



حوار أبوظبي بين الدول الآسيوية المرسلّة و المستقبلية للعمالة
Abu Dhabi Dialogue among the Asian Labor-Sending and Receiving Countries

Effective Matching Of The Demand For And Supply Of Migrant Workers Between Abu Dhabi Dialogue Countries Of Origin And Destination



**International
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Executive Summary

The Gulf Cooperation Council (GCC) countries have become the world's largest host of temporary migrant workers, with approximately 27 million foreign nationals (or 53 per cent of the total GCC population) sending more than USD 100 billion in remittances in 2022 (World Bank, 2022). Despite multiple crises in the past two decades, such as the COVID-19 pandemic and the 2008 financial crisis, GCC economies have become increasingly resilient, with a projected economic growth rate of 2.5 per cent in 2023 and 3.2 per cent in 2024.

While economic growth and diversification investments in GCC countries are central to their long-term development visions, they will also lead to high demand for migrant workers across various occupational sectors due to ongoing skill mismatches and shortages. Despite progress in this area, Abu Dhabi Dialogue (ADD) member states, specifically GCC host and Asian origin countries, have yet to move in this direction in a systematic manner to match labour demand and migrant worker supply. In addition, another important issue yet to be addressed is establishing effective mutual skills and qualification recognition and certification to facilitate the mobility, welfare, and opportunities of migrant workers across various economic sectors, such as the public sector, the private sector, and free zones. Pertinent questions in this area include: In what proportion does the expanding demand for migrant workers in GCC countries reflect the current labour market relevance of skills within the GCC and in Asian countries of origin? How does the lack of mutual recognition and certification of skills affect the Asia-Gulf labour migration corridor?

Labour Demand and Supply of Migrant Workers

- In the post-COVID-19 pandemic context, the GCC economies, particularly the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE), have maintained a relatively **growing labour demand for low-skilled, medium-skilled, and highly skilled migrant workers across various occupational categories**. In fact, the GCC's changing macroeconomic conditions (i.e., rising hydrocarbon prices, improved labour market regulations, high return on investments, taxation policy and mega infrastructure projects) combined with visa liberalization policies, the extensive transnational recruitment industry, and migrants' desire to return to work in GCC labour markets have significantly attracted domestic and foreign direct investments, resulting in a rise in the demand for migrant workers.
- The continuing **preference for migrant workers in the GCC private sector**, coupled with a **shortage of relatively skilled national workers, poor employment outcomes of vocational training programmes**, and the corresponding low employment benefits (i.e., wages, job security, and other benefits as compared with those in the public sector) to address these skill gaps, fuels the dependency on migrant workers within GCC labour markets.
- According to the GCC private sector, there is an **insufficiently skilled, trained, and certified workforce in the GCC labour market**, particularly in certain sectors, causing GCC employers to preferentially recruit migrant workers in South and Southeast Asian countries.

- Moreover, despite GCC and Asian country recruitment regulations (either prohibiting or limiting worker-paid recruitment costs), migrant workers from South and Southeast Asia have continued to pay inordinate sums for recruitment, skills testing, training, and certification as part of their deployment process. These migration costs are especially high for low-skilled South Asian workers (World Bank, 2023: 98). In fact, many GCC private sector firms, recruitment agencies, and migrant workers prefer to use visit or tourist visas as an alternative to other forms of regular migration to enter the GCC labour market and to bypass country of origin regulations despite the risks of migrant workers falling into irregular status if a work permit is not sought by the employer. This is also employed as a cost-cutting solution to the high cost of recruitment in the Asia-Gulf migration corridor.
- **GCC localization/nationalization initiatives** that aim to increase the number of nationals in private sector occupations, particularly in Saudi Arabia, UAE, and Oman, **have largely remained in medium-skilled** (i.e., hospitality, administrative) **and skilled** (i.e., finance, health) occupations, directly affecting skilled migrant workers employed in GCC labour markets. Yet, despite such GCC localization efforts, the rising turnover rates of skilled migrants migrating to higher-income destination countries reinforce the labour demand for skilled migrant workers across the GCC.
- These movements are tied to **changing migrant worker perceptions of GCC labour markets** due to perceived greater benefits in other high-income destination countries (e.g., pathways to permanent residency, more possibilities for family sponsorship, higher wages, better living and working conditions, etc.).
- While migrant workers have been able to benefit from opportunities in the GCC to upgrade their skills, the rise of East Asian and European-focused recruitment for Asian migrants, coupled with ‘third country’ GCC-based recruiting for other high-income destinations (i.e., Europe, Canada, Australia, New Zealand), presents significant challenges for GCC employers to retain such workers. Transnational recruitment actors, who operate across several countries, facilitate increasingly the mobility migrant workers into European labour markets, particularly the medium and high-skilled.
- These developments are also reflected in the **recent conclusion of bilateral labour migration and mobility agreements between Asian and European countries** (e.g., 2023 India-Italy Mobility and Migration Partnership Agreement and the 2022 German-Indian Migration and Mobility Agreement) focusing on the mobility of skilled workers, business persons, young professionals and students.
- So, while opportunities in GCC labour markets are increasing, the **growing competition for skilled** (i.e., nurses, engineers) **and medium-skilled** (i.e., construction workers, such as steel fixers, masons, and transport drivers) **migrant workers** from other high income destination countries could pose significant challenges for GCC countries in the future.

Skills Recognition

- GCC countries have been increasingly establishing their **national qualification institutions and frameworks for both local and foreign workers** (i.e., via onsite licensing equivalency testing and attestations) **for various high-skilled occupations** (e.g., nurses, engineers, architects, etc.) from Asian countries of origin. However, **low-skilled and medium-skilled occupations** (e.g., construction, care work, transportation, etc.) are generally excluded, thus making it difficult for workers in these sectors to transfer their skills and training certification into GCC labour markets.
- **Saudi Arabia applies the Skills Verification System** that assesses prospective migrant workers' knowledge and practical skills prior to migrating for employment. This system has unilaterally imposed a part of the Kingdom's new occupational skill frameworks through the testing of prospective migrants in collaboration, on the basis of bilateral agreements, with certain Asian countries of origin (i.e., Bangladesh, India, Pakistan, and Sri Lanka) prior to leaving for Saudi Arabia.
- There has been **increasing bilateral skills coordination between Asian & GCC countries, although with limited outcomes** due to partial or no implementation. Some GCC countries have managed to sign and facilitate bilateral skills cooperation arrangements to harmonize common occupational frameworks (see UAE-India and UAE-Philippines), these initiatives have not been fully implemented due in part to domestic sovereignty concerns. Nonetheless, they serve as emerging models of bilateral skills collaboration – with room for improvement, particularly in terms of effective enforcement. Bilateral skills recognition arrangements also often have varying policy implications and may result in higher recruitment costs, with the risk that workers will be required to pay these costs.
- In the Asia-GCC migration corridor, however, GCC destination countries and Asian countries of origin have not systematically developed interregional or bilateral labour matching and mutual skills recognition between the host country and countries of origin. While the **ADD has strategically facilitated interregional dialogues and experimented** with bilateral pilot projects between paired ADD host and origin countries in an effort to harmonize skills recognition and certification, these interregional initiatives have had limited success.
- **Regional qualification frameworks are not yet operational to enable the comparison of skills and qualifications, and ultimately facilitate skills recognition** for high-skilled, medium-skilled, and low-skilled migrant workers in comparison to those in other subregions (such as the Association of Southeast Asian Nations - ASEAN and the European Union - EU)².
The large majority of recognition frameworks are bilaterally determined in the Asia-GCC migration corridor. Despite their central significance, only a small number of bilateral skills recognition agreements have been partially implemented to focus on mandatory pre-departure skills testing for GCC-bound migrant workers.

- While there is a sufficient supply of (potential migrant) labour across various skill levels in most Asian countries of origin that could meet the current GCC labour demand, the GCC private sector does not fully trust the process of training or skilling processes within either private or government-run facilities in countries of origin. As a result, **GCC private companies tend to independently conduct their own recruitment, training, and skilling operations** either in the GCC or country of origin. Moreover, due to the lack of regional skills recognition and certification in the GCC, the private **sector has become effectively the sole determinant of the process of skills certification and recognition.**

GCC-based private-sector training and certification institutions have capitalized on the increasing certification demands of GCC employers, as well as other employers in high-income destination labour markets given that many GCC employers tend to question the veracity of migrant worker certifications issued by either origin country governments or training centres/companies. Hence, migrant workers end up paying for this service.

- At the same time, employers' refusal to accept certificates in countries of origin, and reluctance to pay additional wages for certification, and/or training costs, leads to **negative consequences for the welfare of migrant workers.**
- Despite these newly acquired certification processes, GCC employers do not guarantee clear financial rewards to foreign workers. This current reality directly empowers GCC employers to determine the material benefits of skills certification, thus making migrant workers vulnerable to financial exploitation.
- Due to the potential risks, i.e., the real or perceived costs of certification, **bilateral agreements involving skills recognition and certification face significant opposition from the private sector in the GCC and other 'powerful lobbying organizations'**, thereby undermining existing bilateral efforts on the intergovernmental level. Most GCC countries have not yet required GCC-based firms to employ a trained, verified, and certified expatriate workforce population (except in 19 occupations in Saudi Arabia's Takamol programme). Instead, GCC-based local and multinational private sector actors (employers and recruitment agencies) have either established their own 'one-stop processes' (i.e., training, testing, certification, etc.) in Asian countries of origin or brought newly recruited migrants 'with the strongest potential' to the GCC to conduct their training. The impact of these actions on education and training systems in ADD countries of origin deserves greater consideration. Therefore, bilateral skills cooperation initiatives and reforms associated with the GCC private sector have become more difficult for policymakers because of the resistance from the private sector and their lobbying power (Hertog, 2014; Malit and Naufal, 2016).

Based on these provisional observations, the ADD could consider taking forward the policy recommendations outlined below, in partnership with relevant stakeholders, in particular policymakers in relevant government ministries and agencies and employers' and workers' organizations, as well as labour recruiters, academia, and interested civil society organizations.

Policy Recommendations

Based on these provisional observations and findings, the ADD could consider taking forward the following recommendations, in partnership with relevant stakeholders, in particular policymakers in relevant government ministries and agencies, and employers' and workers' organizations, as well as labour recruiters, academia, and interested civil society organizations.

1. Conduct a comparative mapping of selected priority occupations and competencies in the GCC—both high-skilled, such as nursing and engineering, and medium-skilled and low-skilled, such as carpenters, masons, steel fixers, care workers and domestic workers, and general labour—and examine the different processes of recognition and certification in GCC countries.
2. Undertake a comprehensive analysis of existing migrant skilling programmes and infrastructures, including related recruitment pathways, operating in the Asia-GCC labour migration corridor, examining the diverse skilling types (state, employer, or private company-led), sectors (i.e., care work, construction, service-based), and structures (i.e., modules, length, cost, etc.), as well as their overall implications on migrant workers' productivity, mobility, and welfare.
3. Conduct a feasibility study to assess different policy options, methodologies and tools (e.g., reference levels, recognition agreements, joint standards, quality assurance agreements) to facilitate comparison and recognition of skills and qualifications in the Asia-GCC labour migration corridor, with a view also to moving towards harmonization of qualifications to ensure that each qualification reflects the occupational profile (i.e., what a worker should know, understand and be able to do) and the learning outcomes (i.e., what the holder of the certificate/diploma is expected to know, understand, and be able to do).
4. As part of this feasibility study, carry out a mapping and review of existing qualifications frameworks and systems, occupational and competency standards and competency levels in GCC countries and also those of major ADD countries of origin to identify skills and occupations relevant for developing regional standards in priority occupations for migrant workers from the region.

These early inter-regional skills programmes include the following:

'Pilot Project on Skill Development, Certification, Upgrading, and Recognition:

United Arab Emirates and Kuwait',

and:

'UAE-India: Developing a Harmonized Framework for Skill Recognition and Certification'.

In the case of UAE-India, the ADD succeeded in enabling both countries to conduct joint mapping and harmonization of occupational standards, which are critically relevant for the 2.3 million Indian blue collar workers in the UAE (Khan and Sharma, 2021).

In South Asia, the South Asia Qualification Referencing Framework (SAQRF) is currently undergoing endorsement. One of the objectives of the SAQRF is to support mobility of workers.

5. The ADD could consider undertaking further joint mapping and development of occupational standards of the priority sectors and occupations in demand in the GCC by pairing GCC and Asian origin countries, building on the existing Philippines-UAE, India-UAE, and South Asian-Saudi Arabia bilateral skills initiatives. The outcome of this exercise should be shared with skills authorities and other skills recognition agencies across the region to inform skilling, upskilling and skills recognition in both ADD countries of origin and destination.
6. Review & examine the existing diverse types of bilateral skill cooperation agreements (full, partial, and non-enforced) in the Asia-Gulf labour migration corridor and the impact of their implementation on prospective migrant workers' welfare and mobility outcomes.
7. Link GCC-based accredited private sector employers with accredited one-stop shop centres in Asian origin country locations (either government or private-sector run institutions) to guarantee skilled, certified, trained, and assessed migrant workers. This inter-regional initiative could be facilitated by the ADD Permanent Secretariat.
8. Work towards ensuring greater coherence between skilling and certification processes and immigration policies to streamline the admission of skilled workers into GCC countries.
9. Develop an annual skills matching and skills gaps report, to be prepared under the auspices of the ADD Permanent Secretariat, offering insights from multiple actors (i.e., GCC labour ministries, private sector actors, and GCC regional job site providers such as Bayt.Com and Gulf Talent) to systematically identify the skill requirements, as well as the actual GCC labour market demand and Asian origin country labour supply within the GCC.
10. Facilitate knowledge sharing between senior officials on skills matching and recognition for migrant workers between the ADD and other subregions (i.e., ASEAN, European Union) to identify existing and future challenges, modalities, and practices in the Asia-GCC labour migration corridor.
11. Develop guidelines for a cost-sharing policy at the ADD that would mandate employers to pay or share and explore innovative means to cover the cost of skills and training certification in the GCC.
12. Examine the utility and cost-effectiveness of developing an international skills passport, recognized by the competent authorities in GCC destination and Asian origin countries, to ensure that all migrant workers have their credentials, skills, and competencies verified by accredited third party agencies before documentation is submitted for visa processing.
13. Explore interregional labour mobility for skilled and medium-skilled sectors by systematically linking GCC regional employment sites (Bayt.com, Gulf Talent, Indeed.com, etc.) with accredited employment centres in Asian origin country locations.