responsibility for education, pre-employment training, core skills, and training the unemployed and people with special needs in order to enhance the skills base and employability. The social partners can contribute to this process by providing further

training and work experience. On the other hand, individuals need to make use of opportunities for education, training and lifelong learning provided by public institutions and other stakeholders to remain employable.

In this context, four strategic goals (SGs) are identified to enhance employability:

- **SG 2.1:** Significantly improve the skills base of the labour force to enhance employability
- **SG 2.2:** Reduce the skills mismatch
- **SG 2.3:** Implement special policies to enhance employability of vulnerable groups
- **SG 2.4:** Improve the functioning of labour markets and institutions

In order to observe the OIC level performance in enhancing employability, two key performance indicators are identified:

- **KPI 2.1:** Employment to Population Ratio
- **KPI 2.2:** Share of Public Expenditure on ALMPs

The current levels in these indicators and potential targets for 2025 are provided in Table 3.2 below:

Table 3.2: Key Performance Indicators and Targets for Enhancing Employability

KPI Code	KPI Description	2016 Realization	2025 Target
KPI 2.1	Employment to Population Ratio	54.3%	57%
KPI 2.2*	Share of Public Expenditure on ALMPs	??%	??%

* Data needs to be provided by the Member States.

STRATEGIC GOAL 2.1: Significantly Improve the Skills Base of the Labour Force to Enhance Employability

Basic education, initial vocational training and lifelong learning are three major components of skills development. Basic education lays the foundation for employability by giving people a basis for the individual skills development. Initial vocational training is provided to enable the development of core work skills, general knowledge and professional competencies and to facilitate transition from education to work. Lifelong learning allows individuals to adopt their skills and competencies into changing work and skill requirements.

Further skills development can be achieved only with good-quality basic education. In order to ensure that workers obtain the skills that are required by labour markets and workplaces in different economic sectors, vocational education and training activities should be well connected to the world of work for effective skills development. This requires effective partnership between public authorities, business associations and training institutions. It is

also critical to make available the information related to the needs of the labour market in order to help people to make better-informed choices about education and training.

Countries at different levels of economic development face, however, different challenges and constraints in their efforts to improve the quality and relevance of skills for enhancing productivity and employability. Depending on the structure and professional qualifications of the population and labour force, each country may focus on different stages of skills development related to the needs of the workforce. For lifelong employability, new opportunities should be constantly provided to working people to allow them to periodically update their skills and learn new ones, but this is quite challenging for many developing countries to address the needs of population at different ages with different skills and qualifications.

While it is important to ensure that education and learning is effective, sustained and relevant to the world of work, it should be noted that the resources available for public training and education is not limitless. Therefore, it is all the more important to manage these resources effectively. If education system is not able to raise the cognitive abilities of the population, countries may face even higher economic and social costs to reduce the gap between the needs and supply of relevant skills.

Actions

Action 2.1.1: Increase educational attainment, encourage work-based learning systems and upgrade professional training

Action 2.1.2: Improve the effectiveness and efficiency of all education and training systems in raising the skills and competences of the workforce

Action 2.1.3: Address weaknesses in education and training systems to improve learning outcomes and to reduce the number of young people leaving school early

Action 2.1.4: Enable workforce to better anticipate and meet the rapidly changing needs of dynamic labour markets in the context of technological and demographic change

Action 2.1.5: Provide second-chance opportunities for those who dropped out of school or never attended by offering a flexible and dynamic programme of integrated general education, vocational training and work experience.

Action 2.1.6: Develop modalities for recognising and validating skills and competences acquired outside formal education

Action 2.1.7: Ensure that individual and groups from diverse background and social status have equal access to training and skills development opportunities

Action 2.1.8: Share and transfer the experiences regarding improving skills base of the labour force among OIC countries

STRATEGIC GOAL 2.2: Design and Implement Policies to Reduce the Skills Mismatch

Many OIC countries suffer from a serious skill mismatch problem resulting in structural unemployment, lower economic growth and productivity through workforce underutilization and a demoralized workforce. The serious skill mismatch problem in OIC countries raises the question about the alignment of the educational systems to the needs of the labour market. Skills mismatch may occur due to either over-education or under-education. Both types of mismatch are not desired from economic policy perspective. Under-educated workers are less productive because they do not have the required level of skills, and as such, they add less value to their employer and to the economy. On the other hand, over-educated people are not able to maximize their potential and earn the salary they deserve. Over-educated people present a lower return on investment for the country that has spent important resources on education and training.

In order to overcome the challenges posed by the shortage of skilled workers, effective policies and programmes need to be devised and implemented for better education and training as they are critical factors for technological readiness to raise productivity and diversify into more sophisticated products. Enhancing firm productivity, upgrading technologies, developing high-value added services and achieving more competitive status in the world economy necessitate the assurance of better educated and trained human resources that match the needs of the labour market.

Moreover, the skills needed in the market must be accurately mapped through sketching the qualifications and skills that are offered in the market and examining the formation of present and prospective skills needed in public and private sectors under current economic policies. Many countries may require improving their capacity to anticipate changes on the labour market over time. Importance of good labour market intelligence should be well acknowledged in tackling the current and future imbalances between skills demand and supply, in identifying the skill deficiencies which could constrain employment and productivity growth, and in prioritising the areas in which to encourage people to acquire the economically valuable skills needed for economic development.

Actions

Action 2.2.1: Assess and anticipate rapidly the changing skill needs for different occupations and sectors and regularly update skills development programmes

Action 2.2.2: Provide timely information to all stakeholders about declining and emerging industries and give them chance to make early decision on their priorities

Action 2.2.3: Align the education systems to the needs of the labour market by making the educational system more demand driven

Action 2.2.4: Improve the technical and vocational education and training system (TVET) and ensure that it caters to the needs of youth and employers

Action 2.2.5: Develop indicators to measure levels of core employability skills and invest in developing these skills

Action 2.2.6: Ensure good quality data on the respective employment possibilities and related gains associated with different qualification levels

Action 2.2.7: Develop a Skill Recognition System (SRS) to identify and verify prior skills and experiences gained at work, which could facilitate the shift to new jobs easy and comfortable and enable the move from informal to formal economy

Action 2.2.8: Invest in second-chance education programmes for youth who have dropped out of the educational system at an early stage to ensure that they have the basic literacy and numeracy skills

Action 2.2.9 Involve employers in identifying the required skills and knowledge to bridge the gap between education system and the labour market

Action 2.2.10: Monitor trainees' success on the labour market and share the information with education and training institutions,

STRATEGIC GOAL 2.3: Design and Implement Special Policies to Enhance Employability of Vulnerable Groups

Strategies for skills development should also be designed to address the needs of special target groups, including youth, elderly and people living in rural areas. While a good quality basic education is fundamental for easy adaptation to new environments through additional training, young people with adequate vocational education and training opportunities would be better prepared for a smooth transition from school to work. Adjusting workplaces and workplace environments to the physical and mental capacities of older workers and targeted training are required to keep senior people employable. Again, lack of access to quality education and training is the foremost constraint on the employability of rural populations.

In addition to these groups, employment prospects for persons with disabilities, ex-offenders and displaced people should be improved through targeted policies. These people are more likely to experience adverse socioeconomic outcomes in terms of lower educational achievements, less economic activity and employment, poor health outcomes, and higher poverty rates. Their economic integration therefore can bring important social and economic benefits to their societies. Employment provides not only income for these vulnerable groups, but also opportunities for social participation.

Actions

Action 2.3.1: Develop mechanisms to monitor and assess the challenges faced by vulnerable groups in obtaining necessary skills and qualifications needed for their employment

Action 2.3.2: Improve data and monitoring capacities to regularly monitor the education and employment status of vulnerable groups

Action 2.3.3: Improve employment prospects for persons with disabilities by reviewing national education and employment policies

Action 2.3.4: Ensure a successful cooperation between national employment centres and health institutions to improve employability of persons with disabilities.

Action 2.3.5: Raise awareness in the society and among employers to overcome some challenges such as social norms, misbeliefs etc. that hinders employment of persons with disabilities, displaced people, ex-offenders and other vulnerable groups

Action 2.3.6: Promote community-based rehabilitation programmes to better understand people with special needs and assist them in their inclusion and integration into work life

Action 2.3.7: Assess the needs of offenders for vocational training and provide necessary training and guidance for their economic reintegration before their release

Action 2.3.8: Establish a database on skills base of displaced persons in order to facilitate the matching employees with employers and institutions that provide training

Action 2.3.9: Deliver training and counselling for displaced people to facilitate their adaptation and economic reintegration into new environment

Action 2.3.10: Provide special employment opportunities for refugees in order to avoid deformation of their skills and alleviate their economic deprivation.

STRATEGIC GOAL 2.4: Improve the Functioning of Labour Markets and Institutions

An efficient labour market is important in allocating human capital to its most productive use. Particularly in developing countries, ability of the market to reallocate labour between sectors (or from old sectors to newer more productive sectors) is critical in growth process. Moving timely out of agriculture into manufacturing and then into services sector has long been thought to have significant impact on growth rates. A flexible labour market, on the other hand, facilitates the adjustment to new economic conditions after any shocks that may arise. Efficiency and flexibility of labour market are closely linked to each other. Efficiency leads to an allocation of human capital to its most productive uses during regular times and flexibility leads to rapid market clearing during irregular times through various channels. On the other hand, labour market frictions may inhibit aggregate growth.

Efficiency and flexibility of labour markets can be achieved with well-functioning labour market institutions. They are fundamental in designing and implementing critical policy instruments in the labour market. Public employment services (PES) are particularly important in connecting jobseekers with employers and ensuring a good match between the employer's vacancy and the jobseeker's skills. Moreover, effective labour laws and regulations, which handle the relationship between workers, employers, trade unions and the government, promote the efficiency of the labour market.

Actions

Action 2.4.1: Ensure better functioning of labour markets in improving the outcomes of active labour market policies

Action 2.4.2: Improve the effectiveness of labour markets in reducing labour market segmentation⁴ and in promoting labour mobility

Action 2.4.3: Ensure that the labour market institutions are capable of creating, adapting and developing new assessment methods and tools to reflect the core work skills and competences of jobseekers

Action 2.4.4: Improve the effectiveness of public employment services in providing tailored services to support jobseekers, supporting labour-market demand, implementing performance measurement systems and facilitating the recognition of skills gained outside formal education and training system

Action 2.4.5: Promote institutional reform in public training organisations

Action 2.4.6: Encourage the coordination mechanisms among key stakeholders in enhancing local skill solutions

Action 2.4.7: Ensure that labour market institutions develop and maintain a database and disseminate timely information on jobs, skills, learning and training opportunities

Action 2.4.8: Raise awareness about public employment services and improve the accessibility to these services for all

C. Protecting the Workers' Safety and Well-being

Social security is an important tool to prevent and reduce poverty, inequality, social exclusion and social insecurity, to promote equal opportunity, and to support the transition from informal to formal employment. The right to social security is, along with promoting employment, an economic and social necessity for development and progress. Today, all countries in the world have a social protection program. However, 73% of the world's

⁴ Market segmentation reflects the division of the labour market into separate submarkets or segments, distinguished by different characteristics and behavioural rules.

population continues to live without adequate social protection coverage (ILO, 2014). This means that, for the large majority of people, the fundamental human right to social security is only partially realized or not at all.

On the other hand, occupational safety and health (OSH) represents a key element in achieving decent working conditions and sustaining well-being of workers. It is concerned with protecting safety, health and welfare of working people. Appropriate legislation and regulations together with adequate means of enforcement, are essential for the protection of workers' safety and health. Therefore, OSH can be secured by an adequate and appropriate system.

Social security is an investment in people that empowers them to adjust to changes in the economy and in the labour market. Social security systems act as automatic social and economic stabilizers, help stimulate aggregate demand in times of crisis and beyond, and help support a transition to a more sustainable economy. The transition to formal employment and the establishment of sustainable social security systems are mutually supportive.

Yet, large numbers of people are working, but do not earn enough to lift themselves out of poverty. In fact, roughly 262 million workers in OIC countries live in extreme poverty (i.e. on less than US\$1.90 per capita per day) or in moderate poverty (i.e. on between US\$1.90 and US\$3.10) despite being in employment. Moreover, youth exhibit a higher incidence of working poverty than adults. Globally, 37.7% of working youth are living in extreme or moderate poverty in 2016, compared to 26% of working adults (SESRIC, 2017). In other words, the labour market outcomes are not promising enough for many people that neither help them to escape from poverty nor support them to climb up in the social development ladder.

In this context, five strategic goals (SGs) are identified to protect the workers' safety and well-being in OIC countries:

- **SG 3.1:** Strengthen Measures for Occupational Safety and Health
- **SG 3.2:** Widen Social Protection Measures for All
- **SG 3.3:** Prevent Discrimination in the Labour Market and Workplace
- **SG 3.4:** Eliminate Child and Forced Labour
- **SG 3.5:** Reduce Informal Employment and Promote Decent Work

In order to observe the OIC level performance in protecting the workers' safety and well-being, two key performance indicators are identified:

- **KPI 3.1:** Public social protection expenditure as percentage of GDP
- **KPI 3.2:** Working Poverty Rate

The current levels in these indicators and potential targets for 2025 are provided in Table 3.3 below:

Table 3.3: Key Performance Indicators and Targets for Protecting the Workers' Safety and Well-being

KPI Code	KPI Description	2016 Realization	2025 Target
KPI 3.1*	Public social protection expenditure as percentage of GDP	??%	??%
KPI 3.2	Working Poverty Rate	41.7%	15%

* Data needs to be provided by the Member States.

STRATEGIC GOAL 3.1: Ensure Safe and Healthy Workplace

Occupational safety and health (OSH) is about the recognition, evaluation and control of hazards arising in or from the workplace that could affect negatively the health and well-being of workers. The scope of OSH has been evolving in response to social, political, technological and economic changes in the world. In this context, the magnitude of the global impact of occupational accidents and diseases, as well as major industrial disasters, in terms of human suffering and related economic costs, have been a long-standing source of concern at workplace, national and international levels. According to the latest global estimates, 2.78 million deaths occurring annually across the countries are attributed to work. Work-related mortality accounted for 5% of the global total deaths. In total, it is estimated that more than 7,500 people die every day; 1,000 from occupational accidents and 6,500 from work-related diseases (Hämäläinen et al., 2017).

Occupational diseases also create enormous costs when workers are not well protected from sickness, disease and injury arising from their employment. It reduces productivity of workers and increases health care expenditures. In this respect, work-related accidents and diseases result in an annual 4% loss in global GDP (ILO, 2013). Yet, 98% of workplace accidents and 100% of occupational diseases are preventable through the implementation of sound prevention, reporting and inspection practices. Employers also face costly early retirements, loss of skilled staff, absenteeism, and high insurance premiums due to work-related accidents and diseases. Therefore, both in terms of humanitarian as well as economic reasons, it is important to strengthen the measures for OSH to promote the social protection and well-being of workers in OIC countries.

Actions

Action 3.1.1: Conduct comprehensive assessments on existing needs, capacities and opportunities in the area of OSH

Action 3.1.2: Develop better legislation infrastructure and inspection mechanisms at workplaces to reduce the incidence of work-related deaths, injuries and diseases and promote a culture of prevention in OSH



Action 3.1.3: Develop OSH indicators and innovative tools to improve the collection of reliable OSH data as well as to identify and minimize occupational accidents

Action 3.1.4: Mainstream OSH into vocational education and training programmes

Action 3.1.5: Establish clear procedures for OSH Management at work based on OIC OSH Guidelines, existing national and international standards

Action 3.1.6: Improve capacities to eliminate or reduce safety and health hazards at their source and protect workers from unacceptable forms of work

Action 3.1.7: Support businesses to provide a comfortable working environment that is conducive to physical and mental health

Action 3.1.8: Support the activities of OIC Network for Occupational Safety and Health (OIC-OSHNET) in promoting both institutional and human resource capabilities of the OIC member states as well as in establishing closer cooperation for sharing knowledge, experience and new technologies, conducting joint research and training, exchanging of good practices and organizing new initiatives, projects and programmes in the field of OSH

Action 3.1.9: Promote OIC Occupational Safety and Health Standards Guideline with the intention of enforcement of International OSH Regulations and Standards

Action 3.1.10: Consider establishing an OIC-OSH Centre, an affiliated structure to OIC with a budget allocated, to promote more active and smoother cooperation on OSH

STRATEGIC GOAL 3.2: Widen Social Protection Measures for All

Social protection includes the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and loss of income. Social protection programs are commonly grouped into three broad categories: social insurance, social assistance and labour market programs.

Social insurance consists of programs financed by workers and their employers which cover maternity or work related contingencies such as unemployment and work injury. Social assistance refers to resources which are transferred to vulnerable individuals with no other means of adequate support. Labour market programs are comprised of passive labour market programs such as unemployment insurance and severance payments and active labour market programs that promote employment, the efficiency of labour markets and the protection of workers. Major components and subcomponents of social protection includes social insurance; risks associated with sickness, maternity, old age, employment injury, invalidity, survivors, family allowances and unemployment; social assistance; conditional cash transfers; social pensions; school feeding; other benefits (other food programs, education benefits); labour market programs; skills development and training; and public works and food for work.

As reported in SESRIC (2015), only 10 OIC countries have a comprehensive scope of legal coverage referring to 8 social insurance programs anchored in national legislation such as sickness, maternity, old age, employment injury, invalidity, survivors, family allowances and unemployment. 20 OIC countries have a limited statutory provision with 5 to 6 programs anchored in national legislation. In 2013, 41 OIC countries have no unemployment benefit scheme anchored in national legislation. However, 13 of these countries provide severance payment for workers covered by the labour code which provides a limited level of protection to some workers (SESRIC, 2015). Of the 15 OIC countries that have social security benefits in case of unemployment, public social insurance is by far the most common mechanism used to provide unemployment protection. Therefore, OIC countries need to implement policies to widen the social protection measures for all.

Actions

Action 3.2.1: Expand the outreach and efficiency of active and passive labour policies to prevent the deprivation of people in times of unemployment, including unemployment benefit schemes

Action 3.2.2: Develop or enhance comprehensive social security schemes and other social protection mechanisms

Action 3.2.3: Pay special attention to the social protection of vulnerable groups, including children, young persons, persons belonging to minorities, persons with disabilities, internally displaced persons, migrants and other persons forcibly displaced across borders

Action 3.2.4: Enhance job security and protect workers from unfair dismissal

Action 3.2.5: Ensure work-life balance by optimizing working-time arrangements to allow workers to fulfil their family responsibilities

Action 3.2.6: Respect for collective bargaining and freedom of association for all workers

Action 3.2.7: Ensure maternity protection in line with international standards to preserve the health of the mother and child and to provide a job security

STRATEGIC GOAL 3.3: Prevent Discrimination in the Labour Market and Workplace

In working life, the unequal treatment of employees or job seekers without an acceptable reason, on the grounds that they belong to a certain group, indicates discrimination. However, all persons should enjoy equality of opportunity and treatment in the labour market and workplace. This includes access to vocational guidance and placement services; access to training and employment of their own choice; promotion in accordance with their individual character, experience and qualifications; job security; remuneration for work of equal value; and conditions of work including hours of work, rest periods, annual holidays with pay, occupational safety and occupational health measures, as well as social security measures and



welfare facilities and benefits provided in connection with employment, as described in related recommendations of ILO.

Diversity is part of everyday life. The core of managing and making good use of diversity in the work life lies in harnessing it as a resource involving new knowledge, perspectives and experiences. Evidence suggests that there are certain barriers for certain groups in entering the labour market and benefiting equally from the various labour market services and opportunities. Non-discrimination can only be achieved if prejudices and stereotypes are recognised and eliminated in the workplaces.

Actions

Action 3.3.1: Respect, promote and realize equality of opportunity and treatment for women and men without any discrimination

Action 3.3.2: Combat discrimination, prejudice and hatred on the basis of race, colour, sex, religion, political opinion, social origin, disability, age or any other grounds

Action 3.3.3: Strengthen the national capacity of labour inspection systems and dispute resolution mechanisms to monitor and implement the legislations related to non-discrimination at work

Action 3.3.4: Facilitate equitable access of women and other potentially discriminated groups to remunerated jobs to foster economic empowerment and equality in the labour market

Action 3.3.5: Ensure non-discriminatory treatment and a safe working environment for migrant workers in all sectors

Action 3.3.6: Take all practicable measures to foster public understanding and acceptance of the principles of non-discrimination

STRATEGIC GOAL 3.4: Eliminate Child and Forced Labour

All workers have the right to enter into and leave employment voluntarily and freely, without the threat of a penalty, and taking into account the legal rights and responsibilities. A worker's vulnerability should not be used to offer employment conditions below the legal minimum, and employers should refrain from using any practices that restrict a worker's ability to terminate employment, for example withholding employee identity documents and passports; imposing financial penalties on workers; delaying or halting wage payments; or threatening workers with violence, as stressed in relevant ILO recommendations.

Moreover, workers cannot be forced to work in order to pay off an actually incurred or inherited debt. Disciplinary measures in the workplace should not include sanctions that result in an obligation to work. Workers should not be confined, imprisoned or in any way detained in the workplace or employer-operated residences, either during or outside working hours.

Migrant workers should be treated fairly, irrespective of their legal status, and benefit from conditions of work that are no less favourable than those available to domestic workers.

It is also unacceptable for businesses to employ children in conditions of child labour. Companies of all sizes need to ensure that they do not use child labour anywhere in their operations. However, in many countries, national legislation allows children between the ages of 13 and 15 (or 12 and 14) to do light work of up to about 14 hours per week. Children can often do some work while also attending school regularly. However, it is difficult to describe what is meant by “light work” and it is rarely given a legal definition. It is important to make sure that children do not work more than the legal maximum number of hours per week.

Actions

Action 3.4.1: Take all necessary measures to prevent, identify and eliminate child labour

Action 3.4.2: Take immediate and effective measures to prevent and eliminate worst forms of child labour as defined by ILO

Action 3.4.3: Promote educational opportunities for children and decrease the costs of schooling by lowering or removing school fees and other related expenses as a safeguard against children becoming victims of forced labour

Action 3.4.4: Provide social protection services to protect children and vulnerable groups

Action 3.4.5: Eliminate forced or compulsory labour, including trafficking in persons, by targeted efforts to identify and release victims of forced labour

Action 3.4.6: Address the root causes of workers’ vulnerability to forced or compulsory labour and conduct awareness-raising campaigns

Action 3.4.7: Take effective protective measures to meet the needs of all victims for both immediate assistance and long-term recovery and rehabilitation

Action 3.4.8: Implement skills training programmes for at-risk population groups to increase their employability and income-earning opportunities and capacity

Action 3.4.9: Promote freedom of association and collective bargaining to enable at-risk workers to join worker unions

Action 3.4.10: Improve compliance of national labour laws and regulation with ratified international labour standards

STRATEGIC GOAL 3.5: Reduce Informal Employment and Promote Decent Work

As highlighted in ILO Recommendation concerning the transition from the informal to the formal economy, the high incidence of the informal economy is a major challenge for the rights of workers, including the fundamental principles and rights at work, and for social protection,

decent working conditions, inclusive development and the rule of law. It has also a negative impact on the development of sustainable enterprises, public revenues and governments' scope of action, particularly with regard to economic, social and environmental policies, the soundness of institutions and fair competition in national and international markets.

Most people enter the informal economy not by choice but as a consequence of a lack of opportunities in the formal economy and in the absence of other means of livelihood. Moreover, decent work deficits, including the denial of rights at work, the absence of sufficient opportunities for quality employment, inadequate social protection and the absence of social dialogue, are most pronounced in the informal economy. The transition from the informal to the formal economy is essential to achieve inclusive development and to realize decent work for all.

Informality has multiple causes, including governance and structural issues, and that public policies can speed up the process of transition to the formal economy, in a context of social dialogue. Therefore, there is a need to take urgent and appropriate measures to enable the transition of workers from the informal to the formal economy, while ensuring the preservation and improvement of existing livelihoods during the transition.

Actions

Action 3.5.1: Conduct a national assessment and diagnostics of factors, characteristics, causes and circumstances of informality

Action 3.5.2: Design and implement laws and regulations, policies and other measures aiming to facilitate the transition to the formal economy based on the national assessment studies

Action 3.5.3: Provide incentives for effective transition to the formal economy, including improved access to finance, markets, technology, infrastructure, education and training programmes

Action 3.5.4: Take necessary measures to address the unsafe and unhealthy working conditions often associated with work in the informal economy

Action 3.5.5: Carry out business entry reforms to facilitate the formalization of micro and small economic units by reducing registration and compliance costs, and improving access to services and social security coverage

Action 3.5.6: Take measures to address tax evasion and avoidance of social contributions, labour laws and regulations that lead to higher informality

Action 3.5.7: Incorporate an integrated policy framework in national development strategies or plans to facilitate the transition to the formal economy

D. Promoting Labour Productivity

Workers in OIC countries on average produce lesser amount of goods and services compared to their counterparts in the rest of the world. This implies that OIC countries have a productivity problem. In a broader context, labour productivity can be enhanced by various macroeconomic policies, including policies to promote innovation, science and technology, investment and human capital. In the context of labour market, promoting labour productivity is more related to effective utilization of existing human capacities. Human capital stock plays an important role in determining the ability to absorb new knowledge and technologies, and thus increasing labour productivity. Productivity growth in turn is a key factor in promoting long-term economic growth.

Formal education is highly instrumental in improving the production capacity of a society. Better education improves the production processes in several ways. Educated, or skilled, workers are able to perform complex tasks and thereby contribute to producing more technologically sophisticated products. Especially in developing countries, skilled workers increase the absorptive capacity of the country by acquiring and implementing the foreign knowledge and technology, which is of crucial importance in successful economic diversification and development. Empirical literature documents the role of education in increasing the productivity and efficiency of labour force by increasing the cognitive stock of economically productive human capability is well acknowledged (see SESRIC, 2016).

It is important that the labour market efficiently allocates human capital to its most productive uses in order to enhance productivity and facilitate structural transformation. The level of labour market efficiency depends on the speed by which the labour market reallocates labour from low productive to new more productive sectors. It is also argued that by reducing the time workers spend in unemployed or sub-optimal jobs, an increase in labour market efficiency raises the value of workers' human capital investments and leads them to invest in more education. In a growing economy, firms will invest more in new technologies and labour force needs to quickly obtain new skills required to utilize these technologies.

Education, training and lifelong learning contribute significantly to promoting productivity as well as the interests of individuals, enterprises, the economy and society as a whole. Therefore, they should form an integral part of comprehensive economic, fiscal, social and labour market policies and programmes in achieving sustainable economic growth and employment creation and social development. Governments should accordingly invest and create the conditions to enhance education and training at all levels. However, many OIC countries need support in the design and implementation of appropriate education and training policies to attain human development, productivity and economic growth.

In this context, four strategic goals (SGs) are identified to promote productivity:

- **SG 4.1:** Effectively Utilize Existing Capacities
- **SG 4.2:** Promote On-the-Job Training Programmes and Life-long Learning
- **SG 4.3:** Invest in New Skills

- **SG 4.4:** Invest in Sustainable Physical and Digital Infrastructure

In order to observe the OIC level performance in promoting labour productivity, two key performance indicators are identified:

- **KPI 4.1:** Labour Productivity (GDP per worker, constant 2011 international US\$ in PPP)
- **KPI 4.2:** Share of High Skilled Labour Force

The current levels in these indicators and potential targets for 2025 are provided in Table 3.4 below:

Table 3.4: Key Performance Indicators and Targets for Promoting Labour Productivity

KPI Code	KPI Description	2016 Realization	2025 Target
KPI 4.1	Labour Productivity (USD)	26,500	35,000
KPI 4.2	Share of High Skilled Labour Force	15.4%	20%

STRATEGIC GOAL 4.1: Effectively Utilize Existing Capacities

Any investment to improve the existing capacities will take time until it produces desired outcomes. Investment in human capital requires particularly a long-term perspective to achieve the desired capacities in the labour market. Therefore, while still prioritizing the investment in human capital, it is important to effectively utilize existing skills and capacities in order to progress towards economic growth and prosperity. Moreover, jobs in the public sector are commonly argued to be lower quality and lower productivity jobs. Productivity of employees in the public sector should be promoted by increasing their motivation and by developing effective performance evaluation mechanisms.

Actions

Action 4.1.1: Facilitate the movement of the workforce from low to high productivity activities

Action 4.1.2: Provide better information on employment opportunities in dynamic regions for persons in low employment opportunity regions

Action 4.1.3: Implement special policies to promote productivity in public sector

Action 4.1.4: Encourage stronger competition through deregulation of markets in order to attain greater efficiency and productivity

Action 4.1.5: Develop mechanisms to retain skilled labour by providing decent work opportunities and to mitigate the adverse impact of the loss of skilled people through migration

Action 4.1.6: Develop modalities to effectively utilize migrant workers in the labour market

Action 4.1.7: Ensure effective functioning of labour market institutions in skills matching

STRATEGIC GOAL 4.2: Support Skills Development through Workplace and Life-long Learning

The need to develop one's skills and manage transitions between jobs increases in line with the economic transformation. Investment in skills should be supported by counselling and orientation activities on the future skills needs and requirements. Learning in the workplace is particularly important for cognitive jobs that involve decision-making, problem solving, peer learning and applying new knowledge. On the other hand, routine work patterns not only inhibit learning but, in the long run, have a deskilling effect.

For an employee to remain employable and productive s/he needs to regularly update her/his skills to become more proficient in a particular field. The more highly qualified people are, the more likely they are to participate in learning activities. However, people also tend to do less lifelong learning as they grow older, irrespective of their qualification levels. When their skills remain obsolete, older workers reduce their chance to remain employable. It is therefore essential to encourage life-long learning to help workers to remain employable and productive at all ages and for industries to respond to new market trends.

Similarly, for an enterprise to grow and become competitive it should offer a working environment that involves opportunities to learn on-the-job and apply new knowledge, skills and competence. Enterprises may lack the expertise to transform their work organisation into one that stimulates learning, and may require external support. In such cases, governments can support enterprises through national and sectoral skills development strategies to stimulate workplace learning.

Actions

Action 4.2.1: Support firms in developing and implementing on-the-job training and skills development programmes

Action 4.2.2: Ensure good quality data on the respective employment possibilities and related gains associated with different qualification levels

Action 4.2.3: Strengthen the capacity of the social partners to contribute to dynamic lifelong learning policies

Action 4.2.4: Adjust the fundamentals of initial education to current and future skills needs

Action 4.2.5: Raise the awareness among employers as well as employees on the need for training and skills development

Action 4.2.6: Guide individuals in their choice of training and career and promote recognition and portability of skills, competencies and qualifications nationally and internationally

Action 4.2.7: Improve the quality and affordability of vocational education and training in emerging sectors

Action 4.2.8: Facilitate lifelong learning by develop a national qualifications framework, which is responsive to changing technology and trends in the labour market

STRATEGIC GOAL 4.3: Invest in New Skills

Future jobs will require higher levels of education, and a different mix of skills and qualifications. New skills are required not only to enhance the employability of labour force, but also to raise the productivity and competitiveness of enterprises and achieve higher growth rates. In this context, the training need of innovation competent labour force should be well prioritized to promote innovation-driven development. Moreover, investment in technical, vocational education and training programmes in new emerging sectors should be scaled up and enterprises should be encouraged in utilizing and investing in new technologies. Since majority of jobs are created by SMEs, it is important to facilitate the development of skills strategies and the process of skills upgrading within such enterprises.

It is also important to monitor demographic trends and global economic changes. Technological improvements may increase productivity and lead to emergence of new industries. This may require new skills for new jobs, but also cause job losses in declining sectors. Integrating to the world economy through international trade offers potential for joining into the global value chain, but may also result in significant challenges for domestic industries. In both cases capability enhancement is required to remain competitive.

Actions

Action 4.3.1: Ensure that the labour markets efficiently reallocate labour from low productive to new more productive sectors

Action 4.3.2: Generate incentives to invest in new skills by various reward mechanisms

Action 4.3.3: Encourage business start-ups and research and innovation to increase the demand for new skills that would support productivity and growth in the long run

Action 4.3.4: Develop innovative apprenticeship and training programmes to facilitate the spread of new skills that are proven to be productive in national context

Action 4.3.5: Facilitate inward migration of skilled labour to improve the quality of the labour force and transfer new skills

Action 4.3.6: Provide timely information to all workers and trainers about declining and emerging industries to ensure early acquisition of new skills

STRATEGIC GOAL 4.4: Invest in Sustainable Physical and Digital Infrastructure

There is little value for an enterprise in having a better skilled workforce or for employees in having developed their skills, if no use is made of those skills. In order to utilize the existing and new skills, there is a need for an enabling working environment that is well-endowed with the necessary tools and basic infrastructure. If physical capacities are not suitable for effective utilization of human capital, it will not be possible to attain a competitive economy and sustainable growth. Such an infrastructure provides businesses with access to local, national and global markets, enable growth, innovation, and creates good quality employment opportunities.

Actions

Action 4.4.1: Encourage the use of new information and communication technology in learning and training

Action 4.4.2: Identify the needs for physical and digital infrastructure in boosting the capacities of the workforce and develop mechanisms to meet these needs

Action 4.4.3: Ensure that education and pre-employment training programmes support the skills development in use of new technology and instruments

Action 4.4.4: Increase investment on infrastructure to speed movement of people and goods increase productivity and competitiveness

Action 4.4.5: Improve the quality, accessibility and sustainability of infrastructure services for enterprises

E. Reducing Unemployment

Unemployment remained one of the most challenging issues across the globe and OIC countries continue to have a higher average unemployment rates compared to the world. In particular, unemployment rates for female labour force are higher than the rates for male. The figures on youth unemployment rates in OIC countries are also not quite promising, as young people (aged 15 to 24 years) continue to extensively suffer from lack of decent job opportunities. Due to relatively high youth population and high youth unemployment rates in OIC countries, unemployed young people continue to stay an important challenge in OIC countries that requires urgent policy intervention.

In this regards, productive capacity of OIC countries needs to be activated by taking into account the long-standing structural obstacles that are keeping many youth, women, people with disabilities and low-skilled workers unemployed. More critically, there is a need for policies to utilize the productive potential of their important asset –youth– in order to achieve higher growth and lower poverty rates.

International statistics and SESRIC labour market survey reveal that unemployment is among the top challenges of OIC countries and an important factor that limits the economic growth to stay under its potential. Therefore, there is a need to identify the country-specific challenges that foster structural unemployment in their respective countries and make use of a wide range

of labour market policies including both passive and active. Education, health and social security policies are also need to be aligned with the employment policies to create more jobs and reduce unemployment especially among vulnerable and disadvantage people.

In this context, three strategic goals (SGs) are identified to reduce unemployment:

- **SG 5.1:** Expand active labour market policies for reducing unemployment
- **SG 5.2:** Implement policies to enhance job creation
- **SG 5.3:** Design special programmes to reduce youth and female unemployment

In order to observe the OIC level performance in reducing unemployment, two key performance indicators are identified:

- **KPI 5.1:** Unemployment rate (total)
- **KPI 5.2:** Youth unemployment rate

The current levels and potential targets for 2025 are provided in Table 3.5 below:

Table 3.5: Key Performance Indicators and Targets for Reducing Unemployment

KPI Code	KPI Description	2016 Realization	2025 Target
KPI 5.1	Unemployment rate (total)	7.4%	6.0%
KPI 5.2	Youth unemployment rate	16.0%	12.0%

STRATEGIC GOAL 5.1: Expand Active Labour Market Policies for Reducing Unemployment

Active Labour Market Policies (ALMPs) are highly instrumental in increasing employment, improving equity, enhancing employment mobility and job quality, and reducing poverty. They can be used to target specific groups to tackle the particular problems of these groups, including youth, women, disabled, long-term unemployed and migrants. They help to create new jobs in the medium and long term only in combination with other public policies, such as macroeconomic, industrial and educational policies.

Different types of ALMPs reveal different cost structure and impact on labour markets including unemployment. As the most classical tool of ALMPs, training is the programme type that is most frequently implemented worldwide, which aims at improving the chances of those persons having problems at the labour market due to lack of adequate skills. Private sector incentive programmes aim to encourage employers to hire new workers or to maintain fragile jobs such as through wage subsidies. Self-employment assistance is another form of subsidized private sector employment, which provides grants or loans and sometimes also advisory support to unemployed individuals who start their own business. Job search assistance programmes aims to encourage jobseekers in their efforts to find a job, raise the efficiency of the overall search process and the quality of the resulting job matches. Direct employment

programmes in the public sector focus on the direct creation and provision of public works or other activities that produce public goods or services.

These programmes typically target the most disadvantaged groups with a view to keeping them attached to the labour market and prevent loss of human capital during a period of unemployment. As ALMPs offer a wide scope of solutions for unemployment, OIC countries need to make a careful cost and benefit analysis of each policy-option by taking local labour market conditions into account.

Actions

Action 5.1.1: Conduct regular training and capacity building programmes according to the needs of the labour market to upgrade the skills base of the labour force

Action 5.1.2: Implement various types of private sector incentive programmes, especially if there is strong private sector with high employment prospects

Action 5.1.3: Devise and implement both online and offline job search assistance programmes with a view to improving match between employer and employee, and reducing time and cost for job search

Action 5.1.4: Design effective direct employment programmes in the public sector in the light of analytical studies that assess the potential impact of such programmes on the unemployment rates of specific groups such as disabled people or youth

Action 5.1.5: Regularly assess the effectiveness of various ALMPs and evaluate the relative costs of introducing alternative ALMPs by considering the potential benefits

Action 5.1.6: Review ALMPs implemented in advanced countries to identify the factors leading to success or failure of these policies in reducing unemployment

STRATEGIC GOAL 5.2: Implement Policies to Enhance Job Creation

Building up a labour market that fosters job creation both in private and public sectors is key for sustaining high employment rates in the long-run. Well-designed policies would create new jobs in existing as well as new sectors through stimulating business environment. In this regard, policies to improve overall business and investment climate in OIC countries would play a key role to address the structural unemployment problem through creating new business opportunities and fostering new investments. Improving business and investment climate in OIC countries cannot be achieved only through labour market interventions. Other policy measures such as trade facilitation, infrastructure development and human capital development are also required to improve the business and investment environment that can foster creation of new jobs especially in the private sector.

In many developing countries including several OIC countries, the public sector stays as the number one employer due to underdeveloped private sector and weak entrepreneurship.

However, policies aiming at creating jobs in the public sector are usually associated with a risk of inefficiency. Therefore, OIC countries should not create new positions in the public sector only for the sake of reducing overall unemployment rate, which could lead to a huge public financial burden, inefficiency in public services and underemployment. The focus should be on allocating existing human capital in the most effective way within the public sector and to upscale employment based on necessities.

Actions

Action 5.2.1: Carry out studies to monitor and assess trends and opportunities in job creation in different economic sectors

Action 5.2.2: Establish a database to collect and collate data on job creation and make evidence-based projections on the number of jobs to be created to stabilize and reduce unemployment rates in future

Action 5.2.3: Assess the overall business and investment climate with a view to identifying current challenges and bottlenecks for job creation

Action 5.2.4: Make necessary reforms to eliminate unnecessary steps and high-level of bureaucracy in doing business that can limit the pace of job creation

Action 5.2.5: Invest into physical infrastructure to improve competitiveness and foster new investments with a view to enhancing job creation

Action 5.2.6: Consider hiring additional public officials to optimise and improve delivery of public services especially in critical sectors such as health and education, if necessary

Action 5.2.7: Consider introducing employment quota schemes in private and public sectors with a view to improving employment prospects of targeted groups

STRATEGIC GOAL 5.3: Design Special Programmes to Reduce Youth and Female Unemployment

All across the globe, the youth unemployment rates tend to remain higher when compared with the adult unemployment rates. OIC countries also suffer from high youth unemployment rates. Given the relatively high share of youth in total population in most of the OIC countries, it emerges as an important risk factor for socio-economic development and social peace. Unemployed youth may be relatively more open to influence of radical views and organisations, and may become addicted to drugs, tobacco, alcohol and technology, if they continue stay unemployed for a long time.

Current and prospective challenges of youth unemployment in OIC countries require comprehensive action by involvement of all key stakeholders, including governments, private sector, education institutions and civil society organizations. The causes of unemployment vary across countries depending on the prevailing socio-economic and political conditions of each country, but most critical are insufficient job creation and skill mismatch. The available

jobs do not increase proportionately with the increase in population and participation into labour force. The challenge facing many unemployed workers is the lack of skills for the jobs that are likely to be created as the economy grows. The mismatch between the supply of skills and competencies by the young labour force and demand by employers causes structural unemployment.

Similarly, the figures indicate that the female unemployment rate in OIC countries, on average, is significantly higher than the rate seen among male population. Female population face relatively higher barriers in accessing education institutions due to socio-economic conditions, culture, traditions and norms. Moreover, in some OIC countries, social rights for working women are relatively limited when compared with developed countries. Nevertheless, there is a significant progress over time in terms of rights such as pregnancy leave, paid birth leave, and child-care support. Widespread discrimination at work also discourages female workers. In this regard, it is important to design comprehensive policies from education to discrimination in order to reduce female unemployment rates.

Actions

Action 5.3.1: Implement policies and provide incentives to facilitate the transition from school to work especially for youth

Action 5.3.2: Design apprenticeship programmes, and extend job search and carrier counselling services to youth

Action 5.3.3: Promote entrepreneurship among youth and women, and utilize both conventional (e.g. loans, credits) and non-conventional funding mechanisms (e.g. microfinance, and Islamic finance) to support entrepreneurship

Action 5.3.4: Improve skills of youth and women through education and vocational education and training

Action 5.3.5: Design policies to reintegrate youth and women into education institutions especially if they did not complete basic education

Action 5.3.6: Encourage the coordination mechanisms among key stakeholders in reducing unemployment among youth and women

Action 5.3.7: Encourage employers to hire more youth and women through organising awareness-raising programmes as well as providing some forms of incentives

Action 5.3.8: Monitor trends in indicators on youth and women unemployment carefully to prepare better policy-response when there are early signs of negative labour market shocks

Action 5.3.9: Cooperate with civil society organisations that are specialized on youth and women skills upgrading and employment issues

Action 5.3.10: Review social security measures with a view to providing rights of women at international standards such as on pregnancy leave and childcare support

Action 5.3.11: Review existing rules and regulations in labour markets from a gender-equality perspective and devise effective policies to fight with gender-based discrimination at work

Action 5.3.12: Provide training to employers to reduce gender-based discrimination at work

IV. IMPLEMENTATION PLAN

This strategy document proposes 21 strategic goals with 162 actions under five different thematic areas. There are 2 key performance indicators (KPIs) in each thematic area, with a total of 10 KPIs. Effective implementation of the actions will facilitate the achievement of the targets in 10 KPIs by 2025. The strategy does not set any national target; all targets are at OIC level. Intrinsicly, the strategy aims to achieve the targets at OIC level by encouraging the implementation of certain actions at national level and promoting partnership to facilitate the easy implementation of these actions by all countries. Therefore, the strategy requires enhancing collaboration and partnership to improve the collective capacities in addressing the common issues and challenges.

Probably all OIC countries have their own labour market programmes or strategies to address their own challenges. National governments usually have better knowledge about the sources of the challenges, their limitations and required actions to tackle the challenges given their existing resources. In this context, this strategy does not aim to impose them new actions to improve their own labour market conditions, but to facilitate partnership among the member states of the OIC to achieve national goals. It thereby promotes a collective action to resolve their common problems and enhance collaboration in specific policy areas.

Implementation Modality

As also highlighted in Section 1, this strategy is all about partnership. The spirit of this document is to identify which countries are doing well in very specific labour market policies and which others need support from external partners, and then to promote partnership and knowledge sharing among the countries in these specific policy areas.

Based on the above understanding, the following modality is proposed for the implementation of the strategy. Implementation of actions will be at national level. Some countries may be already effectively implementing some actions, but some others may be facing challenges to implement them. In this regards, SESRIC will conduct an online survey each year to collect information about the actions that are completed, partially completed or not initiated yet. Additionally, SESRIC will ask member states whether they are ready to transfer their knowledge and experience in actions that they completed. SESRIC will also ask to the member

states that do not initiated or partially completed a specific action whether they are willing to benefit from the knowledge and experience of other OIC member states in initiating or completing that action.

More specifically, for each action, SESRIC will try to learn the followings from the member states on the status of each action: Whether they

- **Completed**, and ready to share the knowledge and experience
- **Completed**, but need to accumulate more knowledge before sharing the experience
- **Initiated but not completed**, and do not require knowledge sharing to complete
- **Initiated but not completed**, and knowledge sharing would be helpful to complete
- **Not initiated yet**, but do not require knowledge sharing to initiate and complete
- **Not initiated yet**, but knowledge sharing would be helpful to initiate and complete

This process will help to produce two outcomes. First, it will be possible to see the progress over time that how many countries are achieving to implement the actions and to what extent they contribute to the achievement of the targets in 10 KPIs. Second, it will be possible to identify the countries that are good in implementing certain actions and ready to transfer their knowledge and experience as well as the countries that consider external knowledge and experience from other OIC countries would facilitate the initiation and completion of actions.

After identifying the countries that consider sharing knowledge and experience would be valuable for their national policy implementation process, relevant OIC institutions, including SESRIC, will facilitate the organization of training and knowledge sharing activities, programmes and workshops for the relevant countries. This process will serve the purpose of the strategy in enhancing cooperation among the member states of the OIC to address the common labour market challenges. This will also help to benefit from the great diversity observed in the OIC region in terms of labour market knowledge and experiences.

Reporting

Based on the outcomes of the annual surveys, SESRIC will produce a progress report on the implementation process of the strategy document. SESRIC will immediately circulate the electronic version of the report to all focal points whenever it is finalized. It will also submit these reports to the ministerial meetings or steering committee meetings taking place in that year.

The progress report will show the completion rate of actions under each thematic area at OIC level, top performing OIC countries in terms of completing the actions and sharing the knowledge, and a list of potential knowledge sharing activities in that year, among others. The report will also include a section on best practices in certain actions; if any member state wishes to share its knowledge and experience, they can provide their success story with SESRIC in written form to be published in the annual progress report.

Responsibilities

SESRIC can be the main technical body to monitor, evaluate and report the progress. In addition to that, it can play a facilitative role in transfer of knowledge and experience among the member states through various activities.

Islamic Development Bank can play a leading role in implementing programmes related to knowledge and experience sharing, as part of their reverse linkage programme. It can also provide financial support for the knowledge sharing programmes facilitated by other OIC institutions.

Once it becomes operation, *OIC Labour Centre* can assume some of the responsibilities undertaken by *SESRIC* in facilitating the implementation of the strategy.

OIC General Secretariat can oversee the whole process and make necessary interventions, whenever required.

Member states are expected to facilitate the monitoring and implementation mechanism by appointing national focal points to enable communication and provide timely response and feedback to surveys and other requests. They may also consider organizing voluntary training programmes by significantly contributing to the budget of these programmes.

What's Next

In order to be able to conduct online survey regularly, there is a need for focal points from each country. Communications regarding the training and other knowledge sharing programmes will be carried out through the same focal points.

The first step will be an initial survey on the existing situation of the member states in implementing the actions. This should be done within three months after the approval of the strategy document. Therefore, the member states would be requested to share their focal points within two months after the approval of the strategy document.



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ANNEX 1: LIST OF KEY PERFORMANCE INDICATORS AND TARGETS

The current levels and potential targets for 2025 are provided below for each thematic area.

KPI Code	KPI Description	2016 Realization	2025 Target
A. Encouraging Participation to Labour Market			
KPI 1.1	Labour force participation rate (all population)	58.7%	63%
KPI 1.2	Gender gap in labour force participation rate	38%	30%
B. Enhancing Employability			
KPI 2.1	Employment to Population Ratio	54.3%	57%
KPI 2.2*	Share of Public Expenditure on ALMPs	??%	??%
C. Protecting the Workers' Safety and Well-being			
KPI 3.1*	Public social protection expenditure as percentage of GDP	??%	??%
KPI 3.2	Working Poverty Rate	41.7%	15%
D. Promoting Labour Productivity			
KPI 4.1	Labour Productivity (USD)	26,500	35,000
KPI 4.2	Share of High Skilled Labour Force	15.4%	20%
E. Reducing Unemployment			
KPI 5.1	Unemployment rate (total)	7.4%	6.0%
KPI 5.2	Youth unemployment rate	16.0%	12.0%

* Data needs to be provided by the Member States.

ANNEX 2: LIST OF STRATEGIC GOALS AND ACTIONS

A. Encouraging Participation to Labour Market	
Strategic Goals	Actions
SG 1.1: Improve labour market prospects and outcomes	<i>Action 1.1.1:</i> Pay particular attention to solving the problem of structural unemployment by designing well-structured job market reforms
	<i>Action 1.1.2:</i> Make the necessary investments to improve the effectiveness of labour market such as through introducing IT based job search tools at the national level
	<i>Action 1.1.3:</i> Review the efficiency of public sector jobs through developing standards and job descriptions with a view to improving prospects and outcomes in labour market
	<i>Action 1.1.4:</i> Invest into education and training to upgrade the skills level of people and improve their labour market prospects
	<i>Action 1.1.5:</i> Improve social security systems to encourage participation of unskilled labour force to job market
	<i>Action 1.1.6:</i> Share and transfer the experiences from OIC countries regarding initiatives on reducing inactivity in the labour market
SG 1.2: Promote skills development according to labour market needs	<i>Action 1.2.1:</i> Conduct diagnostic studies to assess the profile of the inactive labour force and understand the needs for skills development according to the labour market needs
	<i>Action 1.2.2:</i> Review education programs with a view to improving their quality and equipping students with skills that will be highly demanded in labour markets
	<i>Action 1.2.3:</i> Upscale investments into the technical and vocational education and training system (TVET) for inactive populations
	<i>Action 1.2.4:</i> Make reforms in the labour market with a view to facilitating transfer of basic skills across different occupations
	<i>Action 1.2.5:</i> Encourage employers to be more inclusive by hiring people with diverse education backgrounds as long as they have basic skills to carry out their duties
	<i>Action 1.2.6:</i> Improve dialogue with the private sector representatives to provide on-the job training with a view to facilitating transfer of knowledge, particularly for long-term unemployed
	<i>Action 1.2.7:</i> Ensure a good coordination among different institutions such as Ministries of Education, Development, Labour, and Planning in order to minimize inefficiencies, reduce duplication of efforts and eliminate differences among projections on labour market trends
SG 1.3: Implement inclusive policies to enhance participation of female, young and elderly population	<i>Action 1.3.1:</i> Identify the challenges faced by female, young and elderly population that discourage them to be active in labour market
	<i>Action 1.3.2:</i> Draw a roadmap to address the challenges faced by female, young and elderly population
	<i>Action 1.3.3:</i> Identify among existing statistical indicators and develop new ones in order to measure and review the progress in coping with factors that discourage female, young and elderly population to be active in labour market
	<i>Action 1.3.4:</i> Ease transition from school to work for youth through promoting internship and on the job training programmes

	<p><i>Action 1.3.5:</i> Consider providing financial and non-financial incentives for female, young and elderly population to support them into labour market</p> <p><i>Action 1.3.6:</i> Make required legislative changes to encourage older or retired people to be active in the labour market such as through flexible work arrangements including consultative, temporary or part-time positions</p> <p><i>Action 1.3.7:</i> Empower women’s participation into economic activities through promoting their education with a view to equipping them with necessary skills</p> <p><i>Action 1.3.8:</i> Cope with gender-biased labour market arrangements to create a more favourable labour market especially for women</p> <p><i>Action 1.3.9:</i> Improve the employability of the senior people by adjusting workplace environments to the physical and mental capacities of older people, providing targeted training and education, and adapting social security systems to provide incentives for working at senior ages</p>
<p>SG 1.4: Devise policies to narrow down the gap between participation to labour market in urban and rural areas</p>	<p><i>Action 1.4.1:</i> Design and implement targeted education programmes to improve skills of youth, women and adult living in rural areas</p> <p><i>Action 1.4.2:</i> Implement policies to support youth living in rural areas, which are neither in education nor in training, to be active in the labour market through special incentives such as scholarship programmes and financial awards</p> <p><i>Action 1.4.3:</i> Organise awareness-raising and promotion programmes for parents living in rural areas about the importance of education of young girls and boys</p> <p><i>Action 1.4.4:</i> Ensure better functioning of public employment services in rural areas and ease their accessibility such as through mobile offices that can reach remote areas</p> <p><i>Action 1.4.5:</i> Develop key performance indicators to better monitor inactivity rates in rural areas by taking local conditions such as high unofficial employment rate in the agriculture sector into consideration</p>
<p>SG 1.5: Design programmes and policies to activate the potentials of vulnerable groups including disabled, ex-offender, and displaced people in labour market</p>	<p><i>Action 1.5.1:</i> Design special training programmes and encourage people in vulnerable groups to improve their skills and qualifications</p> <p><i>Action 1.5.2:</i> Organise special education and training programmes for disabled, ex-offender and displaced people to equip them with new skills in suitable areas</p> <p><i>Action 1.5.3:</i> Revise and update the legislations to better fight with discrimination at work based on background of people</p> <p><i>Action 1.5.4:</i> Enhance coordination among the key stakeholders (e.g. Ministry of Education, Ministry of Labour, and Ministry of Health) to improve employment prospects for people in vulnerable groups</p> <p><i>Action 1.5.5:</i> Raise awareness among employers about the potentials of disabled, ex-offender and displaced people at work</p> <p><i>Action 1.5.6:</i> Review best-practices and policies implemented in OIC countries in encouraging disabled, ex-offender and displaced people to be active in the labour market</p> <p><i>Action 1.5.7:</i> Consider implementing community-based rehabilitation programmes to better understand people with special needs and assist them in their inclusion and integration into labour market</p>



	<i>Action 1.5.8:</i> Introduce special quotas for job-seekers with some disadvantages to increase their employability and therefore encourage them to be active
B. Enhancing Employability	
Strategic Goals	Actions
SG 2.1: Significantly improve the skills base of the labour force to enhance employability	<i>Action 2.1.1:</i> Increase educational attainment, encourage work-based learning systems and upgrade professional training
	<i>Action 2.1.2:</i> Improve the effectiveness and efficiency of all education and training systems in raising the skills and competences of the workforce
	<i>Action 2.1.3:</i> Address weaknesses in education and training systems to improve learning outcomes and to reduce the number of young people leaving school early
	<i>Action 2.1.4:</i> Enable workforce to better anticipate and meet the rapidly changing needs of dynamic labour markets in the context of technological and demographic change
	<i>Action 2.1.5:</i> Provide second-chance opportunities for those who dropped out of school or never attended by offering a flexible and dynamic programme of integrated general education, vocational training and work experience.
	<i>Action 2.1.6:</i> Develop modalities for recognising and validating skills and competences acquired outside formal education
	<i>Action 2.1.7:</i> Ensure that individual and groups from diverse background and social status have equal access to training and skills development opportunities
	<i>Action 2.1.8:</i> Share and transfer the experiences regarding improving skills base of the labour force among OIC countries
SG 2.2: Reduce the skills mismatch	<i>Action 2.2.1:</i> Assess and anticipate rapidly the changing skill needs for different occupations and sectors and regularly update skills development programmes
	<i>Action 2.2.2:</i> Provide timely information to all stakeholders about declining and emerging industries and give them chance to make early decision on their priorities
	<i>Action 2.2.3:</i> Align the education systems to the needs of the labour market by making the educational system more demand driven
	<i>Action 2.2.4:</i> Improve the technical and vocational education and training system (TVET) and ensure that it caters to the needs of youth and employers
	<i>Action 2.2.5:</i> Develop indicators to measure levels of core employability skills and invest in developing these skills
	<i>Action 2.2.6:</i> Ensure good quality data on the respective employment possibilities and related gains associated with different qualification levels
	<i>Action 2.2.7:</i> Develop a Skill Recognition System (SRS) to identify and verify prior skills and experiences gained at work, which could facilitate

	<p>the shift to new jobs easy and comfortable and enable the move from informal to formal economy</p> <p><i>Action 2.2.8:</i> Invest in second-chance education programmes for youth who have dropped out of the educational system at an early stage to ensure that they have the basic literacy and numeracy skills</p> <p><i>Action 2.2.9:</i> Involve employers in identifying the required skills and knowledge to bridge the gap between education system and the labour market</p> <p><i>Action 2.2.10:</i> Monitor trainees' success on the labour market and share the information with education and training institutions,</p>
<p>SG 2.3: Implement special policies to enhance employability of vulnerable groups</p>	<p><i>Action 2.3.1:</i> Develop mechanisms to monitor and assess the challenges faced by vulnerable groups in obtaining necessary skills and qualifications needed for their employment</p> <p><i>Action 2.3.2:</i> Improve data and monitoring capacities to regularly monitor the education and employment status of vulnerable groups</p> <p><i>Action 2.3.3:</i> Improve employment prospects for persons with disabilities by reviewing national education and employment policies</p> <p><i>Action 2.3.4:</i> Ensure a successful cooperation between national employment centres and health institutions to improve employability of persons with disabilities.</p> <p><i>Action 2.3.5:</i> Raise awareness in the society and among employers to overcome some challenges such as social norms, misbeliefs etc. that hinders employment of persons with disabilities, displaced people, ex-offenders and other vulnerable groups</p> <p><i>Action 2.3.6:</i> Promote community-based rehabilitation programmes to better understand people with special needs and assist them in their inclusion and integration into work life</p> <p><i>Action 2.3.7:</i> Assess the needs of offenders for vocational training and provide necessary training and guidance for their economic reintegration before their release</p> <p><i>Action 2.3.8:</i> Establish a database on skills base of displaced persons in order to facilitate the matching employees with employers and institutions that provide training</p> <p><i>Action 2.3.9:</i> Deliver training and counselling for displaced people to facilitate their adaptation and economic reintegration into new environment</p> <p><i>Action 2.3.10:</i> Provide special employment opportunities for refugees in order to avoid deformation of their skills and alleviate their economic deprivation.</p>
<p>SG 2.4: Improve the functioning of labour markets and institutions</p>	<p><i>Action 2.4.1:</i> Ensure better functioning of labour markets in improving the outcomes of active labour market policies</p> <p><i>Action 2.4.2:</i> Improve the effectiveness of labour markets in reducing labour market segmentation and in promoting labour mobility</p> <p><i>Action 2.4.3:</i> Ensure that the labour market institutions are capable of creating, adapting and developing new assessment methods and tools to reflect the core work skills and competences of jobseekers</p>



	<i>Action 2.4.4:</i> Improve the effectiveness of public employment services in providing tailored services to support jobseekers, supporting labour-market demand, implementing performance measurement systems and facilitating the recognition of skills gained outside formal education and training system
	<i>Action 2.4.5:</i> Promote institutional reform in public training organisations
	<i>Action 2.4.6:</i> Encourage the coordination mechanisms among key stakeholders in enhancing local skill solutions
	<i>Action 2.4.7:</i> Ensure that labour market institutions develop and maintain a database and disseminate timely information on jobs, skills, learning and training opportunities
	<i>Action 2.4.8:</i> Raise awareness about public employment services and improve the accessibility to these services for all

C. Protecting the Workers' Safety and Well-being

Strategic Goals	Actions
SG 3.1: Ensure Safe and Healthy Workplace	<i>Action 3.1.1:</i> Conduct comprehensive assessments on existing needs, capacities and opportunities in the area of OSH
	<i>Action 3.1.2:</i> Develop better legislation infrastructure and inspection mechanisms at workplaces to reduce the incidence of work-related deaths, injuries and diseases and promote a culture of prevention in OSH
	<i>Action 3.1.3:</i> Develop OSH indicators and innovative tools to improve the collection of reliable OSH data as well as to identify and minimize occupational accidents
	<i>Action 3.1.4:</i> Mainstream OSH into vocational education and training programmes
	<i>Action 3.1.5:</i> Establish clear procedures for OSH Management at work based on OIC OSH Guidelines, existing national and international standards
	<i>Action 3.1.6:</i> Improve capacities to eliminate or reduce safety and health hazards at their source and protect workers from unacceptable forms of work
	<i>Action 3.1.7:</i> Support businesses to provide a comfortable working environment that is conducive to physical and mental health
	<i>Action 3.1.8:</i> Support the activities of OIC Network for Occupational Safety and Health (OIC-OSHNET) in promoting both institutional and human resource capabilities of the OIC member states as well as in establishing closer cooperation for sharing knowledge, experience and new technologies, conducting joint research and training, exchanging of good practices and organizing new initiatives, projects and programmes in the field of OSH

	<p><i>Action 3.1.9:</i> Promote OIC Occupational Safety and Health Standards Guideline with the intention of enforcement of International OSH Regulations and Standards</p> <p><i>Action 3.1.10:</i> Consider establishing an OIC-OSH Centre, an affiliated structure to OIC with a budget allocated, to promote more active and smoother cooperation on OSH</p>
SG 3.2: Widen Social Protection Measures for All	<p><i>Action 3.2.1:</i> Expand the outreach and efficiency of active and passive labour policies to prevent the deprivation of people in times of unemployment, including unemployment benefit schemes</p> <p><i>Action 3.2.2:</i> Develop or enhance comprehensive social security schemes and other social protection mechanisms</p> <p><i>Action 3.2.3:</i> Pay special attention to the social protection of vulnerable groups, including children, young persons, persons belonging to minorities, persons with disabilities, internally displaced persons, migrants and other persons forcibly displaced across borders</p> <p><i>Action 3.2.4:</i> Enhance job security and protect workers from unfair dismissal</p> <p><i>Action 3.2.5:</i> Ensure work-life balance by optimizing working-time arrangements to allow workers to fulfil their family responsibilities</p> <p><i>Action 3.2.6:</i> Respect for collective bargaining and freedom of association for all workers</p> <p><i>Action 3.2.7:</i> Ensure maternity protection in line with international standards to preserve the health of the mother and child and to provide a job security</p>
SG 3.3: Prevent Discrimination in the Labour Market and Workplace	<p><i>Action 3.3.1:</i> Respect, promote and realize equality of opportunity and treatment for women and men without any discrimination</p> <p><i>Action 3.3.2:</i> Combat discrimination, prejudice and hatred on the basis of race, colour, sex, religion, political opinion, social origin, disability, age or any other grounds</p> <p><i>Action 3.3.3:</i> Strengthen the national capacity of labour inspection systems and dispute resolution mechanisms to monitor and implement the legislations related to non-discrimination at work</p> <p><i>Action 3.3.4:</i> Facilitate equitable access of women and other potentially discriminated groups to remunerated jobs to foster economic empowerment and equality in the labour market</p> <p><i>Action 3.3.5:</i> Ensure non-discriminatory treatment and a safe working environment for migrant workers in all sectors</p> <p><i>Action 3.3.6:</i> Take all practicable measures to foster public understanding and acceptance of the principles of non-discrimination</p>
SG 3.4: Eliminate Child and Forced Labour	<p><i>Action 3.4.1:</i> Take all necessary measures to prevent, identify and eliminate child labour</p> <p><i>Action 3.4.2:</i> Take immediate and effective measures to prevent and eliminate worst forms of child labour as defined by ILO</p> <p><i>Action 3.4.3:</i> Promote educational opportunities for children and decrease the costs of schooling by lowering or removing school fees and other related expenses as a safeguard against children becoming victims of forced labour</p>

	<p><i>Action 3.4.4:</i> Provide social protection services to protect children and vulnerable groups</p>
	<p><i>Action 3.4.5:</i> Eliminate forced or compulsory labour, including trafficking in persons, by targeted efforts to identify and release victims of forced labour</p>
	<p><i>Action 3.4.6:</i> Address the root causes of workers' vulnerability to forced or compulsory labour and conduct awareness-raising campaigns</p>
	<p><i>Action 3.4.7:</i> Take effective protective measures to meet the needs of all victims for both immediate assistance and long-term recovery and rehabilitation</p>
	<p><i>Action 3.4.8:</i> Implement skills training programmes for at-risk population groups to increase their employability and income-earning opportunities and capacity</p>
	<p><i>Action 3.4.9:</i> Promote freedom of association and collective bargaining to enable at-risk workers to join worker unions</p>
	<p><i>Action 3.4.10:</i> Improve compliance of national labour laws and regulation with ratified international labour standards</p>
<p>SG 3.5: Reduce Informal Employment and Promote Decent Work</p>	<p><i>Action 3.5.1:</i> Conduct a national assessment and diagnostics of factors, characteristics, causes and circumstances of informality</p>
	<p><i>Action 3.5.2:</i> Design and implement laws and regulations, policies and other measures aiming to facilitate the transition to the formal economy based on the national assessment studies</p>
	<p><i>Action 3.5.3:</i> Provide incentives for effective transition to the formal economy, including improved access to finance, markets, technology, infrastructure, education and training programmes</p>
	<p><i>Action 3.5.4:</i> Take necessary measures to address the unsafe and unhealthy working conditions often associated with work in the informal economy</p>
	<p><i>Action 3.5.5:</i> Carry out business entry reforms to facilitate the formalization of micro and small economic units by reducing registration and compliance costs, and improving access to services and social security coverage</p>
	<p><i>Action 3.5.6:</i> Take measures to address tax evasion and avoidance of social contributions, labour laws and regulations that lead to higher informality</p>
	<p><i>Action 3.5.7:</i> Incorporate an integrated policy framework in national development strategies or plans to facilitate the transition to the formal economy</p>

D. Promoting Labour Productivity	
Strategic Goals	Actions
SG 4.1: Effectively Utilize Existing Capacities	<i>Action 4.1.1:</i> Facilitate the movement of the workforce from low to high productivity activities
	<i>Action 4.1.2:</i> Provide better information on employment opportunities in dynamic regions for persons in low employment opportunity regions
	<i>Action 4.1.3:</i> Implement special policies to promote productivity in public sector
	<i>Action 4.1.4:</i> Encourage stronger competition through deregulation of markets in order to attain greater efficiency and productivity
	<i>Action 4.1.5:</i> Develop mechanisms to retain skilled labour by providing decent work opportunities and to mitigate the adverse impact of the loss of skilled people through migration
	<i>Action 4.1.6:</i> Develop modalities to effectively utilize migrant workers in the labour market
	<i>Action 4.1.7:</i> Ensure effective functioning of labour market institutions in skills matching
SG 4.2: Promote On-the-Job Training Programmes and Life-long Learning	<i>Action 4.2.1:</i> Support firms in developing and implementing on-the-job training and skills development programmes
	<i>Action 4.2.2:</i> Ensure good quality data on the respective employment possibilities and related gains associated with different qualification levels
	<i>Action 4.2.3:</i> Strengthen the capacity of the social partners to contribute to dynamic lifelong learning policies
	<i>Action 4.2.4:</i> Adjust the fundamentals of initial education to current and future skills needs
	<i>Action 4.2.5:</i> Raise the awareness among employers as well as employees on the need for training and skills development
	<i>Action 4.2.6:</i> Guide individuals in their choice of training and career and promote recognition and portability of skills, competencies and qualifications nationally and internationally
	<i>Action 4.2.7:</i> Improve the quality and affordability of vocational education and training in emerging sectors
	<i>Action 4.2.8:</i> Facilitate lifelong learning by develop a national qualifications framework, which is responsive to changing technology and trends in the labour market
SG 4.3: Invest in New Skills	<i>Action 4.3.1:</i> Ensure that the labour markets efficiently reallocate labour from low productive to new more productive sectors
	<i>Action 4.3.2:</i> Generate incentives to invest in new skills by various reward mechanisms
	<i>Action 4.3.3:</i> Encourage business start-ups and research and innovation to increase the demand for new skills that would support productivity and growth in the long run

	<p><i>Action 4.3.4:</i> Develop innovative apprenticeship and training programmes to facilitate the spread of new skills that are proven to be productive in national context</p> <p><i>Action 4.3.5:</i> Facilitate inward migration of skilled labour to improve the quality of the labour force and transfer new skills</p> <p><i>Action 4.3.6:</i> Provide timely information to all workers and trainers about declining and emerging industries to ensure early acquisition of new skills</p>
SG 4.4: Invest in Sustainable Physical and Digital Infrastructure	<p><i>Action 4.4.1:</i> Encourage the use of new information and communication technology in learning and training</p> <p><i>Action 4.4.2:</i> Identify the needs for physical and digital infrastructure in boosting the capacities of the workforce and develop mechanisms to meet these needs</p> <p><i>Action 4.4.3:</i> Ensure that education and pre-employment training programmes support the skills development in use of new technology and instruments</p> <p><i>Action 4.4.4:</i> Increase investment on infrastructure to speed movement of people and goods increase productivity and competitiveness</p> <p><i>Action 4.4.5:</i> Improve the quality, accessibility and sustainability of infrastructure services for enterprises</p>

E. Reducing Unemployment

Strategic Goals	Actions
SG 5.1: Widen active labour market policies for reducing unemployment	<i>Action 5.1.1:</i> Conduct regular training and capacity building programmes according to the needs of the labour market to upgrade the skills base of the labour force
	<i>Action 5.1.2:</i> Implement various types of private sector incentive programmes, especially if there is strong private sector with high employment prospects
	<i>Action 5.1.3:</i> Devise and implement both online and offline job search assistance programmes with a view to improving match between employer and employee, and reducing time and cost for job search
	<i>Action 5.1.4:</i> Design effective direct employment programmes in the public sector in the light of analytical studies that assess the potential impact of such programmes on the unemployment rates of specific groups such as disabled people or youth.
	<i>Action 5.1.5:</i> Regularly assess the effectiveness of various ALMPs and evaluate the relative costs of introducing alternative ALMPs by considering the potential benefits
	<i>Action 5.1.6:</i> Review ALMPs implemented in advanced countries to identify the factors leading to success or failure of these policies in reducing unemployment
SG 5.2: Implement	<i>Action 5.2.1:</i> Carry out studies to monitor and assess trends and opportunities in job creation in different economic sectors

<p>policies to enhance job creation</p>	<p><i>Action 5.3.2:</i> Establish a database to collect and collate data on job creation and make evidence-based projections on the number of jobs to be created to stabilize and reduce unemployment rates in future</p> <p><i>Action 5.3.3:</i> Assess the overall business and investment climate with a view to identifying current challenges and bottlenecks for job creation</p> <p><i>Action 5.3.4:</i> Make necessary reforms to eliminate unnecessary steps and high-level of bureaucracy in doing business that can limit the pace of job creation</p> <p><i>Action 5.3.5:</i> Invest into physical infrastructure to improve competitiveness and foster new investments with a view to enhancing job creation</p> <p><i>Action 5.3.6:</i> Consider hiring additional public officials to optimise and improve delivery of public services especially in critical sectors such as health and education, if necessary</p> <p><i>Action 5.3.7:</i> Consider introducing employment quota schemes in private and public sectors with a view to improving employment prospects of targeted groups</p>
<p>SG 5.3: Design special programmes to reduce youth and female unemployment</p>	<p><i>Action 5.4.1:</i> Implement policies and provide incentives to facilitate the transition from school to work especially for youth</p> <p><i>Action 5.4.2:</i> Design apprenticeship programmes, and extend job search and carrier counselling services to youth</p> <p><i>Action 5.4.3:</i> Promote entrepreneurship among youth and women, and utilize both conventional (e.g. loans, credits) and non-conventional funding mechanisms (e.g. microfinance, and Islamic finance) to support entrepreneurship</p> <p><i>Action 5.4.4:</i> Improve skills of youth and women through education and vocational education and training</p> <p><i>Action 5.4.5:</i> Design policies to reintegrate youth and women into education institutions especially if they did not complete basic education</p> <p><i>Action 5.4.6:</i> Encourage the coordination mechanisms among key stakeholders in reducing unemployment among youth and women</p> <p><i>Action 5.4.7:</i> Encourage employers to hire more youth and women through organising awareness-raising programmes as well as providing some forms of incentives</p> <p><i>Action 5.4.8:</i> Monitor trends in indicators on youth and women unemployment carefully to prepare better policy-response when there are early signs of negative labour market shocks</p> <p><i>Action 5.4.9:</i> Cooperate with civil society organisations that are specialized on youth and women skills upgrading and employment issues</p> <p><i>Action 5.4.10:</i> Review social security measures with a view to providing rights of women at international standards such as on pregnancy leave and childcare support</p>

	<p><i>Action 5.4.11:</i> Review existing rules and regulations in labour markets from a gender-equality perspective and devise effective policies to fight with gender-based discrimination at work</p>
	<p><i>Action 5.4.12:</i> Provide training to employers to reduce gender-based discrimination at work</p>