



Gulf Labour Markets, Migration and Population

An international independent, non-partisan, non-profit joint programme hosted at a major Gulf think tank
The programme provides data, analyses, and recommendations contributing to the improvement of understanding and management of
Gulf labour markets and migration, engaging with and respecting the viewpoints of all stakeholders
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Vision 2030 and the Socio-Economic Reform Process:

The Future of Labour and Migration in Saudi Arabia

Project

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A. Introduction

- The Gulf Research Center (GRC) through its Gulf Labour Markets, Migration, and Population (GLMM) Programme wants to facilitate the enhancement of understanding of Saudi labour market, migration, and population policies and their impact.
- GRC/GLMM developed a project entitled “Vision 2030 and the Socio-Economic Reform Process: The Future of Labour and Migration in Saudi Arabia.”
- The International Migration Division in the Direction for Employment, Labour and Social Affairs of the Organisation for Economic Co-operation and Development (OECD) has signaled interest to cooperate in the context of this project.
- In early February 2024, the first version of this document was sent to a selected group of key Saudi institutions and experts as well as to a selected group of experts from international organisations.
- On 19 and 20 February 2024, GRC/GLMM senior staff met with a number of these institutions, organisations, and experts at the Gulf Research Center in Riyadh.
- On 7 May 2024 a meeting was organised at the Gulf Research Center in Riyadh to launch the project with the participation of the experts, Saudi stakeholders, and international organizations.
- Discussions during these meetings and subsequent written feedback were used to revise the original document into this version.
- On 1-2 December 2024 a meeting is organised at the Gulf Research Center in Riyadh to present the draft research reports and policy briefs of the first phase of the project with the participation of the experts, Saudi stakeholders, and international organizations.
- Discussions during the meetings and subsequent written feedback will be used to improve the research reports and policy briefs which are scheduled to be published in January 2025.

B. Context

The strongest economy in the Arab world, Saudi Arabia also has the fastest-growing GDP among the G-20 economies. With a recorded population of 32.2 million as of the 2022 census, of whom 13.4 million are foreign residents, Saudi Arabia demographically outnumbers the other GCC countries, attracting almost half of all foreign workers to the region.

Saudi Arabia is also a laboratory of post-oil, social and economic transition. The primary aim of the ambitious Vision 2030 reform masterplan is to diversify and decarbonize the Saudi economy to alleviate their vulnerability to the volatility of hydrocarbon revenues. The reform process thus encompasses the promotion of technical innovation (e.g., “green” economy, development of AI research and applications), the development of new economic sectors (tourism, health, sport, etc.), and profound socio-economic reforms, which seek to alleviate nationals’ unemployment, increase low activity rates, especially among females, and secure governmental jobs among nationals.

Through investing in education, especially TVET and, more generally, aligning education with market needs, Vision 2030 aims to upgrade employment opportunities for nationals and put technical innovation at the heart of internationally competitive, knowledge-based economies, thus fostering the planned high value-added industries and stimulating FDI through increased availability of local human capital for the private sector.

The *Nitaqat* policy of “Saudization” of the workforce, launched in 2011, seeks to address nationals’ unemployment and increase their participation, as well as better match labour demand and supply, and reduce employers’ reliance on foreign workers. Meanwhile the expected demand of the labour market towards and beyond the ambitions of Vision 2030, suggests a labour supply gap in quantity and quality across all sectors and occupations, which only foreign talent can help fill.

Recent measures such as the Labour Market Initiative, which challenges the sponsorship system, and the Premium Residency Card (PRC) scheme, intend to “attract relevant foreign talents for the economy,” yet also to retain resident skilled workers in the country.

C. Objectives of the project

- Enhance understanding of the Saudi labour market, migration dynamics at all skill levels, and population policies and their impact on Saudi Arabia.
- Provide sound background information on the above, and policy advice for Saudi policymakers and economic actors, within the framework of Saudi Vision 2030.
- Foster a network of key Saudi experts, academics, and institutions, as well as international experts on the Saudi labour market, migration dynamics, and population policies and their impact.
- Create the conditions for continued research on the Saudi labour market, migration dynamics, and population policies and their impact on Saudi Arabia.

D. Focus of the project

The project will address the outcome of these multidimensional reform processes on the short- to middle-term future of labour and migration in Saudi Arabia.

1. Saudi citizens' socio-economic characteristics and their possible future trends

- Demographic characteristics of nationals (age structure, marriage and fertility patterns, and other demographic factors, their determinants, differentials, and evolution; household structure and differentials and their impact on activity patterns etc.).
- Education and training.
- Youth unemployment and inactivity.
- Female inactivity, underactivity, and unemployment.
- Saudi nationals' employment patterns, differential age and gender dynamics, possible future trends.
- Part-time work, remote work, and other alternative employment patterns for nationals.
- Internal migration patterns.

2. Future labour needs and migration in and to Saudi Arabia

- Labour nationalisation and other labour-related reforms: Assessment, and outcomes on the current size and structure (by gender, age, sector, profession, and skill level etc.) of foreign and national workers' populations.
- Diversification of the profile of foreign residents, other than employed workers (investors, entrepreneurs, real estate owners).
- Technological and other changes (AI, gig economy, transition to green economy etc.) and future labour needs in the Saudi economy: New skill profiles, professions, and activity sectors.
- The need for highly skilled "blue collar" technicians in specific sectors and professions; identifying the most wanted: "white collars," "global talents," or highly skilled workers.
- New and future labour-related policies applied to foreign workers (skills matching/verification programmes, attraction and retention of skilled workers, social protection, working conditions, overall liveability especially for workforce members with family etc.).
- Second and third-generation foreign residents: Socio-cultural and skill resources.
- Internal migration to large cities; regional allure of Saudi Arabia.
- Global competition for talent.
- Politics and diplomacy: Towards a shift in foreign workers' countries of origin? Patterns of competition with other GCC states and regions in attracting relevant workers.
- Perceptions and policies of migrant-sending states regarding emigration to Saudi Arabia.

3. Challenges and opportunities created by the reforms

- From "entitlement" to employment: What are the implications?
- Socio-economic integration of foreign nationals.

- How can Saudi Arabia be made more attractive to the needed foreign workers at all skill levels?
- How to achieve best practices regarding foreign, low-pay workers' protection: Dispute resolutions, wage protection systems, unemployment insurance, social protection.
- Attitudes of nationals towards foreign workers.
- Skills, training, and labor productivity: How to maximise the impact of foreign human capital on the productivity, economic growth, and ultimately, the creation of jobs for nationals.
- Towards an imbalanced national development: Attraction of Saudi and foreign talent and economic growth to Riyadh and other large cities, at the expense of medium-sized towns?

4. Transversal issue: Data for evidence-based policy making and enhanced knowledge

Saudi Arabia has recently reorganised and very significantly improved its statistical apparatus. Data have been published which are not publicly available in other GCC states (e.g., foreign residents by country of origin), and more census results are expected to be released soon (e.g., foreign residents' place of birth, duration of stay, etc.).

There is an opportunity to gather more knowledge on many population- and migration-related issues, e.g., scale of irregular stay among foreign nationals; accurate figures and profile of domestic workers; profile of foreign workers by region or country of origin; spatial segregation and housing (labour camps etc.); profile and socio-economic integration of Gulf-born, second- and third-generation foreign residents; health and mortality patterns, etc. The project will seek to shed light on such little-known populations and migration dynamics.

The project should also be an opportunity to analyze existing data and generate new sets of data and statistics disaggregated along new variables and show the potential for using these data for analysis and policy making.

Using disaggregated data as much as possible, and especially, data disaggregated by workers' region or country of citizenship, will be essential for significant research on the focus of the project.

E. Phases of the project

Keeping this project's outline as a general guideline, the implementation of the project will be divided into 3 phases of approx.- 10-12 months, articulated around 3 events each (launch meeting; workshop to discuss drafts of background papers; presentation of papers and policy briefs).

1. Phase 1: Focus on highly skilled labour

Topics:

- Attracting and retaining global talent in Saudi Arabia: Policies, evidence, and challenges.
- Attraction to Riyadh and imbalanced geographic development (patterns of internal migration of Saudis to Riyadh and attractiveness of the Riyadh region for highly skilled expats).
- Providing Saudi professionals highly skilled employment: Evidence and challenges.

2. Phase 2: Focus on Saudi citizens

Topics:

- Background factors driving current and future employment patterns of Saudi citizens: Detailed analysis of Saudi demographics and socio-economic characteristics.
- Education and training patterns.
- Entitlement vs employment and their consequences on improving conditions for all workers including non-Saudis.

3. Phase 3: Global changes in the Saudi labour market

Topics:

- Employment needs for low-pay workers in the framework of reforms and relevant policies.
- Skills verification and other challenges.
- Economic deregulation and new labour patterns and interactions between Saudi and foreign labourers.

F. Methodology

The methodology for the papers would include analyzing policy documents, published statistics, and legal documents on specific professions classified as highly skilled, mid-skilled, and low skilled, interviews with Saudi officials, relevant professional associations, and other stakeholders, as well as statistics and other material documenting the numbers and characteristics of migrants at various skill levels in Saudi Arabia and the outcomes of policy changes since 2010.

G. Process

A foundational element of the project is the active involvement of experts from Saudi institutions, international organizations, academia, and think tanks who exchange knowledge and views on key issues relating to the future of labor markets and migration within the framework of Saudi Vision 2030 in an informal setting operating under the Chatham House Rules. These experts have been and will continue to be fundamental in identifying the most important topics to be researched, reviewing, and discussing draft papers, participating in public events and webinars, and using the acquired knowledge in the definition and implementation of their policies and further research.

H. Outputs and deliverables (for each phase)

1. Statistical data
2. Laws, bilateral agreements, and policy documents
3. Research papers (7)
4. Policy briefs (8)
5. Factsheets (approx. 2)
6. Workshop
7. Outreach meeting for selected stakeholders

8. Outreach webinar for the wider public

I. Papers

1. Background papers

Five papers will serve as background papers for the first and subsequent years of the project and were commissioned in May 2024. Initial drafts were reviewed and discussed in September/October 2024, final versions will be submitted in December 2024 and then published in January 2025. Out of these papers, policy briefs and factsheets are being developed.

- The global competition for talents worldwide: How does Saudi Arabia fare?
- Technological changes and economic reform trends in Saudi Arabia.
- Future skills needed and profiles of workers: Ways to maximise productivity of labour.
- An assessment of the outcomes of labour nationalisation and other labour and migration-related policies on the size, structure, and dynamics of the Saudi and foreign labour forces.
- A view from origin countries: Changing contexts, changing perceptions, and policies towards migrating to the Kingdom (one possible regional point of view--Asia).

2. Thematic papers (Phase 1/year 1)

These three papers and were commissioned in May 2024. Initial drafts were reviewed and discussed in September/October 2024, final versions will be submitted in December 2024 and then published in January 2025. Out of these papers, policy briefs and factsheets are being developed.

- Attracting and retaining global talent in Saudi Arabia: Policies, evidence, and challenges.
- Providing Saudi professionals with highly skilled employment: Evidence and challenges.
- Attraction to Riyadh and imbalanced geographic development: Patterns of internal migration of Saudis to Riyadh and attractiveness of the Riyadh region for highly skilled expats.

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