



حوار أبوظبي بين الدول الآسيوية المرسلية والمستقبلة للعمالة  
Abu Dhabi Dialogue among the Asian Labor-Sending and Receiving Countries

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# Harmonization of Skills Ecosystems among COO & COD Pairs in the South Asia – Gulf Corridors

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# This Presentation

## The Current Situation

- Context
- Costs to Businesses
- Costs to Workers
- Costs to COOs and CODs
- An Approach to Harmonisation
- A Congruence of Interests
- Incentives and Barriers
- Challenges

# Context

- Repeated calls for harmonizing the skills requirements and general labor ecosystems between the Gulf receiving countries and South Asia of labour origin

# Costs to Business

- Businesses in destination countries are on their own in deciding standards and grading to evaluate applicants
- Locating qualified workers can be costly
  - Hiring is from afar
  - Reliance on intermediaries on the ground in source countries
  - Little time to evaluate each applicant
  - Hence poor screening and mistakes in the evaluations.
- Room for abuse in the recruitment process in the current system
  - Applicants for jobs are often charged large and illegal recruitment fees to get the opportunity to interview with a firm
  - Reputational damage to the firm when word of this gets into the press
- Upon arrival at COD, different firms have procedures regarding training and usually have to re-train.

# Costs to Workers

- Lack of clear information on the skills required for a particular job
  - Applicants find it hard to advertise they have required skills
  - Accepted applicants may not have full awareness of skill requirement which could ultimately preclude them from renewing their employment or finding another job in the host country, or early termination
- Lack of clear information on the wage gradient – the amount of additional wages the worker receives upon increasing their skill level.
  - This prevents the worker from knowing the return to making the investment in acquiring additional skills, hence in making the right skilling decisions
- When in COD, no recognized certification system to signal that workers have the relevant skills
  - Workers cannot obtain full benefits of new relaxed their labor mobility laws within the COD

# Costs to COOs & CODs

- Large spending on Training Programs by Source Countries without clear knowledge of current skills needs in destination countries leads to potentially wasted opportunities
  - E.g. efficient investment of Govt. of India resources can greatly improve the quality of workers seeking employment opportunities outside of India
- Risks to nationals due to lack of preparation for employment in destination countries
- Training institutions cannot effectively signal to the COD firms that graduates of their institutions hold the skills required to meet qualifications needed by those firms.
- For destination countries, a lack of harmonized skills ecosystems leads to:
  - Poor productivity, resulting from under-skilled workers undertaking roles for which they are insufficiently qualified
  - Poor wage structure
  - Negative impact on employment of nationals, with unattractive wages for lower skilled work

# An Approach to Harmonization

- Under the auspices of ADD, Member States have conducted pilot projects on skilling, the principle purpose of which is to validate various assumptions about the value of skilling for workers, employers, and countries of origin and destination
- At a recent seminar in Dubai entitled, “Strengthening the Partnership between India and the UAE: Leveraging the Government of India’s Investments in Skilling”, the Governments of India and the UAE announced that they are entering into a partnership to develop a model for harmonizing respective skills ecosystems, under the auspices of the ADD
- This is a far more ambitious endeavor compared to work to date, with the purpose being the building of a model to be replicated in other Asia-Gulf Corridors

# A Congruence of Interests

- A harmonized system needs to be based on a congruence of interests of all four principle stakeholder groups: workers, employers, and countries of origin and destination
- For example, if this model requires aspirant migrant workers to be trained and certified in a given set of occupations, then UAE (COD) admission regimes must require that all workers in these occupations will eventually be trained and certified
- Likewise, if Indian workers are to be incentivized to be trained and certified prior to deployment to the UAE, then this model must eventually establish barriers against employees seeking work permits for non certified workers



# Government of India

## **Interests:**

- Seeks to improve returns of migration cycles for its nationals: better job matching, better wages and remittances, longer stay and upward mobility and qualified returnees. However:

## **Concerns:**

- Are the outcomes of training and prequalification at risk if UAE labour admission policy allows admission of untrained workers from India and / or from other countries?
- Will employers continue have choice of terminating workers at the end of the contract period only to hire unqualified workers for next project?

# Worker / Aspirant Worker

## Interests:

- Interest similar to Government of India: better job matching, better wages and remittances, longer stay and upward mobility

## Concerns:

- How can I afford investment of time in training and / or costs of certification?
- Am I competitive with untrained workers in similar situation, payment for recruitment?
- If eventually required to acquire the desired occupational skills to compete for jobs in the UAE, does this training increase / decrease or has neutral effect on chances of gaining employment?
- If I train and upskill, will I be required to return to India at end of first term?

# Government of UAE

## **Interests:**

- The skilling of the labor force desirable for improved labour market outcomes, including a better skill mix, higher labor productivity, better wage structure and balanced and sustainable labour relations

## **Concerns:**

- Can we be assured of quality of training and verifiable alignment of outcomes with the skills required by employers (third party certification)?
- How do we ensure buy in of skilling by workers and employers alike, through incentives and disincentives and policy levers (admission barriers, mobility pathways)?

# UAE Employers

## **Interests:**

- More efficient businesses recognise value of skilling on productivity and profitability

## **Concerns:**

Employers in low productivity sectors have these concerns:

- Is it more cost effective to hire less qualified workers, given our business model? Are there dividends from training?
- What impact on a project-based business model does requiring the hiring of skilled and certified workers have?
- Does hiring certified workers have adverse impact on profitability (higher wage bill)?

# Potential Levers and Incentives

- **India:** gradually move towards requiring training and certification of workers destined for the UAE
- **India:** move towards formal recognition of accumulated skills of returnees (skills passport)
- **UAE:** Rationalise admission policy through barriers to non-certified workers and incentives for hiring certified workers
- **UAE:** Introduce further relaxations on mobility rules, driven by skills, and upskilling

# Challenges

- Alignment of occupational standards:
  - Begin by requiring certification for set of occupations for which standards have already been developed on both sides
- Ensuring that training outcomes respond to those standards:
  - Have a system in place for third party attestation of skills
- Further rationalisation of a labour market policy – notably admissions policy – upskilling framework and mobility policy
- Better coordination on return and reintegration
- **These are elements of the model India & UAE will be working together – we welcome advisory contributions from subject matter experts (academic and international organisations)**

## **Questions and Discussion**