

# Addressing Unemployment in the OIC Member States:

## IDB's Efforts in Member Countries



**Islamic Development Bank**

---

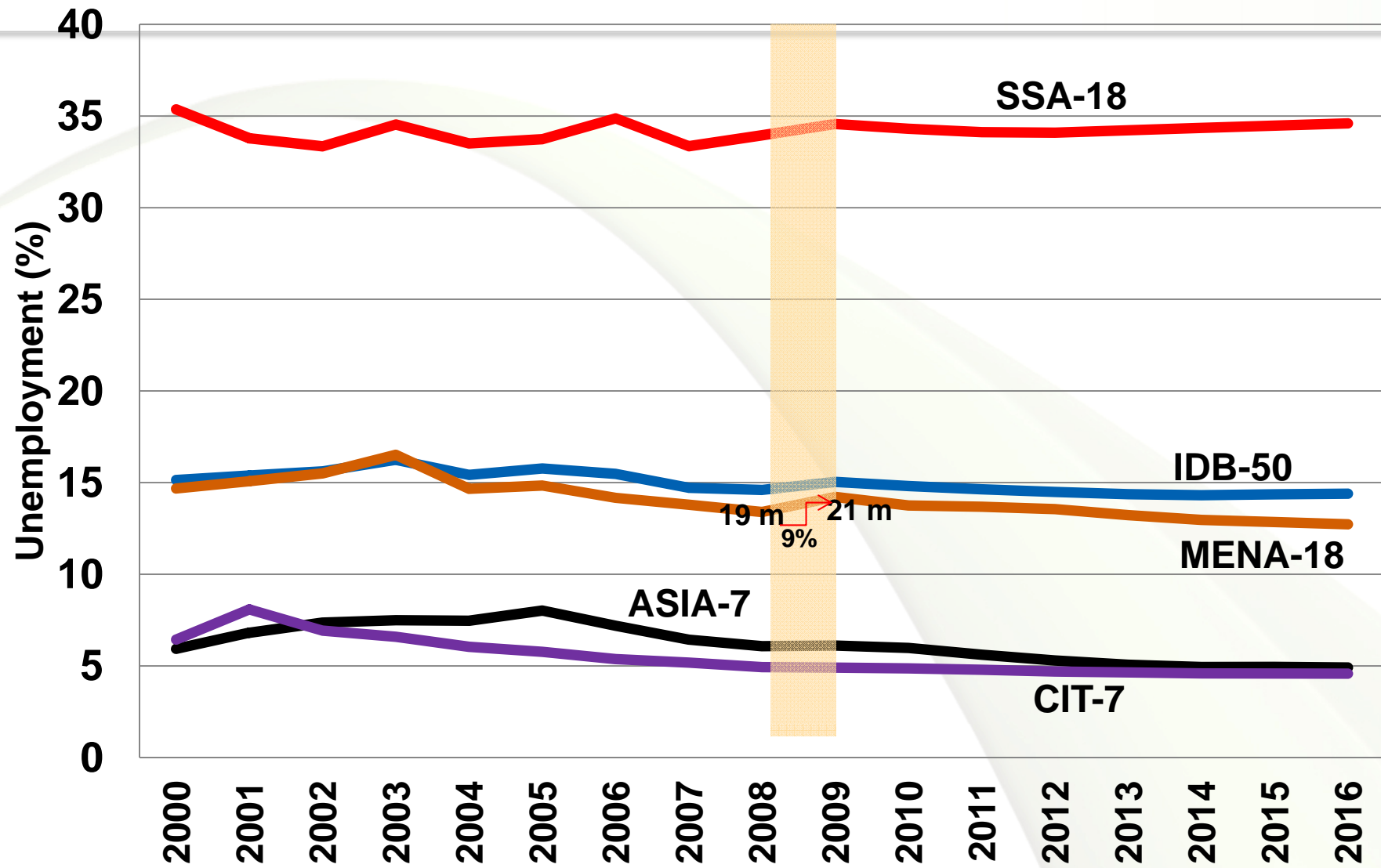
The world is just not facing a global f&Ee crisis but is also facing a global job crisis.

In order to address the unemployment challenges we need to understand the causes, types and consequences of unemployment.

Causes and types for developing long term policy

Consequences for mitigating the negative impact of unemployment

## Trends in Unemployment Rates in MCs



# Unemployment in Post-crisis World

---

**Unemployment remains a major concern both at national and global levels.**

- (i) the high unemployment rate, particularly youth unemployment is a problem that affects virtually all countries of the world;
- (ii) the policies followed in response to economic recession have not been effective in addressing the problem of unemployment.

IDB Group position is clearly stressed by the President in the Development Committee, WB.

# Economic Growth and Job Creation

---

Developing countries including OICMS need to re-orient their growth strategies so as to place employment and social protection at the centre of global economic recovery requiring them to focus on:

- (i) maintaining investments in infrastructure;
- (ii) supporting small and medium-size enterprises and microfinance and;
- (iii) enhancing social safety net programs to protect the most vulnerable.
- (iv) Enhancing capability and employability of labor force through undertaking major reforms in education and creating enabling environment to relax constraints to labor markets

**Given the fact that job creation policies are country driven, we believe...**

---

**Ownership**

**Alignment**

**Mutual accountability**

**Result based approach**

**Global partnership**

## **IDB's Efforts**

### **IDB's crisis-mitigating approvals (2009-2011) targeted infrastructure investments to stimulate growth and reduce unemployment**

- Scaled-up OCR approvals from 15% to 30% growth per annum for 1430H-1432H
- US\$2.5 billion additional financing for project financing
- Target exceeded within 2 yrs (US\$ 2.544 billion for 23 projects)
- Approvals targeted mainly infrastructure development sectors (95%) such as energy, transportation, and Industry and mining.
- MENA (43.3%), CIT(31.4%), ASIA(13.1%), SSA(12.2%).

## **IDB's Efforts**

---

### **IDB Education Programs:**

#### **1 Vocational Literacy Program (VOLIP)**

- focus on vocational training to increase productivity, job prospects and income
- combine skill development with access to microfinance
- US\$ 500 million for 5 years
- expected to benefit about 2 million people; targeting women and youth.



## IDB's Efforts

---

### ② Higher Education Program

- improve and enhance higher education, vocational, and technical institutions
- focusing on quality and relevance of education
- support business conditions for small and medium enterprises to flourish
- link universities with private sector (“matchmaking”)

## IDB's Efforts

### Education-for-Employment (E4E)

- A collaboration between IDB Group and IFC to tackle unemployment challenges facing Arab youth
- A report on “**Employment: Realizing Arab Youth Potential**” provides a roadmap and a way forward
- Need to mobilize US\$1-2 billion from the regional and international community to invest in E4E programs in the Arab World over the next 5 years
- Need to involve many stakeholders: governments, employers, education providers, civil society and students

## **IDB's Efforts**

---

### **Mainstreaming unemployment diagnostic in key IDB Group initiatives** such as:

- » Country Poverty Assessment (CPA)
- » Member Country Partnership Strategy (MCPS)
- focusing on identifying binding constraints to labour market, SMEs growth, human capital, private sectors etc.

## **IDB's Efforts**

---

### **Additional \$250 million approved by B.E.D at its 274<sup>th</sup> meeting on 28 February 2011**

- To combat unemployment in Member Countries
- Support youth unemployment
- Target sectors with job creating opportunities
- Focus on improving and developing the education sector

## **IDB's Efforts**

### EGM on *“Addressing Unemployment in Member Countries in the Post-Crisis World”*

identify the nature of the crisis and issues and find solutions to tackle the unemployment crisis

National, regional and international, and IDB Group level (web)

(8) Develop National Employment Strategy (National social protection program)

(5) Establish a workable cooperation mechanism under the COMCEC to follow up the implementation of decisions of OIC related to employment, labor mobility, capability enhancement and cross-border private investment and regional infrastructure

(10) Its own initiatives and those to support national and regional programs

# IDB Annual Symposium on Unemployment

---

To benefit from IDB Governors to set a doable and measurable agenda to address unemployment

The governors recommended 5 actions for IDB

1. MCPS
2. Support SMEs, Islamic Microfinance Institutions with the view of self-employability and young micro-entrepreneurs
3. Support PPP on various human capacity building programs
4. Leverage partnership with philanthropists, development partners
5. Identify successful case studies

IDB Group in in the process of developing the Action plan to implement the recommendations of the IDB Governors.

Your institution believes strong strategic partnership among MCs is imperative to address the challenges related to unemployment and underemployment.

This partnership will enable us to move towards embracing a two-fold approach:

- (i) supporting job creation based economic growth;
- (ii) improving access to adequate education and training to deal with structural unemployment.



**Thank You**

**Together We Build A Better Future**