Future of Work:
Skills and Migration in the Middle East

Inter-Regional Experts Forum on Skills and Migration in the South Asia-Middle East Corridor
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"Skills transform lives and drive economies."

- OECD 2015

GCC Population Stocks 2015 and 2030

	Pop (2015 mils)	Foreign share	Pop (2030 mils)	Increase	Shares (2015)
Bahrain	1.4	52%	1.7	21%	3%
Kuwait	3.8	69%	5	32%	7%
Oman	4.2	45%	5.5	31%	8%
Qatar	2.4	90%	2.8	17%	5%
Saudi Arabia	31.6	33%	39	23%	60%
UAE	9.6	88%	12.3	28%	18%
Total	53	49%	66.3	25%	100%

Sources: Population data from PRB; foreign shares from GLMM Foreign shares of population are for 2010 (UAE) and 2014-16 (other GCC)

Foreigners in the GCC Countries, 2013-2014

	India	Bangladesh	Pakistan	Egypt	Philippines
Bahrain	5%	3%	3%	1%	3%
Kuwait	11%	6%	4%	24%	11%
Oman	9%	19%	7%	1%	2%
Qatar	7%	5%	3%	8%	12%
KSA	32%	46%	46%	47%	40%
UAE	35%	21%	37%	19%	31%
Total	7,407,592	3,272,221	3,241,112	2,144,910	1,672,888

Foreigners in the GCC Countries, 2013-2014

	Indonesia	Nepal	Sri Lanka	Eight countries
Bahrain	1%	2%	2%	687,000
Kuwait	1%	5%	12%	2,037,436
Oman	2%	1%	2%	1,663,852
Qatar	2%	31%	9%	1,704,000
Saudi Ar	90%	39%	49%	9,625,000
UAE	5%	23%	27%	6,110,530
Total	1,671,210	1,296,000	1,121,885	21,827,818

Source: GLMM, Most data are for 2013-14 except Oman, which are data for 2016

GCC Countries' Labor Force, 2012-2013

Table 3. GCC Countries' Labor Force, 2012-13

	Labor Force	Foreign share	Public	Foreign share	Private	Foreign share
Bahrain	749,868	72%	149,868	25%	489,090	81%
Kuwait	2,328,581	82%	439,204	30%	1,314,800	93%
Oman	1,740,473	77%	378,355	7%	1,362,118	87%
Qatar	1,341,193	94%	161,748	57%	1,039,541	99%
Saudi Arabia	12,452,180	67%	3,034,201	4%	8,487,533	87%
UAE	5,147,000	88%	1,000,000	40%	4,147,000	100%
Total	23,759,295		5,163,376		16,840,082	

Source: GLMM, Labor force data are for 2012-13

Total and public sector labor force data for the UAE are approximate

Economic Vision

GCC/MENA → Knowledge-Based Economy
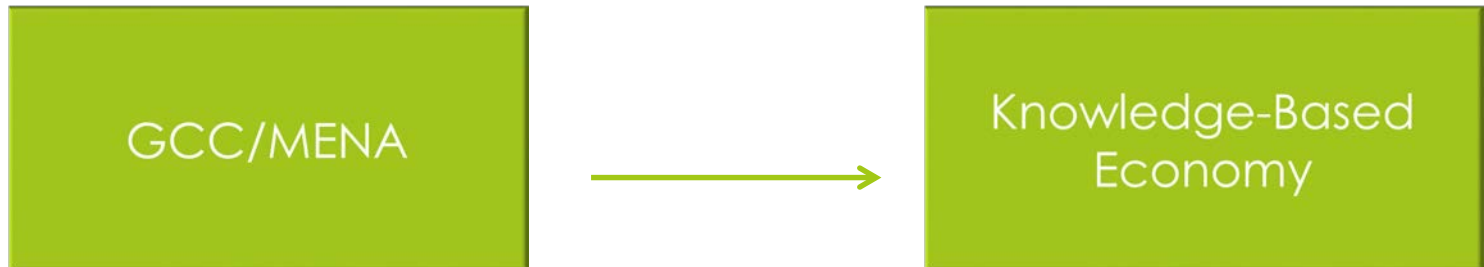
Core Policy Questions

- What are the demographic, economic, and political challenges that impact governments decisions in regulating skills and migration both in the short (current) and long-term (by 2030) in the Middle East region?

- What are the regional skill forecasting insights in the fields of construction, care, hospitality both in the short and long term in the Middle East region?

- How can the GCC and other Middle East governments manage long-term migrant dependency and create employment for nationals across skill levels, while simultaneously controlling labor migration across sectors (i.e. care, construction)?

- What are some recommendations that will enable governments to regulate skills and migration ?

Definitions

- Short-run (current)

- Long-run (by 2030)

- Care workers: domestic workers, caregivers and other type of health-related occupations

- Origin countries: labor sending countries to the GCC

Presentation Outline

I.   Demographic Transition in the Middle East

II. Regional Skills Forecasting

III. Labor Market and Migration Governance Systems in the Middle East

IV. Some Recommendations

Demographic Transition in the Middle East Region (1)

<u>Demographic</u>

- World's young population: median age of 26 (2015) & range between 19 and 33 years old

- High youth and overall unemployment rates (particularly among university graduates)

- Lowest female participation rates globally

- Largest increase in education at the regional level yet economic performance significantly declined

Demographic Transition in the Middle East Region (2)

Economic

- ☐ Lower oil prices => reduction in government revenues and budget for public and private sector initiatives

- ☐ Differential labor market conditions both in the public and private sectors

Regional Forecasting (1)

- IMF (2016) reported 0.9% real GDP growth for GCC countries, down from 2% in 2015

> *"The outlook is improving but also the risks are growing. We are not underestimating the level of risk for the MENA oil exporters and that is why we believe they need to keep reducing their budget deficits, expanding revenue sources and also pursuing the structural reports that will allow them to diversify outside the oil sector."*
>
> - IMF Regional Director for Middle East & Pakistan

Regional Forecasting (2)

- Aggressive mega-investment infrastructure projects as diversification strategies
  - UAE Expo 2020 & Dubai's Blue Water Island; Qatar's World Cup 2022 & Lusail; Saudi Arabia's Kingdom Tower & Riyadh Metro; Bahrain's The Avenues; Kuwait Olympic Village; Oman's Ras Al Khar Eco-Resort Sur

Construction Sector

- Labor demand for migrant workers will remain high in the GCC countries, particularly in the construction industry.

- Reasons
  - Agents supply zero recruitment costs for GCC-based employers
  - Employers pay lower benefits for low-skilled migrant workers, therefore disincentivizing them to invest in new technology
  - Employers prefer migrant workers than locals due to the perceived work ethic; locals highly prefer to work in public sector due to wages and benefits.

Service Sector: Hospitality & Retail

◻ Mega-investment infrastructure developments in the GCC countries

  ◻ Require more service and hospitality workers to fill in the labor shortage

  ◻ Expect to create 300,000 jobs, for example, for the upcoming UAE Expo 2020

  ◻ More preferences for Filipino and Indian service workers (mostly women) and other Arab workers, particularly in managerial positions across retail/service workers. A growing number of African workers have also increasingly moved to the GCC and other MENA countries.

Care Sector

- Labor demand for care workers will inevitably remain high both in the short and long-run

- Factors
  - Public expenditure contraction in the care sector
  - Employers' preference for care workers (i.e. high dependency, culture, status symbol)
  - Structural shortage of care workers, combined with diplomatic bans imposed by sending countries, has triggered Irregular migration, trafficking, and soft immigration policies at destination countries

Medical Sector & Research Industry

- High shortage in medical and nursing staffing in various hospitals across the GCC countries
  - Low ratio of nurse/doctor to patient populations
  - Expansion of health care facilities in the GCC, particularly in the UAE and Saudi Arabia
  - Increasing medical tourist hub in the GCC, particularly in the UAE

- Profile of Targeted Care Workers
  - Managerial positions: Western backgrounds
  - Frontline nurses: Filipino nurses with at least bachelor's degree in nursing, at least 3 years of experience, and a valid license of certification/license
  - Healthcare workers: Filipinos, Indians

Labor Market and Migration Governance Systems: Skill Requirements and Prospects

- Imposition of high-skill requirements for future migrant workers prior to their arrival in the GCC countries
  - Effects on construction, care, and service sectors

- Shifting Migration Governance Approach
  - Destination countries' shift from decentralized labor market policy to a more 'restrictive' migration policies and skilled/certified requirements in the long run.

- More intense labor market competition between and among labor-sending countries

Labor Market Challenges in the Middle East

- Abusive and fraudulent recruitment practices in the Asia-GCC migration corridor
  - Limited or weak incentives and mandates to enforce destination country employers to pay recruitment cost
  - Weak monitoring mechanisms and implementation of both origin and destination countries' recruitment regulations/laws

- Corruptions and abuses both in origin and destination countries
  - Massive subcontractualization in low-skilled labor sectors (i.e. construction) and corruptions within private sector HR companies

- Few ratifications of relevant international labor conventions by destination countries and limited enforcement of national laws

- Fair and ethical recruitment companies

- Limited mobility rights under the Kafala Sponsorship Programs (i.e. passport confiscation issues)

- Case study: The potential benefits and implications of "one-stop shop" on migrant workers in the origin country

Recommendations (1)

◻ More coordination between origin and destination countries to harmonize their skills recognition systems and qualifications

  ◻ Create a working group to align skills and qualification frameworks between sending and receiving countries

◻ Link future economic visions with national labor market policies, particularly on skills and migration management planning, to stop labor market mismatch

  ◻ Define common labor admission requirements and develop occupational classifications both at the national and regional level; more data sharing is crucial to achieve this proposed objective.

◻ More diverse consultative dialogue government and non-governmental dialogues and coordination

◻ Develop mechanisms (i.e. regulatory mandates or incentives) to encourage employers to abide by the employer-payment model and work with fair and ethical recruitment models

Recommendations (2)

- Develop incentives (i.e. access to long-term and/or permanent residence) to retain high-skilled migrants that support knowledge-based economy vision, while developing strategic investments on high-skilled sectors to create employment for the local populations (i.e. IT, finance, nuclear, and medicine)
  - Retention of lower-skilled migrants, particularly in the care economy.

- More data collection and sharing of labor market data and qualification frameworks

- Conduct more comparative/corridor pilot studies to examine the effects of skills on long-term labor market productivity, wages, and mobility in the long run