



SCENARIOS AND MODELLING OF THE IMPACT OF A REDUCTION OR INCREASE IN FOREIGN WORKERS ON THE KUWAIT ECONOMY AND LABOUR FORCE



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The aim of this work is to explore the future impact, and labour market implications, of decisions that could be taken today by the Authorities and the Government of Kuwait regarding changes in the number of foreign workers in Kuwait.

Background

A brief history of the Public Authority for Manpower - PAM¹

The Public Authority for Manpower (PAM) was established relatively recently, in accordance with Law No. 109 of 2013, as a public body with a corporate personality and a budget supervised by the Minister of Social Affairs and Labour. PAM oversees the private and oil sectors by laying the foundations, rules and procedures necessary for issuing work permits and estimating the labour requirements, regulating the mechanism of the transfer of labour from one employer to another. It recruits expatriate workers in the private and oil sectors at the request of the employer, in addition to identifying and collecting the fees of the services provided. PAM also defines the procedures for establishing trade unions and associations of employers.

The Public Authority for Manpower also ensures the rights and obligations of employers and employees in accordance with Labour Law No. 6/2010. PAM receives workers' complaints submitted to the PAM Labour Relations. In 2016, the Labour Disputes Department received 12,187 complaints from workers; these complaints were either about contract issues such as non-payment of wages or about difficulties transferring work visas to new companies. Most of the complaints were resolved in arbitration, with the remaining cases referred to the courts for resolution². The Public Authority for Manpower also operates a shelter for abused domestic workers; it has a capacity of 500 victims and houses on average 350 at any one time. PAM is also actively engaged in combatting trafficking through its regularly revised labour laws and regulations, and labour inspections of businesses.

Ultimately, PAM is responsible for the issuing of work permits and the control of the balance of foreign workers in the country, as consistent with the national vision, aiming to organize the labour market of Kuwait and set technical standards for various jobs³.

¹ www.manpower.gov.kw

² Bureau of Democracy, Human Rights, and Labor. 2016 Country Reports on Human Rights Practices. Report. March 3, 2017.

³ "100 pct Kuwaitization in government sector eyed – Annual medical bills for expats total KD 595 mln" Arab Times. 15/3/2017

Kuwait – a country of seized opportunities, of firsts and of strong winds of change...

Kuwait's future is coming – now is the time to tackle issues that may stand in the way of the country's vision for 2035, and consider plans and strategies to prepare for an uncertain future.

Peering into Kuwait's history, one can see waves of tremendous growth and seized opportunities, followed by waves of considerable challenges. Having been able to offer stability and security since the early 1800s, Kuwait has asserted itself as a safe and effective port for the Persian Gulf region. Kuwait's economic struggles followed the British blockade during World War I and the demise of the pearl industry, triggered by the evaporation of demand for wild Kuwaiti pearls during the Great Depression and Japanese advances in pearl culturing.

Kuwait, a country of firsts, was the region's top exporter of oil in the period after World War II. It was the discovery of oil that first attracted foreign workers – from Palestine, Egypt and India. The ensuing “Golden Age” – a liberal age – meant that Kuwait was the first country in the region to hold parliamentary elections. Kuwait City was also the first in the region to undertake massive modernization projects – comparable to the works only now seen in the United Arab Emirates and Qatar⁴. The Kuwait Investment Authority is the world's oldest sovereign wealth fund. Fast and deep development attracted students, artists and investors from the region. Writers flocked to Kuwait, emboldened and benefitting from the freedom of expression they enjoyed in the country.

This age came to a halt in the 1980s with the Souk Al-Manakh stock market crash and the oil price collapse of 1986 (when prices dipped from nearly \$70 to \$23 within the space of a few months⁵). Kuwait's modernisation was significantly affected in 1990 under the dramatically different scenario of the Iraqi invasion. Devastation and emigration halted the development of Kuwait.

The history of Kuwait illustrates two important points. First, that the country has been at the forefront of identifying and implementing innovative strategies. This has been the product of an incisive reading of markets, and a skillset to match market needs. Second, that external, global and regional, changes have translated into deep national economic and social consequences.

⁴ See for example: <https://hyperallergic.com/191773/looking-for-the-origins-of-arab-modernism-in-kuwait/>

⁵ See for example: <http://www.macrotrends.net/1369/crude-oil-price-history-chart>

The situation today

Shortly after its establishment, PAM has signed in 2014 an agreement with UNDP, ILO, and Kuwait's Public Authority for Manpower to implement the "Joint Programme to Support the Public Authority for Manpower". This programme is aimed at developing an evidence-based decision-making approach. The activities under this agreement include the achievement of the national strategic objectives of economic growth for the State of Kuwait, supporting human and social development, improving demographic policies to support development and effective government administration as outlined in the latest national Mid-Range Development Plan (2015/2016 – 2019/2020).

From a practical labour and demographic perspective, PAM affirmed that serious that efforts are ongoing to implement "100 percent Kuwaitisation in governmental sectors, gradually replacing expatriates working in administrative positions in the private sector with citizens at a rate of ten percent annually over a period of ten years."⁶ Earlier in 2017, the Director of Administrative Development and Training Department at PAM affirmed that "some steps are being taken to wage war against marginal workers and regulate the labour market, aiming to regulate the issuance of work permits, redefining the concept of marginal workers, activating the role of governmental authorities in tackling the problem, and investigating processes carried out by relevant government authorities in recruiting workers."⁷

The outlook Kuwait faces now for the future is complex. The economy is still heavily reliant on petroleum, which accounts for more than half of GDP (60%), 94% of export revenues, and 90% of government income⁸. The chart below show how revenues from oil have diminished dramatically over time and that as a result the economy appears more diversified as non-oil revenues have increased in proportional terms. Yet, non-oil revenues have remained roughly stagnant. Indeed, Kuwait is the least diversified economy among Arab oil exporters⁹. The (international) private sector, too, has not been facilitated due to a poor business climate and a large public sector that crowds out private employment of Kuwaiti nationals¹⁰.

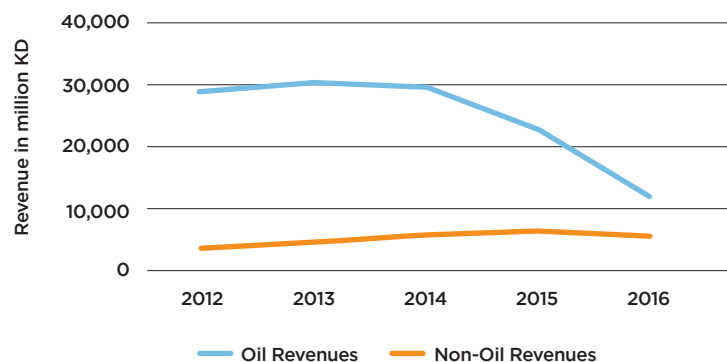
⁶ "100 per cent Kuwaitization in government sector eyed – Annual medical bills for expats total KD 595 mln" *Arab Times*, 15/3/2017

⁷ "PAM takes some steps to 'regulate' labor market". *Arab Times*, 26/1/2017

⁸ See for example: <https://www.cia.gov/library/publications/the-world-factbook/geos/ku.html>

⁹ See IMF: <https://www.imf.org/external/np/pp/eng/2016/042916.pdf>

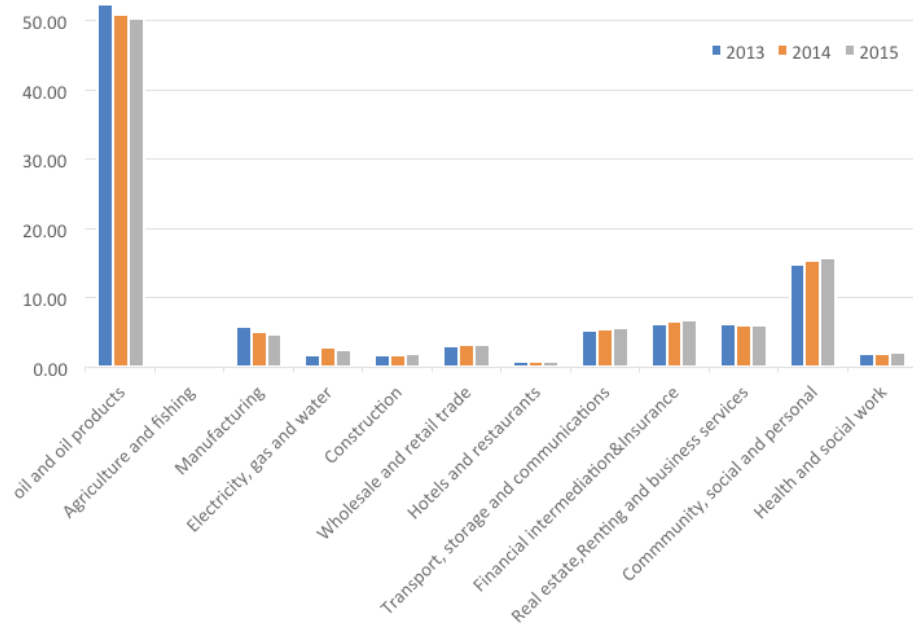
Annual oil and non-oil revenues in Kuwait



¹⁰ Data from the Central Statistical Bureau.

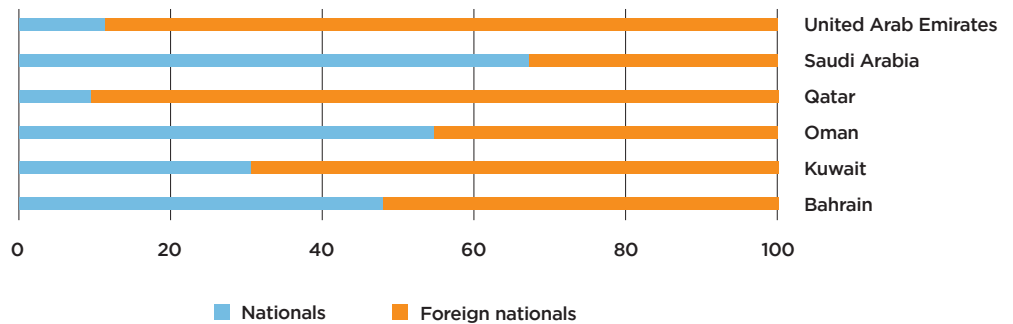
In addition, the strength of the oil sector has dominated the economic activity in Kuwait, followed by a significant margin by the Community, social and personal services, which includes public administration and defence, sanitary services and education¹⁰.

GDP by economic activity at constant prices



The strength of the oil industry, generally high global oil prices and a public policy to redistribute wealth, have until now attracted growing numbers of foreign workers since the discovery of oil. The sustained and continued influx of foreign workers to support labour-intensive industries has resulted in the number of foreign nationals eventually overtaking the number of Kuwaitis. Kuwaiti nationals currently make up just over 30% of the total population of Kuwait. This is, of course, similar to trends in other Gulf Cooperation Council (GCC) countries.

Proportion of nationals and foreigners in GCC countries



⁵ Among Kuwaiti nationals, 55% are under the age of 25. By contrast only 32% of the total population of Kuwait is under 25 years of age. Data refers to 2016. Source: Public Authority for Civil Information.

Other concerns in Kuwait today revolve around the challenges of institutional planning. According to participants and interviewees, this is due to a fear of the unknown, a lack of data about the benefits of planning and the prevalence of administrative challenges. All of this is thought to lead to strategic myopia and sustained shortcomings in strategic skills and implementation of plans.

Another important feature is the asymmetry between education and employers' requirements. Training and education programmes are not developed with labour market needs in mind,

mainly due to a lack of coordination between employers and the education sector. There is an under-utilisation of existing expertise and, at the same time, unprofessional working practices that do not promote improved coordination.

One of the most notable characteristics of the Kuwaiti labour market is the public sector versus private sector employment debate. What unites these two sectors appears to be, overall, an unfulfilling work experience and a shortage of cross-sector cooperation. What separates the two sectors is nationality: Kuwaitis dominate the public sector, while foreigners work principally in the private sector. People also lament the low productivity in the public sector. As a whole, people perceive that there are not enough private sector jobs for Kuwaitis, that most employees of that sector are unskilled and that its recruitment processes lack transparency and clarity, mainly because of the limited use of IT systems.

Corruption, motivated by the desire to maintain control and dominance, was stated by many interviewees as a major challenge. Corruption expresses itself through the abuse of the Kafalah trade, and ‘Wasta’ (nepotism) and limits access to employment opportunities. This is reinforced by existing monopolies in the Kuwaiti economy and the fear of an eventual over-presence of foreigners in the country.

This corruption is related to the growth in numbers of foreign workers. The recruitment of unsuitably skilled workers is a means by which to make personal financial gains, and the low wages paid to foreigners result in a high number of unskilled workers. However, on the upside, there are a number of initiatives in place to improve the situation. For example, the New Domestic Workers Law. This Law addresses some irregularities and negative comments on the previous law and guarantees justice for all and preserves the rights of each concerned party. Furthermore, it grants domestic workers the right to a weekly day off, 30 days of annual paid leave, a 12-hour working day with rest, and an end-of-service benefit of one month a year at the end of the contract, among other rights¹¹. A further positive and noteworthy development is the establishment of the Anti-Trafficking Unit, which through its dedicated staff at the Ministry of the Interior addresses human trafficking. This development has received high praise from the UN Secretary General’s Special Rapporteur on trafficking in persons, Maria Grazia Giammarinaro¹².

Finally, with the majority of the population in Kuwait being under the age of 25¹³, there is concern about the possible social and cultural problems that these situations could lead to.

¹¹ See for example: <https://www.hrw.org/news/2015/06/30/kuwait-new-law-breakthrough-domestic-workers>

¹² <http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=20487&LangID=E>

¹³ Among Kuwaiti nationals, 55% are under the age of 25. By contrast only 32% of the total population of Kuwait is under 25 years of age. Data refers to 2016. Source: Public Authority for Civil Information.

The challenge ahead

So the conundrum ahead is this:

1. there is a desire to achieve the bold Vision 2035, and the “New Kuwait 2035” strategy, with fewer foreign nationals and a diversified economy;
2. at the same time oil revenues may fall in the future (though Kuwait is likely among the last countries to feel the pinch, given it has the lowest production costs),
3. the economy continues to be heavily reliant on petroleum production,
4. few Kuwaiti nationals are active in the private sector,
5. more than two thirds of residents are foreign, and
6. a culture of entitlement has become ingrained in Kuwaitis’ expectations of quality of life.

How is the Vision to be achieved? Can it be achieved? What are the implications for future economic growth? What are the policy decisions to be taken today? How can the country rediscover the innovation of the 1950-1980 period in a very different context? What will it take to reach Vision 2035 and carry forward the work that has started? Funding and developing the Vision is part of the answer—but only part, for turning around the economy and the culture is a ‘wicked problem’.

WICKED PROBLEMS

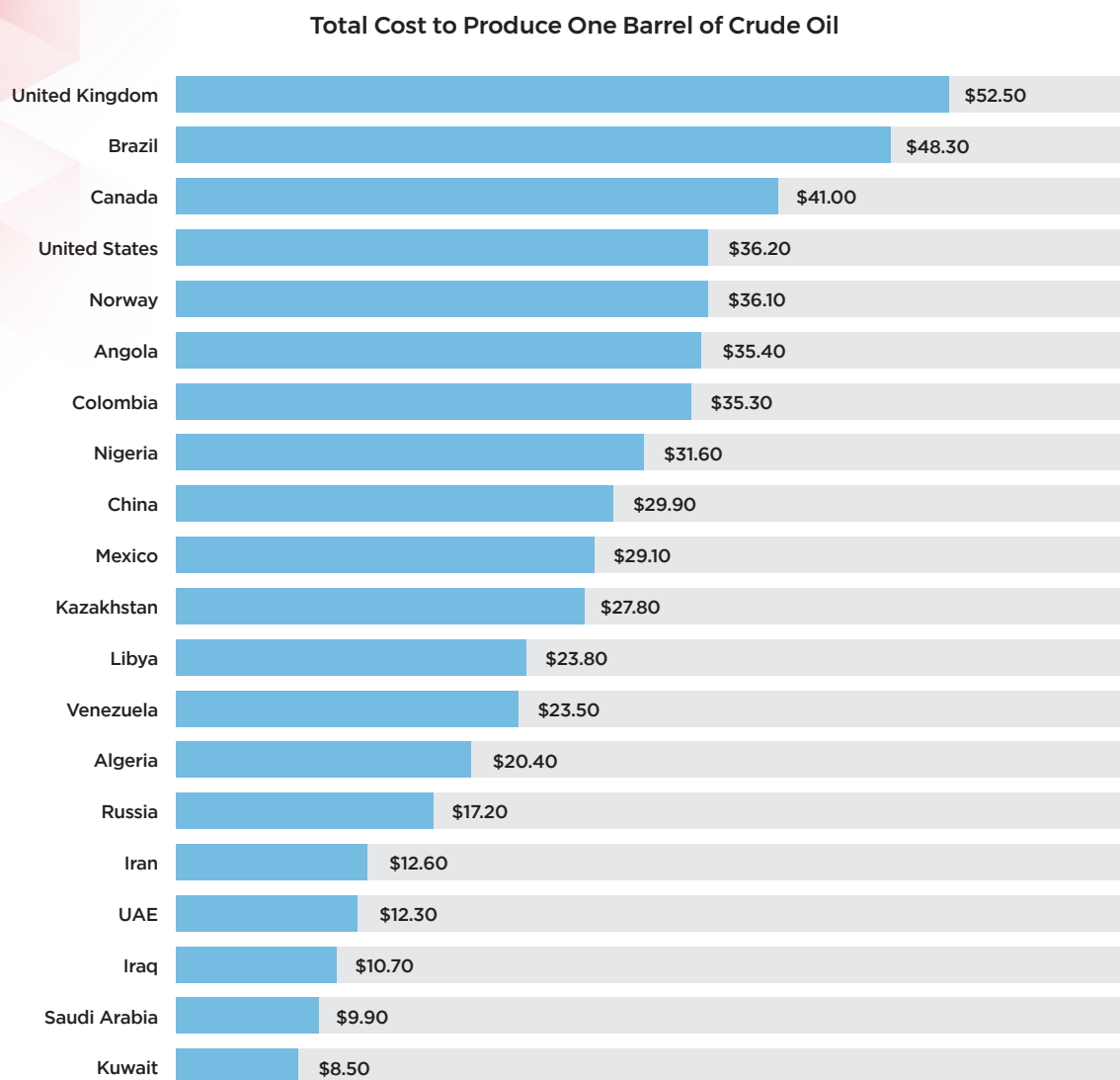
A “wicked problem” is one that is difficult or impossible to solve because of incomplete, contradictory, or changing requirements that are often difficult to recognize. A wicked problem may have several solutions, with different outcomes—and, because of complex linkages, the effort to solve one aspect of a wicked problem may create other problems.

How do these challenges relate to PAM? In many ways. First, the process of Kuwaitisation is complex and requires continuous adjustment. The proportion of foreign workers in general, and within public sector and the administration of private sector in particular, has become a political issue. PAM is striving for Kuwaitisation while at the same time the government has massive infrastructure developments planned and some Members of Parliament wish to do away with expat workers altogether¹⁴. The outlook and the future may well be determined by the Budget and by oil revenues/prices. An additional issue for PAM to balance is the need to create space for young Kuwaitis to be employed.

¹⁴ On this latter point see for example: <https://www.migrant-rights.org/2016/12/migrants-in-kuwaiti-elections-problems-not-workers/>

Some key issues

Key issue: Oil revenues and implications for fiscal balance



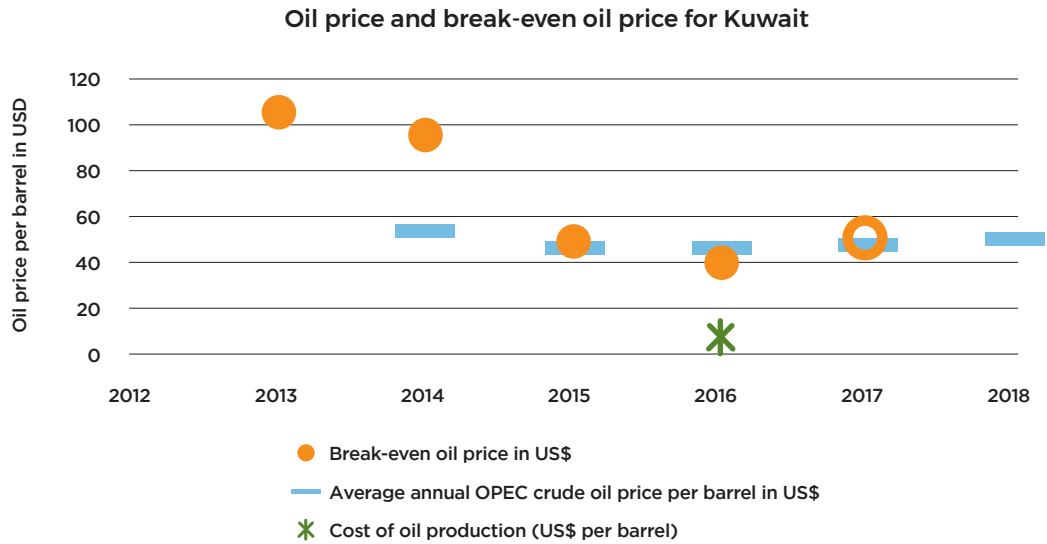
Source: <http://marketrealist.com/2016/01/crude-oils-total-cost-production-impacts-major-oil-producers/>

¹⁵See for Example: <http://gulfbusiness.com/kuwait-seeks-boost-foreign-investment-ppps-new-2035-development-plan/>

Some commentators highlight that Kuwait's first budget deficit was registered in 2015, followed by an increased deficit of 16.5% of GDP in 2016, principally due to lower oil prices. A budget deficit of \$25.9bn is projected for 2017¹⁵. As a measure of protection, Kuwait has saved annually at least 10% of government revenue in the Fund for Future Generations, into which it had to dip into last year.

In terms of the fiscal outlook, there is some uncertainty. However, Kuwait will continue to be the country that requires the lowest break-even oil price to achieve fiscal balance. That price is expected

to be between \$45 and \$50 in 2017 (depending on the data used) and \$51 in 2018 (according to the IMF). The break-even price is low due to Kuwait’s high per-capita hydrocarbon production and more recently its “large estimated investment income” from its sovereign wealth fund. It is of course also a measure of the budget and the global oil price. In the future, this can easily change – as it has in the past. And the margins are becoming increasingly narrow (see graphic below).



Source: Data for break-even: IMF. Data for oil price: statista.com. Circle indicates projected data

¹⁶ *Rethinking Transportation 2020-2030. The Disruption of Transportation and the Collapse of the Internal-Combustion Vehicle and Oil Industries.*
https://static1.squarespace.com/static/585c3439be65942f022bbf9b/1/59122a6c2e69cfca477235c5/1494362762632/RethinkX+Report_050917.pdf
¹⁷ <http://www.arescotx.com/microwave-technology-the-new-fracking/>

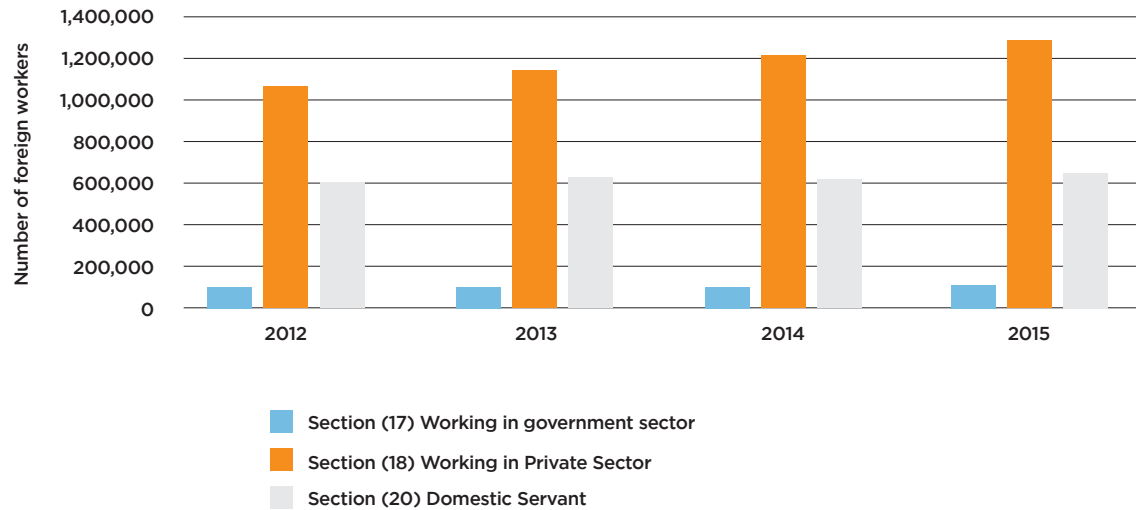
¹⁸ Public Authority for Civil Information

One significant variable that will affect the oil price and which will need to be reflected in the break-even cost is electric car production and user uptake. This will impact oil revenue irrespective of estimated national oil reserves. A recent report¹⁶ claims that, by 2025, no more petrol or diesel cars, trucks or buses will be sold. All new vehicles will be electric. Whether this claim is too bold, whether it is predictive only for some countries and whether it underestimates the need for hydrocarbon fuels to power existing vehicles, the trend is clear. There is also limited time to adapt to advances in fracking and new microwave technology,¹⁷ designed for the extraction of oil shale, which may further depress global oil prices.

Key issue: Labour and foreign workers in Kuwait

There were 2.6 million foreign workers in Kuwait in 2015¹⁸. As is well documented, the vast majority of these foreign workers were active in the private sector (Section 18) and as domestic workers (Section 20). Other notable sections are Section 17 (working in government sector), Section 22 (Joined avail), Section 23 (students) and Section 24 (Expenditure source).

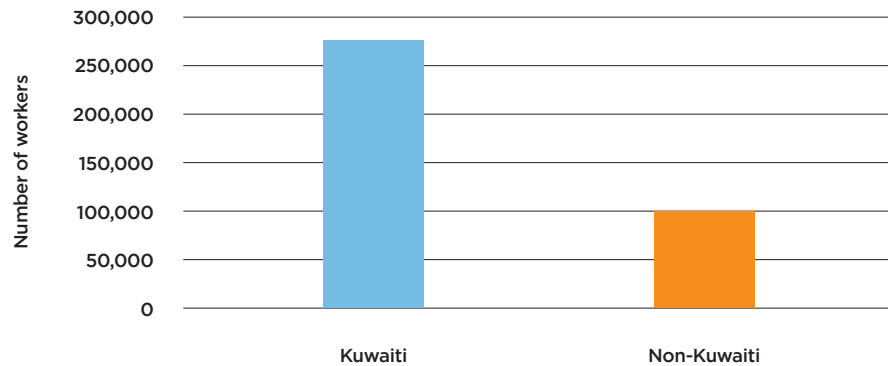
Number of foreign workers in Kuwait by residency Section and year



¹⁹ These data originate from the State of Kuwait National Statistics Bureau

Of Kuwait’s total population of 4.13 million¹⁹, about 2.5 million people were gainfully employed. A closer look at employment among Kuwaiti nationals and foreign workers confirms that Kuwaitis dominate in administrative and professional categories. By contrast, foreigners are principally in service sector and manual jobs, including domestic work.

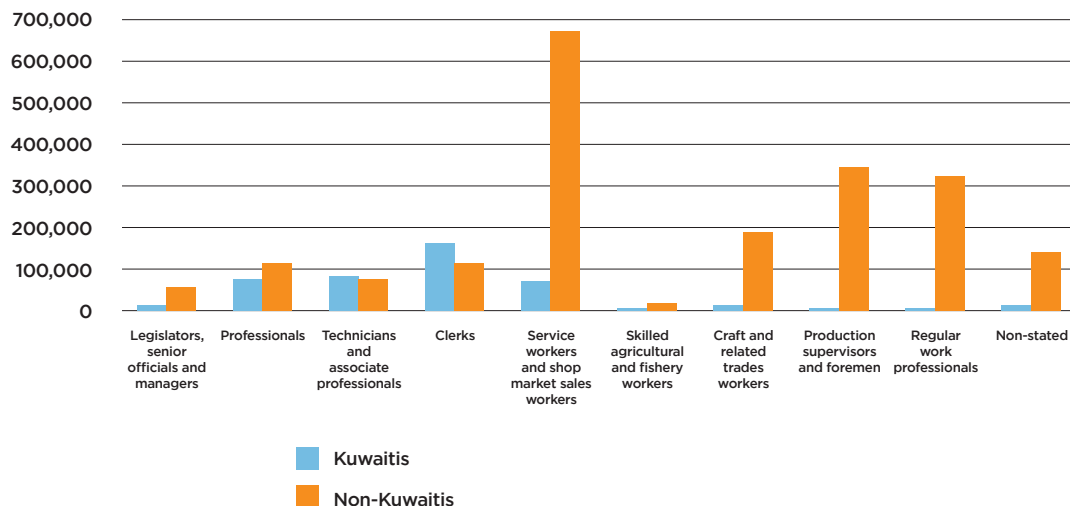
Total number of employees in Government sector, Kuwaiti and non-Kuwaiti



²⁰ The political economy of labour markets and migration in the Gulf. Workshop Proceedings, London School of Economics, August 2016.

Indeed, “the annual supply of new Kuwaiti jobseekers amounts to about 23,000, while only around 6,000 are needed in the public sector, leaving a balance of 17,000 nationals to be absorbed in the private labour market. However, of the 66,000 new annual job openings in the private sector, only about 9,000 are suitable for Kuwaitis. Given the current mutual reluctance of Kuwaiti employers and jobseekers, little more than 3,000 can be expected to be taken by Kuwaitis.”²⁰ There is therefore a need to reform skills and education systems, as well as labour price structures in the Kuwaiti labour market, not least because the “private sector premium” is considered too small to entice Kuwaitis away from more stable and predictable public sector employment.

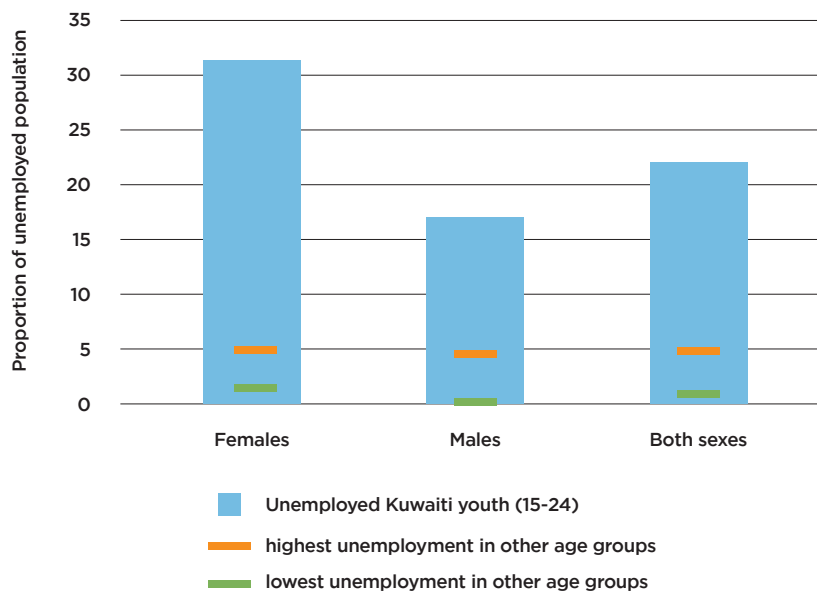
Employed population aged 15 and above by nationality (Kuwaiti/non-Kuwaiti) and occupation group



²¹ <http://bit.ly/2sA1CXQ>

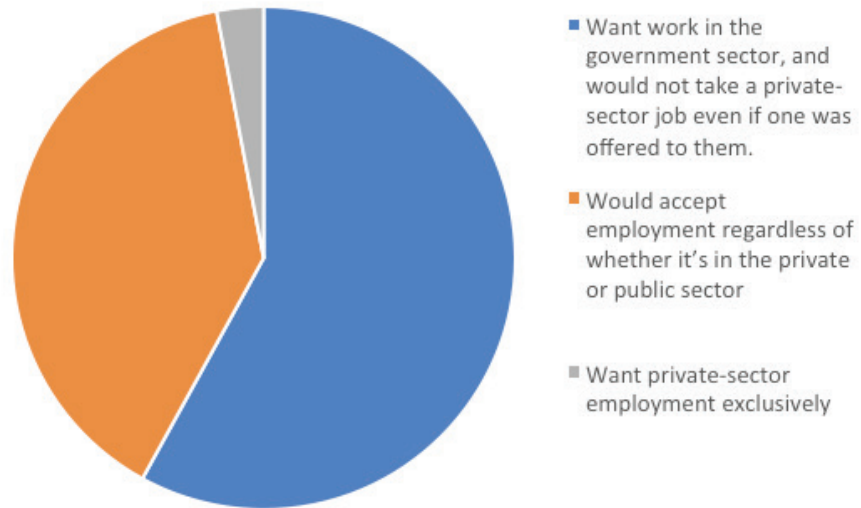
A recent study conducted by Kuwait University²¹ corroborates the above notion: between 2012 and 2016 the University graduate output could only meet half of the private labour market demand. However, their fields of education were not matched with the labour needs, mostly because students only see the route to public sector employment. Therefore, the problem, of unemployment among Kuwaiti youth is particularly acute as more than 30% of young Kuwaiti women (under 24 years of age) are unemployed.

Unemployed Kuwaiti youth (15-24) 2015 data



A recent survey carried out by PAM among unemployed Kuwaitis has revealed that there is an overwhelming expectation to obtain work in the public sector.

% of unemployed Kuwaitis



²² Public Authority For Manpower Accomplishes 80 Percent Of Automation Transfer From CSC. Arab Times. 21 August, 2016.

Of note here is the automation of work permit processing. In August 2016, most of the automation was transferred from the Civil Service Commission to PAM²². This system accelerates processes, makes them more transparent and reduces the rates of errors.

Key issue: Private sector expansion in Kuwait

²³ Kuwait fails to keep up with its neighbours. The Economist. December 1, 2016.

²⁴ World Bank data. <http://www.doingbusiness.org/rankings>

²⁵ "Why Singapore became an economic success". The Economist. March 26, 2015

Kuwaiti autogenous private sector growth and development has been scarce. Some²³ claim that Kuwait's assembly has not effectively put forward the economic vision and means by which to propel the country to the future. The parliament, too, has been reluctant to push for the changes needed to encourages businesses and foreign investment. In 2016, Kuwait ranked 102nd out of 190 countries in the ease of doing business index – a measure that scores how conducive the regulatory environment is to starting and operating a local firm²⁴. Specifically in terms of the ease of starting a business, Kuwait ranked 173rd. Singapore, frequently cited as a model country, ranked 2nd overall. How has Singapore become a success? There are many reasons, including its geographically strategic position. But also, because it welcomed foreign trade and investment, providing multinationals with a natural hub and where to expand and prosper. What also made the difference is that government was kept small, efficient and honest²⁵.

**Employed population aged 15 and above by nationality
(Kuwaiti/non-Kuwaiti) and occupation group**



The ease of doing business rankings for Kuwait appear to support the sentiment that the government has not invested enough in the necessary infrastructure, schemes or incentives to facilitate private sector development. Nor has it taken sufficient steps to reduce administrative barriers and create an open and transparent investment environment.

Key issue: Economic diversification opportunities for fiscal growth

Today, economic growth and fiscal revenue comes principally from the oil sector. But before the discovery of oil, Kuwait had a productive and innovative economy that was not based on extractive industries.

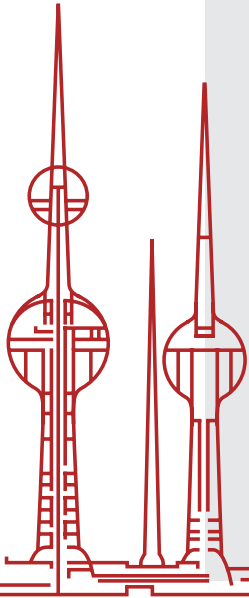
With the advent of oil, the prevailing method for distributing wealth has been through public sector employment. This redistributive approach has worked well for decades and allowed Kuwait to save and further profit through investments via its sovereign wealth fund and the Future Generation Fund. However, recent history from around the world has illustrated how investment-based revenues carry the inherent danger of losses; oil revenues may soon dwindle and the thinly diversified economy risks decline. What, then, could be the options for economic diversification and growth, assuming that institutions are supportive?

Tourism, culture and Kuwait’s evolution into a financial centre are all on the list for Vision 2035. But these three sectors are already very crowded in the GCC region, with Dubai and Abu Dhabi having taken the lead on travel and tourism. So where could Kuwait take the lead? Energy generation through photovoltaic panels, coupled with battery storage (particularly in joint ventures with leaders in this field), could offer an important alternative national source for the future in the sub-region or a little further afield. While Abu Dhabi has established itself as

a major financial centre, Kuwait could take an alternative approach—establishing itself as a blockchain development centre.

BLOCKCHAIN

Blockchain is technology that was originally used to secure and verify Bitcoin, the cryptocurrency. Increasingly block chain is now being used as the underlying technology to ensure the authenticity and safety of other transactions of value, particularly in the public sector. This technology could fundamentally shift the way land registries, identity management systems, health-care records and even elections are verified. It is a means to create permanent and secure records which cannot be tampered with. Getting to that point will take time and massive investment. But the rewards can be enormous, too.



Overview of the approach and methodology

Scenarios and PAM leadership

The development of scenarios, and the involvement of key PAM staff is consistent with ensuring that PAM has access to resources and methodologies that build capacity in evidence-based policy and programme development. Participation in the scenarios process provides insights to new and inquisitive approaches to planning, strategizing and using information from a variety of sources. Given the multidisciplinary design of the process, it highlights the importance of involving a broad range of individuals in developing strategies and plans.

Why it is helpful to use scenarios in this context

Scenarios constitute plausible and thought-provoking stories of possible futures articulated in a qualitative and intuitive manner, supported by data and modelling. They highlight the options and choices that lead to a range of outcomes or “possible futures”. Thus, scenarios have been used to anticipate change, opportunities and challenges that involve multiple stakeholders and often need to overcome contrasting views or socio-cultural, economic and political barriers.

Scenarios deal with perceptions and change, which are the characteristics of the future. Perceptions are not quantifiable and change needs to be harnessed but cannot be stopped, therefore if we want to capitalise on the opportunities of the future we need to logically build possible futures and explain them in a qualitative manner. Supplementing this with numerical modelling is a helpful addition to provide further sense to the futures narrative. In the case of foreign workers and the labour market in Kuwait, the vision has been articulated but the future or the paths to achieving that vision is uncertain.

Who was involved

Representatives from the public sector (Public Authority for Manpower, the Ministry of the Interior, Ministry of Foreign Affairs, and Ministry of Information), private sector, academia, international organizations and civil society, as well as labour experts were involved in interviews and two workshops. Diverse participation was sought in order to explore possibilities and thinking outside established institutional “truths”. The Chatham House rule was applied in all workshops and interviews to promote open and transparent dialogue.

What do we gain from scenarios in the Kuwaiti context?

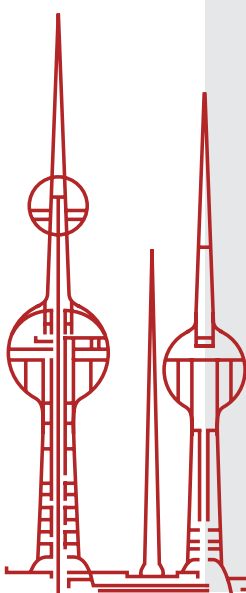
Aimed at decision-makers, scenarios are a platform for leadership, advocacy and negotiation within Kuwait. They seek to provide a shared understanding for diverse viewpoints to discuss priorities and potential pitfalls, and to plan work together in a world of ‘wicked problems’—problems that may have more than one solution. Political scenarios are especially useful for thinking about ambitious goals in an interconnected world where leadership, financing mechanisms, values and norms are rapidly changing. Hence, scenarios for the future of foreign workers and the labour market in Kuwait allow a clearer, more logical understanding of the interaction, level of importance and possible outcomes of a series of events that otherwise might be overlooked.

Scenarios are descriptions, creating an understanding of the wider context and offering insights about possible events that will impact the future of immigration and labour in Kuwait. Scenarios are tools, like maps, that allow us to explore a range of diverse and possible tomorrows – along the path to reaching the Vision – and better navigate in times of uncertainty. We gain a map illustrating the landmarks visible on the way to our destinations. This map provides an early warning system by allowing us to recognize when we are veering off course – when certain landmarks do not appear, or are from other landscapes. In this way, we understand change as it happens.

Disclaimer

The scenario building activity is fully in support of Kuwait’s Vision 2035. Developing insights about alternative futures represents a tool to understand change and respond in a way that makes the Vision achievable. In no way is the articulation of the scenarios a way of expressing a preference for a negative or challenging future. Similarly, expressing possible actions or decisions of some actors or stakeholders in the scenarios does not mean that this is what is expected they will do – it is a means of exploring plausible options, as debated by the participants.

NEW KUWAIT 2035



Vision 2035 sets out Kuwait’s long-term development priorities – turning the country into a regional financial and cultural hub by 2035 through 164 strategic development programmes to “achieve an honourable living and a bright future for the youth and next generations” (Prime Minister Jaber Al-Hamad al-Sabah). The Vision also aims for a reduction in the proportion of expatriates in the population from 70% to 60% by the end of 2020.

“The oil revenues in the 2035 budget will be limited compared with the revenues collected from productive economic sectors like industry, technology, tourism, services, banking and investment, in addition to the activation of knowledge-based economy, and small and medium-sized enterprises (SMEs)”. The private sector will contribute to the national economy through partnership with the public sector, or through managing the State’s utilities.

Drivers of change – where decisions are made

To reach Vision 2035, we must understand the drivers of change – the structural forces that can shape the future by influencing the country as a whole, the labour market and the broader context in which the decisions are taken.

The future will depend on how some specific drivers are handled. Plans associated with achieving visions often assume the stability of the economic, political, and cultural context in which those interventions will take place. In reality, the recent history of Kuwait has shown that with national development there is a need to act on multiple fronts, considering politics, society, finance, culture, human rights and the legislative and policy environment. Many of these socio-cultural and economic issues are susceptible to the influence of leaders at all levels. If they can summon the vision, courage and commitment necessary, these issues can be addressed effectively.

As the scenarios demonstrate, the relative importance of each drivers identified by the workshops participants differs across the scenarios. Ultimately these are the six things that will shape the future. They are:

1

Greed

- At the heart of greed lies the tendency for being **self-centred and self-serving** and aiming to secure individual goods. This driver is believed to remain a constant until at least 2035 and could be seen as the result of distributive economic policies. There is a constant desire for “more” because life has been plentiful. The extent of greed varies from person to person, but it is viewed as a central trait people some economist refer to this reality as *Homo economicus*, aiming to maximize utility as a consumer and profit as a producer²⁶. To shape the future, it is important to either counterbalance greed or transform it into “ambition” or drive for economic growth.

- **A self-interested survival instinct** is related to greed and applies to groups of people wishing to monopolise benefits, power and wealth. While this aspect is closely linked to *Homo economicus*, in Kuwait, this could manifest itself in terms of businesses benefitting from the existing Kafalah system, politicians representing a narrow section of the population or even state employees doing their best to maintain a status quo – even if they as individuals are the only beneficiaries. Again, counterbalancing this trait to the advantage of the country will be critical.

The Public Authority for Manpower plays an important role in mitigating this driver: implementing an automated permit issuing system is an important step in ensuring transparency and accountability in the recruitment and employment of foreign workers. It will be a central tool to enforcing the rules and regulations that govern numbers and quality of workers.

²⁶ See for example Wikipedia:
https://en.wikipedia.org/wiki/Homo_economicus

2

Personal deterrents to increase number of migrant workers

Because consumerism and the expectation of continued and sustained access to “the necessary”, domestic workers for example, has become entrenched, there are **few personal deterrents to decreasing numbers of migrant workers**.

PAM’s role, again, is important in ensuring the existing rules are adhered to. PAM may also be an important player in determining the future numbers of foreign workers, including among domestic workers.

3

Effects of a lifetime of wealth and abundance

The effects of a **lifetime of wealth and abundance** are a reflection of the enormous financial resources generated since the first oil exports in the 1950s and the wealth distribution policy the government has been pursuing. All Kuwaiti nationals have enjoyed a very high standard of living through relatively limited individual efforts to secure such incomes.

- **Consumerism**, one of the results of this generation of wealth and abundance, where “more is better”, is coupled with an expectation for continued availability and affordability of exotic, expensive and recognisable products. Consumerism transcends material things: there is a close to universal expectation among Kuwaiti nationals to have access to affordable and plentiful labourers, both in the private sphere (home workers) and as staff in the private sector.

- **Dependency culture** is closely linked to the personal and national financial realities of Kuwaiti nationals over the years. Its definition is “A way of life characterized by dependency on state benefits”²⁷ and is also the consequence of redistributive national economic policies. This creates a (lifelong) expectation that the government will continue to provide the same standard of life. Some argue that this dependency is fostered by the State, for fear of independent thinking. **Self-interest** is widely described in literature and not restricted to any particular country. Self-interest is determined by individual-level variables, increasing the likelihood that a person depends on welfare state support or will have to do so in the future.

- Another element resulting from this assured wealth is that today, in 2017, it is hard to **envision how this affluence could disappear in the future** or how this affluence would shape society in the future. When perceptions and memories are positive, as they are in the case of a wealthy society, it is easy to imagine that the future might be the same.

- However, as the **lifetime of wealth and abundance** is an uncertain driver, the above matters can change, if there is a collective will and motivation to do so. Conversely, they can become even more deep-seated and persist for decades to come.

PAM plays a role in ensuring that the rights and needs of employees, who generally originate from less wealth countries, are respected and documented. The new employment contracts are attached to all new work permit applications for PAM to review. This ensures both the employer and the employee are aware of their rights and obligations²⁹.

²⁷ https://en.oxforddictionaries.com/definition/dependency_culture
²⁸ Fossati F. (2016) *How self-interest and values explain labour market attitudes*. National Centre of Competence in Research (NCCR) *Challenges to Democracy in the 21st Century*. Working Paper No. 62.

²⁹ See for example: Kuwait’s Public Authority for Manpower introduces new unified employment contract. ET. <https://go.ey.com/2tb0xc>

4

Growth and stability

- **Growth and stability** is the source of **wealth and abundance** and currently lies at its heart. It also lies at the heart of the government's redistributive policies. It is uncertain how this driver may play out in the future: economic growth may change, principally due to the price of oil and other sources of revenue. The question becomes: can wealth and abundance be achieved in an era of low oil prices? Does reduced growth necessarily lead to a lack of wealth? How will wealth be defined and appreciated in the future? What will this mean for foreign worker employment?

Arguably, this is the driver that PAM has the most influence over. Economic growth and stability are secured through the right mix of investment and labour. Although PAM will work towards the plans of the Vision, its ability to execute the recruitment system and to set in place the most advanced systems to verify employer needs as well as worker skills will be central to Kuwait's future. PAM plans to improve the labour conditions and management system by analysing the demographic imbalance, making sound decision based on enhanced reporting mechanisms and upgrading its services quality for all economic and social actors³⁰.

³⁰ See for example: United Nations Development Programme Country: Kuwait Joint Programme Document.

5

Misuse of regulations and laws

- The driver **misuse of regulations and laws** relates to the bending of rules and laws to maintain plentiful and cheap foreign labour. Cheap and abundant labour are a cornerstone of Kuwait's modernisation, growth and development. A better-regulated and adhered-to system could result in fewer but higher-quality foreign workers. The uncertainty about the future is as much about the national objectives and the quality of the work, as it is about the willingness to accept lower quality work but more people carrying this out. What will it be? What will be the implications of technology relative to the legal aspects of immigration?

Another massively important element in PAM's portfolio, having implemented an important step through the unified contract for workers in the private sector, which is to be signed by both employers, employees and PAM. An additional future step will be to move to an electronic contract system, accessible to all parties.³¹ In addition, the decision-making about the number of foreign workers, their skill level and the companies requesting them will also go a long way towards ensuring that laws and regulations are respected. Generating an online database available to public scrutiny on these decisions will go a long way to avoid any misuse.

³¹ Unified Contract for Kuwait's Private Sector. March 2016. Migrant-rights.org
³² <http://www.arabianbusiness.com/kuwait-launches-new-plan-transform-economy-by-2035-661652.html>

6

Extent and success of planning

- The Extent and success of planning driver stems from the perception among the participants that the current practice in terms of planning and coordination can be improved, and that more can be expected from better planning and coordination. There is a sense that not enough planning goes into the future of the people of Kuwait, as well as a dearth of research to support policy-making and decision making. Vision 2035 is Kuwait's National Development Plan and it has 164 strategic development programmes³². These require planning.

To what extent will planning be carried out, and the plans followed and adapted as needed?

PAM is all about planning and implementing plans. These are plans referring to achieving Vision 2035. Much of the work can be facilitated by greater coordination, greater automation of permit processing and through ensuring transparency in decision-making.

Three scenarios – a window to the future

Workshop participants have articulated three different draft scenarios. These scenarios are the result of a clustering exercise of “newspaper headlines” which were constructed after participants had discussed the current situation and synthesised the core driving forces. The scenarios that have emerged during the workshop are reported, amplified and illustrated in the following section.

The three scenarios, in brief, are as follows:

STORM AT THE OASIS – a scenario characterised by strong pushback against achieving a common good, with greed and personal gain taking precedence. Legal systems are abused and manipulated to sell increasing numbers of work permits to low-skilled foreign workers. Government checks and balances are ineffective; parliamentarians are unable to agree a way forward and there is little overall ability to make any changes. Other than a few individual Kuwaitis, there are no winners and the quality of life deteriorates for all. The proportion of foreign workers is increased and their skill-levels decline due to a lack of appropriate long term interventions (such as education) to have made a change.

- o **The challenges PAM will face in this scenario** include continued changing demands from private sector, parliament and Ministries. PAM may be blamed for ineffectiveness while it is not allowed to function effectively.
- o **The opportunities for PAM** include implementing early on clear and transparent systems that show how it makes its decisions, its allocations and how it helps enforcing laws and regulations.

OUR IDEAS – OUR SUCCESS. The best possible outcomes are achieved. This is a return to the “Golden Age” and a fulfilment of Vision 2035. Attitudinal changes are central: a shift from greed and consumerism toward collective growth, diversification and improved planning are the key ingredients to this successful scenario. The quality of life and work improves. Stability and security are ensured and the uncertainties of oil revenues are minimised through the growth of other industries and sectors. The proportion of foreign workers is reduced, while their skill levels and the quality of the jobs they work in is greater.

- o **The challenges PAM will face in this scenario** will be to live up to expectations, promote deeper administrative change and become fully technologically automated. Other challenges will include the negotiations with employers who will wish to circumvent some laws and regulations. A clear and transparent line will aid.
- o **The opportunities for PAM:** PAM can emerge as one of the key administrative authorities to achieve Vision 2035. There are economic and financial elements to the Vision, but it will be workers who ultimately make it happen. A close communication with key Ministries and Authorities will be important. Plus, Kuwait can emerge as one of the leaders in terms of the application of workers’ and human rights.

TOWARDS A MORE BEAUTIFUL KUWAIT. It is hard work to achieve Vision 2035. We can't just flick a switch and expect a miracle. People and institutions must agree, come together, pull in the same direction, put aside their individual priorities and instead engage with one another for the future common good. All of this needs to happen fast, because 2035 is less than a generation away. Alas, in this scenario, there is much delaying, talking and negotiating, and less decisive action. This means there are plenty of good ideas, plans and initiatives, but they are simply don't come off the ground fast enough. The status quo is maintained in broad terms and there are advances here and there. By 2035 there has been some progress, but not enough. The proportion of foreign workers in Kuwait is the same as in 2017, though their skill levels are slightly higher and the work permits are more controlled and regulated.

- o **The challenges PAM will face in this scenario** will be the energy expended to improve matters but facing consistent pushback and obstacles. PAM, like anyone else in this scenario faces delays, artificial hurdles and administrative red tape in abundance.
- o **The opportunities for PAM:** PAM could develop its systems and ethics consistent with a Vision 2035 scenario – and stick to them, thus leading other institutions by example.

Each scenario has three sections: a personal interest story to illustrate what the future might feel like for individuals; a description of a sequence of events that leads from 2017 to 2035; and a discussion about the implications for foreign workers, the economy and the labour market in Kuwait.

There are **key assumptions** that are made, implicitly or explicitly, which underpin all three scenarios.

- **Greed is a central human trait** that will be close to impossible to remove, so will need to be harnessed in a positive sense towards “ambition” to avoid its worst consequences.
- The **proportion of foreign workers in Kuwait will be significant** – bar any powerful events that would undermine the economic system as a whole, in which case the debate around foreign workers would be secondary.

Scenario 1: “Storm at the oasis”

Thinking back to 2020, Mahmoud and his wife Jamilah were satisfied. Not happy in the euphoric sense, but satisfied. They married three years before, in 2017, and expected their lives to follow a path they had been accustomed to prior to their wedding. With some minor adjustments: the government’s drive to reduce the foreign workers had meant that they could only have one home worker. But, there were ways around that: Jamilah’s father was an influential figure in politics and business, so he pulled a few strings for them. Now that their second child was on the way, how could the government expect (no: dictate) that one home worker would be enough?

Jamilah has not been working since their first son was born. Mahmoud’s promotion at the Ministry of Education had meant greater authority, more status and less supervision. That suited the young couple just fine as they wanted to take more trips to Europe and Asia. They realised though that times were changing and they were the last generation who had it so good. Most young Kuwaitis do not find jobs in the private sector and the public sector jobs are becoming fewer in numbers: corruption, under-employment and reduced oil revenues are the main culprits of this change. But what to do?

Mahmoud considers himself lucky. Good job, good income, a safe future. Sure, he could have done more himself on the job now that he was senior adviser to the Permanent Secretary. He could have used his personal influence to try and push through (or at least place on the agenda) some much-needed reform. He could have been more productive all round. He could have shown up all working days. He could have tried to put in longer hours and get more done, like he did as a graduate student in the US. He could have. But what for? He did not want to create any waves that could undermine his own future at the Ministry. (Plus, the kickbacks he was getting for keeping University professors employed although they never actually completed their PhDs) Nor was he really convinced that he could have made a real difference in the grand scheme of things. He was utterly convinced that change, should it come, could only originate from the legislators. He was already doing enough and was collecting the fair pay due to him from the government of Kuwait. This was his right. This was his entitlement. He only did as much as he had to. He did not feel he was being greedy.

When Jamilah was ready to return to work in 2030, now that their four children were settled into schools, she found that this was impossible. She had of course seen the protests on the streets, but did not appreciate how this could ever affect here. Until it did: she was unable to find employment. This was outrageous! But what could she do? All the companies were in effect owned by two magnates, who were hiring only low-wage foreign workers. Jobs in the government were hard to come by because the revenues were so low and squandered. The Future Generation Fund was running low, projects were of questionable quality.

At least Mahmoud had a stable position in the Ministry. They were still doing fine, (thankfully the nannies are still cheap) although they felt a financial squeeze and would need to think about saving money for the future, for their health. For the first time they worried whether their children might be able to live the way they did... And they hoped that there wouldn’t be an investigation into Mahmoud’s continued income on the side...

Milestones of “Storm at the oasis”

2017

In this scenario, the Kuwait of 2035 is suffering more than ever from characteristics of *Homo economicus* and self-interest. Legal systems are abused and manipulated to sell increasing numbers of work permits to low-skilled foreign workers, upon whom the country is still dependent. Government checks and balances are not as effective as they could be; parliamentarians disagree a way forward and open struggle between authorities hinders effective planning and development.

2020

With no real efforts to stimulate a more productive economy, negative economic and labour market dynamics have been allowed to persist and strengthen. Consumerism and a dependency culture remain entrenched, leading to an economy that is still reliant on shrinking oil revenues and dwindling public sector funds to maintain services and wages.

The economic, social and political volatility has brought Kuwait to a state of vulnerability. Strikes, protests, power shortages and incidents of public and private sector corruption are reported as being frequent and widespread. Apart from a few individual Kuwaitis, there are no winners and quality of life deteriorates for the majority.

2025

Back in 2017, Kuwait already faced challenges. There was low productivity, corruption, weak employment prospects for youth, misaligned educational policies and low-quality health services. The legislation needed to regulate the labour market was neither in place nor upheld. Reports of human rights violations, though not frequent, were an occasional reality.

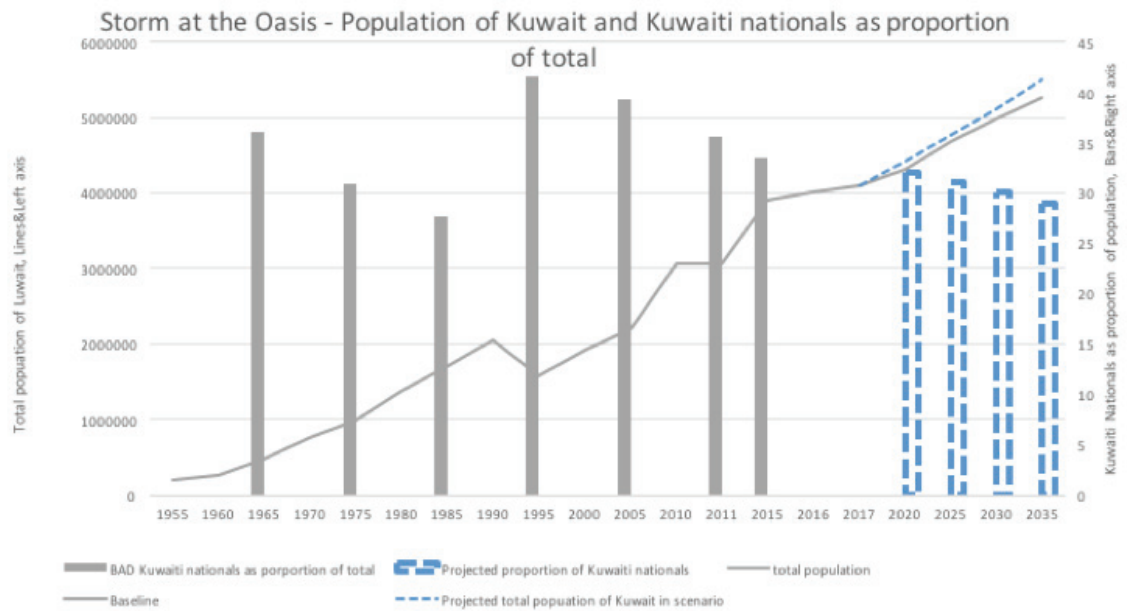
2030

It was in 2020 that the failure to tackle these problems started to make its mark. The education systems still weren't meeting the demands of the labour market and there were increased numbers of unskilled labourers in the workforce. Plus, the numbers of unemployed young Kuwaitis continued to grow. The private sector had become a more dominant force, but it wasn't interested in good business ethics, nor was there a mechanism in place to enforce them. Tensions between the government and opposition parties reached a new peak, sparking unrest and the first major strikes among workers.

The impact of low productivity began to bite in 2025. People were unable to kick the habit of consumerism, but at the same time the government was no longer able to provide state subsidies to prop up wages. As the gap between social classes widened, strikes and protests became more commonplace. For those who could still afford it, foreign healthcare and schooling (or expensive private health and schools within Kuwait) became the default option.

2035

In 2030, five years before Kuwait was supposed to have reached its vision, it was clear that the country's bold ambitions were not going to come to anything. A small number of companies had consolidated their monopolies and there was complete dependence on foreign labour. Unemployment rates among Kuwaiti nationals were on the rise and the future was looking highly precarious.



Implications for foreign workers and the labour market for “Storm at the oasis”

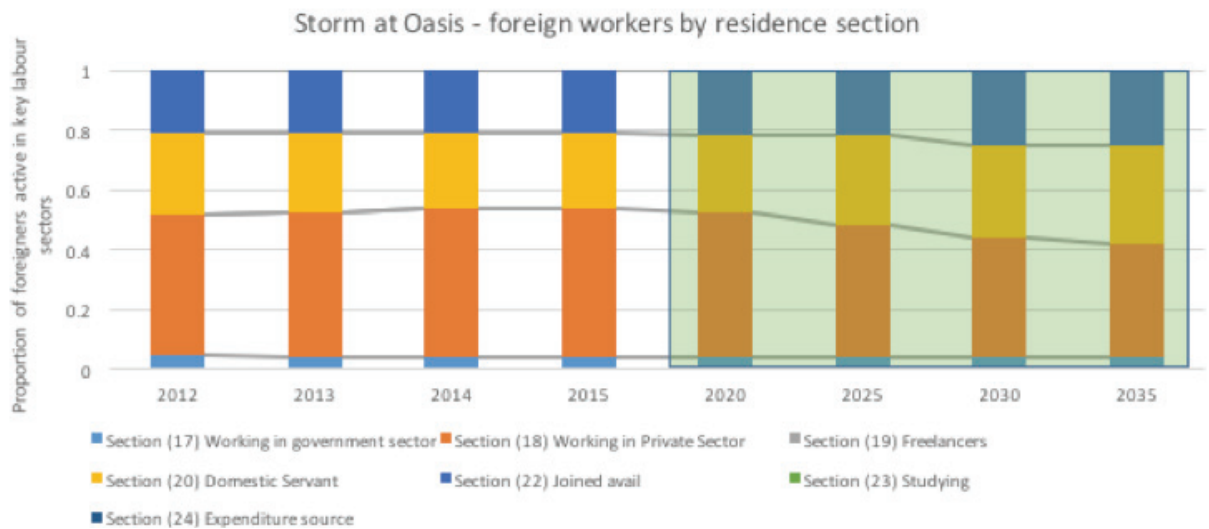
This scenario is characterised by a continuation and exacerbation of the economic and labour market challenges that the country was already addressing in 2017. An important reality is the inability to diversify the economy, for various reasons including monopolies and entrenched interests. Reliance on oil, reduced oil revenues, significant proportions of the budget committed to labour-intensive but unproductive investments spell challenging times ahead. The result is that, by 2035 the proportion of expatriates in the population has increased and, more so than ever, expatriates are working in low-skilled jobs.

The reliance on oil revenues and a failure to generate productive, private-sector jobs that are attractive to Kuwaitis, means that the two-tier labour market persists. Better-paid (for now) Kuwaitis work in the public sector and low-paid expatriates work in the private sector and as domestic workers.

Legislative failures also mean that Kuwait has been unable to control the issuance and illegal trade in work permits. More than 150 000 new work permits are offered to expatriates every year, the same as in 2017. So, for various reasons, the Kuwaitisation programme has not worked.

For Kuwaitis, the mismatch between the education sector and labour market demands has reached a crisis point. An increased number of Kuwaitis are graduating from higher education, but often without the qualifications that are required in the labour market.

Overemployment remains a problem, both for Kuwaitis and foreign workers. Expatriates continue to work as petrol pump attendants and as supermarket bag carriers. Meanwhile the public sector is overstaffed, to the extent that openings for Kuwaiti graduates have all but dried up. Young Kuwaitis can no longer look forward to the comfortable, secure public sector jobs that previous generations enjoyed.



The private sector, on the other hand, finds Kuwaiti graduates under-qualified for higher skilled jobs, forcing them to compete with expatriates for low-skilled positions (if they are willing to accept the low pay).

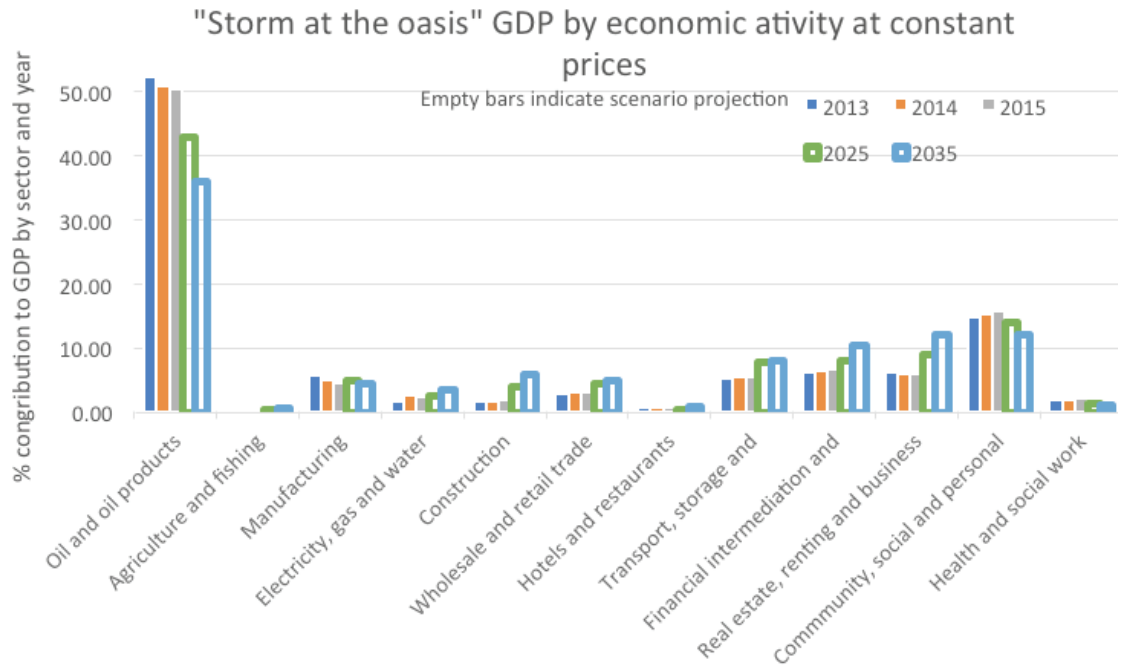
The result is increasing levels of unemployment among Kuwaitis, particularly for the youth. Those Kuwaitis that do get international standard qualifications decide to seek employment elsewhere, leading to a 'brain drain' out of Kuwait.

While the expatriate population may be growing, it is an increasingly unhappy workforce. Low-skilled workers suffer from increasing resentment. Due to declining living standards, and increasing civil unrest, Kuwait is unattractive for skilled workers. Those that do come work for a few conglomerates, stay in residential compounds, and leave as soon as their work is done.

PAM has struggled to implement its mission of balancing the numbers and skills of workers required to reach the Vision. It is plausible to envisage that this overall imbalanced scenario is also felt within PAM: it is not impossible to imagine individuals manipulating the system for their own gain; such behaviour happens everywhere in this scenario.

Sectors affected in this scenario

As a result of the economic and social changes, it is conceivable that the main sectors contributing to Kuwait's GDP also change.



The principal changes observed in the “Storm at the oasis” scenario would be in the following contributions to the GDP:

- Oil and oil products would be reduced as global oil prices shrink
- Fishing and agriculture would see renewed interest and investment
- Manufacturing would increase, but its quality is uncertain,
- Energy and water would increase given greater consumption
- Construction would increase significantly as a driving sector
- Wholesale and trade would grow, reflecting growing numbers of foreign workers
- Hotels and restaurants would diminish their business because tourism collapses
- Transport goes up with growing use
- Financial intermediation and insurance goes up reflecting greater risk
- Real estate goes up, as more people need housing (and replacing old stock)
- Community spending reduces and health and social expenses go down, given overall economic reduction

Scenario 2: “Our ideas, our success”

On the eve of the company’s team away day, with the sun setting over the harbour, Samiya Al-Kharafi, President and CEO of Samiya Solar sits down to write an email to her staff...

Colleagues, collaborators, friends,

As Samiya Solar marks its 15th anniversary, I thought I would take the time to write to you all to reflect on our remarkable progress.

Those of you in our commercial team (or those of you who read their monthly updates!) will know the figures. Last year we hit our target of US \$1.5bn in annual revenues and this year looks set to be our best yet.

But it’s not just the total volumes I’m excited about – we’re expanding our offer and reaching into new markets. Revenue from our bespoke off-grid solutions business unit is steadily increasing and, last year, exports exceeded domestic sales for the first time.

We’re part of a bigger national movement. For 15 out of 30 days last month, Kuwait was running 100% on renewable power. We thought that the 15% by 2030 target was ambitious, but we smashed that and went on to bigger and greater things!

As we’re in a celebratory mood, I hope you’ll indulge me in a little trip back to 2017, just before we set up the company. I’ll be honest with you. I’m a proud Kuwaiti, but back then I wasn’t in the country. I was in the US, studying and hoping to join a Silicon Valley tech firm. I wasn’t planning to come back.

There were some hints of progress back home. The Shagaya renewables plant started up and I noticed a few changes that might encourage Kuwaitis to move to the private sector—the long overdue increase in leave allowances for private sector employees, for one. But I didn’t see any game changers, or reasons to believe that the vision for 2035 would be anything more than wishful thinking.

But things started to change in 2020. Government bodies finally started working together and implemented changes to better regulate the labour market and reduce red tape (Thanks, PAM!), while introducing more vocational further education and stimulus packages focussed on productive industries. The vision had become a plan, and so in turn I planned my return—through a young professional scheme at the Shagaya plant.

I got great experience working with the international contractors at the plant, and thanks to some changes to the employment terms, it worked out as a fairly attractive package compared to the public sector. But my dream was to have my own company. So thanks to some attractive loans from the green finance corporation, and some government incentives, I was able to set up Samiya Solar. Was it a risk for the government to dip into the Future Generations Fund? I’d say it was a necessity!

Of course to start with Samiya Solar was a joint venture with an international partner, and I needed to hire in quite a few experts from abroad. But then we started to benefit from an increasing number of Kuwaiti engineering and technology graduates. Not only did they take over many of the management functions, they challenged me to think about ways to expand the business. Omar, Wahab, you'll remember us sitting in our new warehouse in Boubyan island. You asked me why we were waiting for the next government scheme and why we weren't just developing the products customers wanted. Perhaps our much-derided consumer culture could be recalibrated for positive outcomes for people, planet and profit... And so the off-grid solutions business was born!

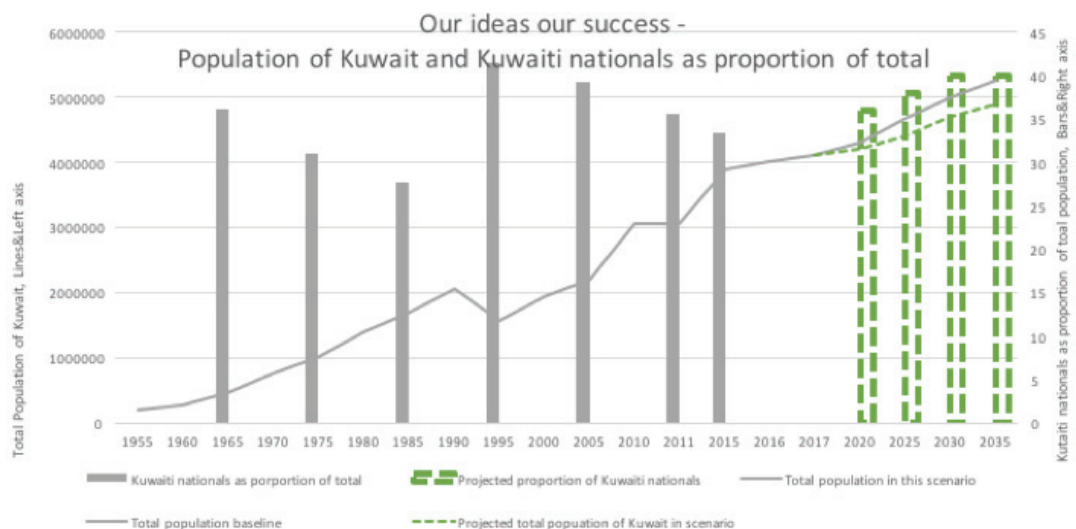
Today we're celebrating the results of this home-grown ingenuity—more than half of our staff here are Kuwaiti nationals. But I'm also happy to say that some of our expatriate colleagues—Bob, Joost and Li Jie to mention just a few—have stuck around to lend us their skills and expertise. Perhaps it's just the new golf courses on Failaka island that keep you here, but we're very grateful all the same!

Let's enjoy tomorrow and congratulate each other on a job well done. But let's also stay focussed on what has made us a success so far—looking ahead and coming up with our own ideas—my mailbox is always open!

With sunshine,
Samiya

Milestones of “Our ideas, our success”

In this scenario, Kuwait's vision has been fully realized by 2035. The population is reaping the rewards of the new 'Golden Age' and enjoying a better quality of life and work. The country is no longer dependent on oil revenues and has a growing, diversified economy that is driven by the private sector. Kuwait has become an international financial and commercial hub, as well as a popular tourist destination. Kuwaiti nationals make up 40% of the population and the country is much less reliant on foreign labour.



2017

A stable political system, with the executive and legislative authorities working and planning in harmony, is to thank for enabling economic development and the achievement of the vision. So too are proactive policies to balance the labour market, stimulate investment and encourage youth to seek the skills needed for employment in productive industries. Attitudinal changes have been important too. Greed and consumerism are no longer driving forces.

But Kuwait is not complacent. Despite achieving the vision for 2035 the country is carrying out an evaluation of its economy and labour market and drawing up a strategy for the future.

2020

The role of PAM cannot be understated: achieving the right balance in terms of skills mix and numbers of foreign workers if both an administrative and a political tightrope. More than anything it illustrates the very effective planning and coordination among PAM, the Ministry of the Interior, the Supreme Council for Planning and Development and the other Ministries that have made this world happen.

There was progress already in 2017. Kuwait's authorities started to overcome their differences and agree on key decisions. The government also began to automate processes across all of its ministries in order to increase efficiency and prevent corruption and the violation of laws. Youth were encouraged to pursue qualifications in specialisations relevant to the labour market, and educational establishments sought out experts who were qualified to train in these specialisations. The private sector and public sector got together to develop education guidelines.

2025

By 2020 momentum was building. The government made a clear commitment to the Silk Road development project, welcoming a delegation from China to discuss its swift implementation. There were also signs of economic diversification, with a burgeoning financial sector and several start-up companies setting up in the Kuwait islands Free Trade Zone. This was all good news for the strength of the dinar. Much talked-about reforms were put into practice. Establishing a state-supervised employment agency allowed Kuwait to abolish the Kafalah sponsorship system, rendering the Kuwaiti society stronger as a whole. The introduction of roundtable discussions allowed representatives from different ministries to address common problems and make decisions for the benefit of the country. PAM was a key player here because of its early adoption of automated systems and a strong ethical stance on the labour market composition.

2030

The private sector was taking on much more proactive role by 2025. It contributed to five-year plans for each sector of the economy, and business leaders took the lead on bringing civil society into conversations on the labour market and economic affairs. It wasn't just a private sector-run show however. Critical policy questions were referred to specialist consultation centres before administrative decisions were made.

This decision making process became more sophisticated in 2030, with detailed financial analysis and modelling available for all sectors and the country as a whole. Foreign investment picked up and companies from the Gulf Cooperation Council were invited to set up operations in Kuwait. The Kuwaiti companies that were thriving in the country's new, diversified economy, started to consider setting up businesses and selling outside of Kuwait in order to generate increased revenues.

2035

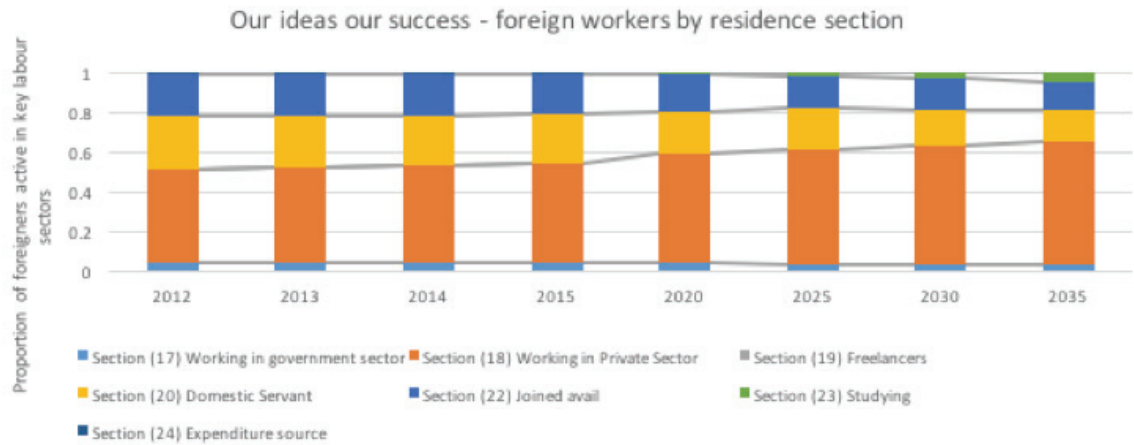
Foreign worker and labour implications for “Our ideas, our success”

This scenario sees a realisation of the vision for 2035. The proportion of foreign workers in Kuwait is reduced, and the expatriates that do stay in Kuwait are highly skilled.

Dramatic changes in the economy are core drivers behind this achievement. There is a transition from oil-dependency to an economy that focuses on high-investment, highly productive industries, real estate, tourism and finance, including a pioneering role in blockchain.

The incentive structure in the labour market has been turned on its head. The public sector cuts back on pay and perks while the private sector offers well-paid, secure jobs with good benefits— attracting large numbers of Kuwaiti nationals.

With decreased oil dependency comes less state control over national income. This leads to less labour-intensive government-sponsored projects and more capital-intensive private-sector projects. The shift away from commodities to services also means fewer blue collar workers and more white collar workers. These changes, coupled with increased use of technology, results in reduced demand for foreign labour.



These shifts in the overall economy are complemented by legislative and policy changes. The Kafalah system comes to an end and better law enforcement and decreased corruption help to keep a check on the flows of foreign workers. There are restrictions on the number of domestic workers a family can employ, and fees are imposed for employing these workers.

The education system is also now producing graduates with the skills required by the labour market. Graduates have qualifications in management and administration, technology and finance and consulting.

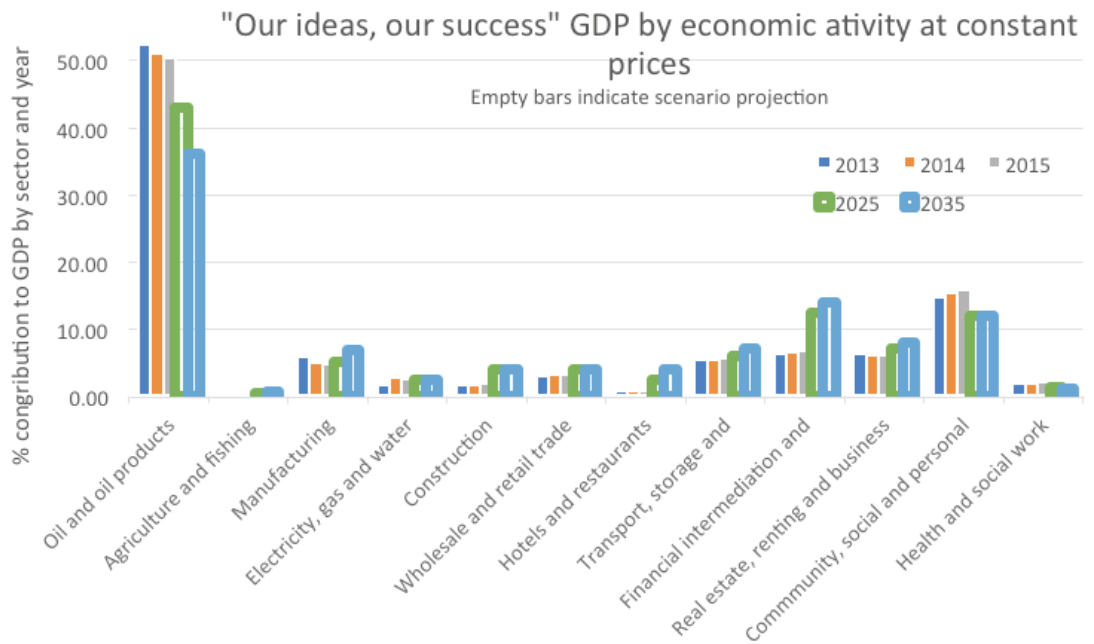
Expatriates are still required for construction and other labour-intensive jobs, but these represent a much lower proportion of the labour force. More Kuwaitis with good qualifications decide to stay on and work in Kuwait, rather than look for employment overseas.

The improved economy and well-trained, balanced labour force, results in a virtuous cycle—leading to further innovation and economic development. As well as reaching the target for a reduced proportion of foreign workers, Kuwait has managed to nurture a more harmonious work culture where Kuwaitis and expatriates work together towards common goals.

Thanks to the online vetting and transparency-enabling systems PAM had adopted, it remained one of the key players above scrutiny: decisions, regulations and numbers were available for all to see. And everyone looked: Kuwaitis, foreign workers, employers and watchdogs. They liked what they saw and this proactive approach was eventually adopted by other GCC countries grappling with their own labour demographic challenges.

Sectors affected in this scenario

As a result of the economic and social changes, it is conceivable that the main sectors contributing to Kuwait’s GDP also change.



The principal changes observed in the “Our ideas, our success” scenario would be in the following contributions to the GDP:

- Oil and oil products would be reduced as global oil prices shrink
- Fishing and agriculture would see renewed interest and investment
- Manufacturing output would increase in value because it is of greater quality
- Energy and water would increase given greater consumption but efficient systems keep prices down
- Construction would increase significantly as a driving sector
- Wholesale and trade would grow, but not significantly: its quality increases
- Hotels and restaurants would increase their business because tourism grows, following significant investments
- Transport goes up with growing use
- Financial intermediation and insurance goes up reflecting massive investments in clean technologies, high-tech industries and insurance
- Real estate goes up, as old stock is replaced with a greater proportion of luxury housing
- Community spending reduces and health and social expenses go down

Scenario 3: “Towards a more beautiful Kuwait”

Strategy consultant Jens Diefenbach is back in Kuwait...

London to Dubai. Short stopover. Dubai to Kuwait. Taxi to Hotel (same as last year). Sleep. Taxi to meeting venue (recognize the Bangladeshi driver). Floor 9 (same as last year!) Workshop banner: “Planning for a beautiful Kuwait” (same as last year, seriously guys...?!).

I’ve been coming every year for the past 15 years to advise the government on planning for a strong economy and a balanced labour market. Every year we reflect on the need for a more productive society, to reduce dependency on foreign workers and to come together for better solutions. So we come together. Again and again. Kuwait is my groundhog day.

Wow. I do sound jaded... Perhaps it’s the jetlag.

I do see improvements. I’ve seen the electronic immigration portal and it seems to give the government a better handle on who’s coming in and out of the country, and what they’re doing here. And the data help with my slides too.

The educational reforms are starting to have some impact. At least year’s workshop there were a couple of really bright graduates—they challenged, they questioned, and they didn’t want to leave until we’d agreed some next steps. I like the new Metro Rail, finally completed a few years back, and I even tagged on a few extra days last year to stay at one of the new hotels in the tourist quarter.

But the plan to connect up the rail line to other GCC countries hasn’t materialized. And I couldn’t convince my family to join me for a holiday here. “Kuwait has what, like two attractions?” my teenage daughter asked.

Speaking frankly, what’s the point of a new metro system if it’s still ferrying overpaid public officials from one office to another, slowly spending the oil money on unnecessary infrastructure projects. Then on the way home, they head to the mall to splurge on even bigger TVs and the latest iphone. At least there aren’t quite so many enormous SUVs on the road anymore. The oil reserves aren’t predicted to last that much longer, so the banks are no longer willing to hand out massive car loans to public sector employees.

Net impact on the labour market? No real change... The proportion of Kuwaiti versus foreign workers is basically the same. Fundamentally it’s the same economy.

Back in 2020 there were big expectations. There was a vision for 2035 and Kuwait had a history of being a first mover. People forget that they were modernizing well before the other Gulf states. Another golden age was possible, Kuwait just needed a bit of time to put its ideas into motion.

The decision to set up a tourist board made sense, as did the legislation on education. But then a

few things happened that we didn't expect. The shale oil disaster that poisoned 1000 in Colorado put a halt on US production for a while and OPEC was able to regain a little more control over the oil price. Suddenly the Kuwaitis had some surplus cash and the calculations (mine I'm slightly ashamed to say) suggested that the status quo could continue for a while. Life was still comfortable and the reforms would happen in due course.

Of course this was foolhardy. The oil price can be a capricious beast. Global demand fell quite abruptly and Kuwait had to start dipping into its cash reserves again, just to maintain public sector wages.

Perhaps it's the kick we needed (and I say 'we' because this has been my journey too). Five years ago some of our ideas finally got put into action. The tourist board moved on from legislation to action and investment. The Kafalah system came to a long overdue end and the first cohort of undergraduates joined the renewable technology programme at Kuwait university.

So what shall I talk about today in my closing address? Sure, I'll talk positively about these developments (and yes they are genuinely positive) but will I also talk about the missed opportunities? The new silk road that has bypassed Kuwait, the island development project that never really got going. Hmm. Not sure. Maybe I'll check my notes from last year...

Milestones of “Towards a more beautiful Kuwait”

In this scenario, Kuwait has fallen short of its vision for 2035. Advances have been made, but not at sufficient scale or pace to bring about a shift from the status quo. There is no shortage of good ideas, plans or initiatives. But too much negotiation, and not enough decisive action, means that for the most part they simply haven't come off on the ground.

Many of the advances that have been made are administrative. An electronic portal, for example, coupled with increased information exchange with labour-sending countries, has increased transparency and control over immigration.

Policy changes are starting to trickle through too. The education curriculum now includes a greater focus on critical and independent thinking. Affordable childcare allows parents to continue working. But these reforms and policies are only being implemented now—too late for the vision to be realised.

There is a fledgling tourist industry that attracts a small number of foreign visitors each year and a nascent renewable energy sector. But underlying problems in the economy have yet to be fully tackled—evidenced by yet another government campaign to try and reduce consumerism.

PAM Has implemented its online systems having received the go-ahead from the Parliament. However, this progress was quickly dissolved as those opposing innovation have passed legislation that prevents PAM from making data publicly available. Many of the progressive steps towards abolishing the Kafalah system have also been rolled back. There are motions to put it back on the agenda again in the future, but counter-motions are already being drafted. For every step

2035

forward PAM manages to take, there are two steps back PAM is obliged to take...

2017

The first anti-consumerism campaign was in 2017, when the government also launched an appeal to encourage youth to focus on more vocationally-orientated studies. But there were few such courses available for students to follow, making it a somewhat futile exercise.

2020

It wasn't until 2020 that Kuwait took its first steps to improve education, working on a clearer strategy and structure for the sector, saying it would combat corruption and laying down guidelines that allowed qualified teachers to be recruited for key subjects. The government started to draw up legislation focussed on reducing consumerism, which was introduced as a topic in the national curriculum. Also that year, the government established an independent tourism authority to much fanfare, and commissioned a new body to develop a strategy for sustainable development. A small group of public sector workers received training on the use of electronic information systems, allowing them to process deportations more quickly.

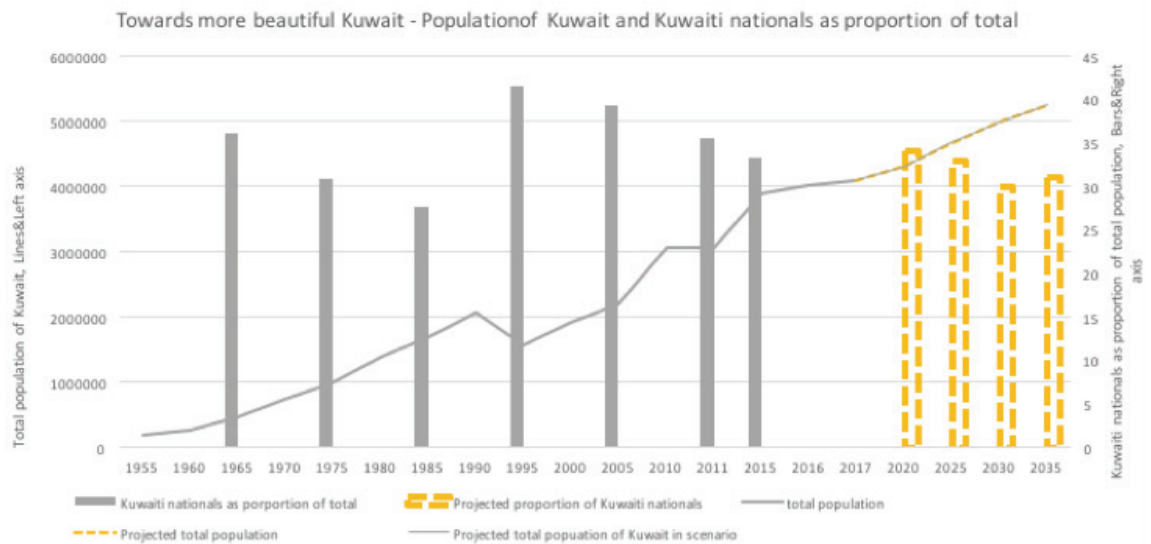
2025

These systems started to more universally available in 2025, including an automated system for processing entry visas. This led to much greater levels of information exchange between ministries and embassies. The government also began an overhaul of the education system and started to develop legislation designed to stimulate the tourist industry. But the country was still largely focussed on legislation and administration. There were few concrete action plans.

2030

Finally, in 2030, the first infrastructure projects focussed on the tourism, education and renewable energy sector started up. Squabbles among ministries meant that they were delayed, and the contracts were all awarded to foreign firms. But at least there was some movement. At the same time, the government introduced a new, unpopular, tax on luxury goods that was intended to reign in consumer spending. As 2035 approached, it became clear that achieving Kuwait's bold vision for the future would take a lot more time.

2035



Foreign worker and labour implications of “Towards a more beautiful Kuwait”

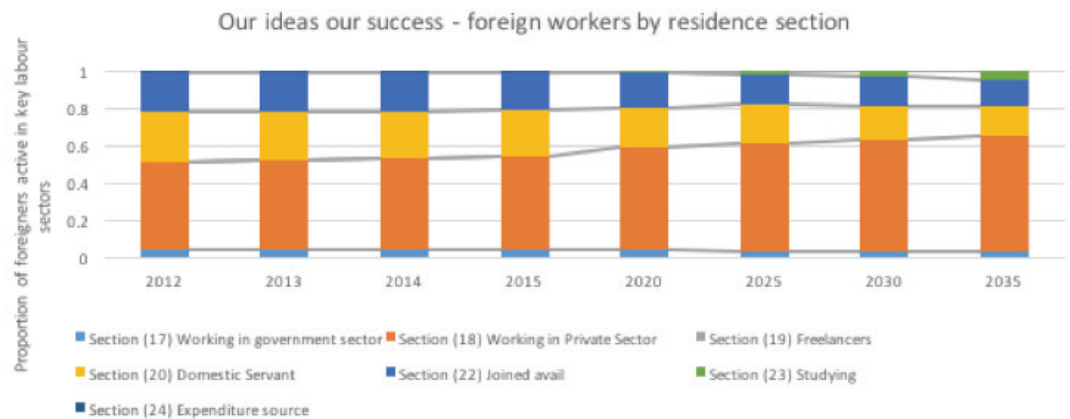
This scenario is characterised by stagnation and the continuation of the status quo, despite flashes of progress. The result is that, while the absolute numbers of Kuwaitis and expatriates in the population may have changed slightly, the proportion of foreign workers in Kuwait is roughly the same as in 2017.

Administrative efficiencies and better regulation of work permits do mean that there are slightly more skilled expatriates in Kuwait—matched to the real needs of the economy.

The system allows the government to monitor the number of foreign workers coming in and out of the country. But while it could be used to help bring down the proportion of expatriate workers, the lack of a fundamental shift in the economy means that demand for foreign workers remains high. Consumerism is still a problem and Kuwaitis are unwilling to cut off the supply of cheap labour that they have become accustomed to. Nor are they willing to take on low-skilled private sector work.

The portal does improve transparency, but there are still loopholes. Corrupt officials and businesspeople find ways to keep making money from the illegal trade in visas and trafficking—keeping expatriate worker numbers high.

There are an increasing number of high-skilled private sector jobs available, thanks to the infrastructure investment that finally arrived in 2035. But slow progress in the education sector means that there are few home-grown graduates ready to apply for these jobs. It is still therefore still predominantly expatriate experts running these projects.



Debates continue on whether to tax high-earning expatriates. But with continued dependence on foreign firms to deliver major initiatives, there is an unwillingness to upset the boat.

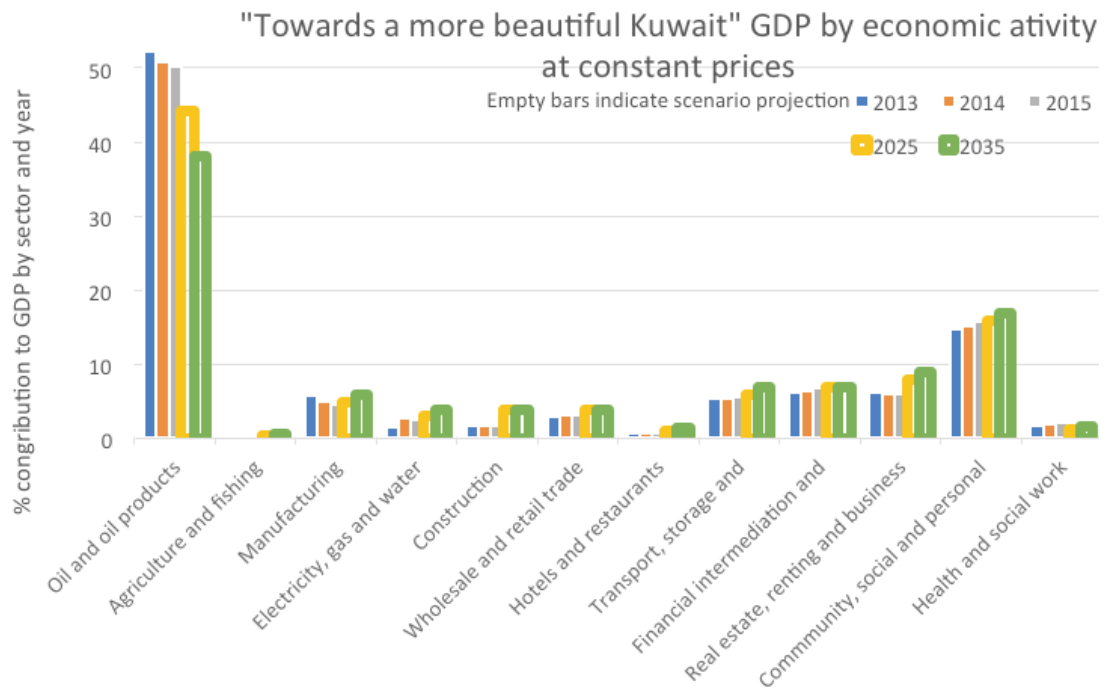
The labour market is not completely stagnant in this scenario. Following the long-awaited educational reforms—with a focus on quality, not quantity—a new generation of skilled workers is in the pipeline. The tourism and green energy sectors are also showing signs of life, but will take some time to generate large numbers of productive jobs.

Overall, the labour market story remains the same—an imbalance between supply and demand, and a mismatch between the skills available among the Kuwaiti population and the needs of the economy.

This is a scenario where PAM struggles – it may become a sort of ping-pong among contrasting factions. Mired in red tape and inefficiencies, PAM, like many other institutions are stuck in time and space.

Sectors affected in this scenario

As a result of the economic and social changes, it is conceivable that the main sectors contributing to Kuwait’s GDP also change.



The principal changes observed in the “Towards a more beautiful Kuwait” scenario would be in the following contributions to the GDP:

- Oil and oil products would be reduced as global oil prices shrink, but investments would be made to reduce the break-even cost of oil
- Fishing and agriculture would see renewed interest and investment
- Manufacturing output would increase in mainly in volume, not quality
- Energy and water would increase given greater consumption but variably efficient systems fail to keep prices down
- Construction would grow but its quality fails to enthuse investors
- Wholesale and trade would grow, but not significantly
- Hotels and restaurants would increase their business because tourism grows a little
- Transport goes up with growing use
- Financial intermediation and insurance goes up reflecting investments in the oil industry and insurance
- Real estate goes up, as old stock is replaced with a greater proportion of luxury housing
- Community spending reduces and health and social expenses grow organically
- Health is rather stagnant

Scenarios, drivers and the labour economy

³³ Definitions can be accessed here: www.ilo.org/ilostat

As illustrated, the drivers determine the scenarios. And, from a labour economy perspective, the drivers are shaped by factors that can be summarised in the following common indicators³³:

Labour force participation rate	Employment-to-population ratio	Status in employment	Employment by sector
Employment by occupation	Employment by education	Hours of work	Informal economy
Unemployment rate	Youth NEET rate	Time-related underemployment	Earnings
Labour costs	Labour productivity	Employment by economic class	Industrial relations

Understanding how labour market indicators are linked to drivers, and how drivers connect to the scenarios, offers a decision-making tool to broadly understand the future that lies ahead.

In the tables below, each scenario was expressed first in terms of drivers, then the change in labour indicators consistent with the drivers within each scenario. For example, the “Storm at the oasis” comes about because the driver Greed increases (or rather is not able to be translated into constructive ambition). The increased greed correlates with a reduction of earnings (among foreign workers, for example) and an increase of working hours (also among foreign workers, for example).

The first table below illustrates the case for “Storm at the oasis”. The scenario occurs because:

1. Greed increases (illustrated in red font and ↑)
2. Extent of deterrents to increase number of migrants decreases (illustrated in black font and ↓)
3. Effects of a lifetime of wealth and abundance are expected to go up
4. Growth and stability reduces
5. Misuse of laws and regulations increase
6. The extent and success of planning decrease

These drivers reflect changes in various fields, including in the labour economy. Therefore, in the table below, a “0” suggests no change, a “1” indicates that the indicator on the left promotes the direction of the driver above; a “-1” indicates that the indicator on the left promotes the direction of the driver above.

While in this exercise the scoring may be perceived as subjective, the results are nonetheless instructive. The insights follow at the end of the three tables.

STORM AT THE OASIS							
Labour indicator	Driver	Greed	Extent of deterrents to increase number of migrants	Effects of a lifetime of wealth and abundance	Growth and Stability	Misuse of regulations and laws	Extent and success of planning
		↑	↓	↑	↓	↑	↓
Labour force participation rate			0	1		-1	-1
Employment-to-population ratio							
Status in employment			-1	-1		0	-1
Employment by sector		0	1	0		1	-1
Employment by occupation		0	1	0		-1	-1
Employment by education			0			-1	-1
Hours of work		1	1	0		1	1
Informal economy							
Unemployment rate			-1				
Youth NEET rate			-1			-1	1
Time-related underemployment				1			
Earnings		-1	-1	0	-1	-1	-1
Labour costs		1	-1		1	0	-1
Labour productivity		-1		-1	-1	-1	-1
Employment by economic class				0			
Industrial relations					-1	-1	-1
Totals		0	-2	0	-2	-5	-7

The next table illustrates the case for “Our ideas, our success”. The scenario occurs because:

1. Greed is reduced (illustrated in black font and ↓)
2. Extent of deterrents to increase number of migrants decreases (red font and ↑)
3. Effects of a lifetime of wealth and abundance are expected to go down
4. Growth and stability is increased
5. Misuse of laws and regulations is reduced
6. The extent and success of planning is increased

OUR IDEAS, OUR SUCCESS							
Labour indicator	Driver	Greed	Extent of deterrents to increase number of migrants	Effects of a lifetime of wealth and abundance	Growth and Stability	Misuse of regulations and laws	Extent and success of planning
		↓	↑	↓	↑	↓	↑
Labour force participation rate			1	1		1	1
Employment-to-population ratio							
Status in employment			1	1		1	1
Employment by sector	1		1	1		1	1
Employment by occupation	1		1	1		1	1
Employment by education			1	1		1	1
Hours of work	0		1	0		1	0
Informal economy			0	0			
Unemployment rate			-1	0			
Youth NEET rate			1	1		1	1
Time-related underemployment				-1			
Earnings	1		1	1	1	1	1
Labour costs	0		1	1	1	1	1
Labour productivity	1		1	1	1	1	1
Employment by economic class				-1			
Industrial relations	1		1	1	1	1	1
Totals		5	10	8	4	11	10

The last table illustrates the case for “Towards a more beautiful Kuwait”. The scenario occurs because:

1. Greed is reduced (illustrated in black font and ↓)
2. Extent of deterrents to increase number of migrants decreases (red font and ↑)
3. Effects of a lifetime of wealth and abundance are expected to go down
4. Growth and stability is reduced
5. Misuse of laws and regulations is reduced
6. The extent and success of planning is increased

TOWARDS A MORE BEAUTIFUL KUWAIT							
Labour Indicator	Driver	Greed ↓	Extent of deterrents to increase number of migrants ↑	Effects of a lifetime of wealth and abundance ↓	Growth and Stability ↓	Misuse of regulations and laws ↓	Extent and success of planning ↑
Labour force participation rate			1	0		0	1
Employment-to-population ratio							
Status in employment			1	0		0	1
Employment by sector		1	1	0		-1	1
Employment by occupation		0	1	0		0	1
Employment by education			1	1		1	1
Hours of work		0	0	1		0	0
Informal economy		0	0	0		1	0
Unemployment rate			0	0		0	1
Youth NEET rate		1	0	0		0	1
Time-related underemployment			0	0		0	1
Earnings		0	-1	0	0	0	0
Labour costs		1	0	0	0	0	0
Labour productivity		0	0	0	1	0	1
Employment by economic class		0	0	0	0	0	0
Industrial relations		0	1	1	1	0	0
Totals		3	5	3	2	1	9

Adding the scores within each table shows that “Storm at the oasis” has a total score of -16, “Our ideas, our success” a total of 48 and “Towards a more beautiful Kuwait” 23.

This suggests that once the drivers are assessed, it is then possible to develop a strategic response to ensure the effects of specific labour interventions promote the desired drivers and counter the unintended drivers. The scoring allows for a periodic assessment of the current situation and identifies a labour programme to promote the desirable outcome. This approach also shows the labour interventions that have the greatest impact on a particular driver – in other words what are the labour interventions needed to shape the drivers in a way to achieve desired outcomes.

It is clear that income (earnings) or hours of work are not the only, or even principal, factors that matter for the future. Industrial relations, productivity and labour by occupation are incredibly important to achieving a desirable future. The question is whether this insight is heeded or whether a narrower path is followed and a blunter approach is taken, with the obvious risks of not getting to Vision 2035.

Scenario analysis

For the three scenarios it is important to understand that they are best viewed as a set, rather than single stories. This is because key elements can be learned from each and because a comprehensive understanding enables an appreciation of changes as they occur and of the decisions that are necessary to navigate between the possible futures. While no single scenarios may come about, it is most probable that a mix of all three will be part of the future. As a species, we are optimistic and want to hope for the best outcomes. However, it is important to understand that preferred outcomes are not always the most obvious or the most easily achievable, especially if we continue doing what has always been done. Therefore, gaining insights into the processes that lead to less desirable futures is of particular value.

A simple illustration of the fundamental steps, at a very high level in each scenario, is shown below. The critical branching points are junctures at which very different outcomes could start to happen, depending on the decisions taken. For example:

- The first branching point assesses whether greed is counterbalanced by other values, interventions and mind-sets, and whether individuals and institutions view the achievement of Vision 2035 as a unifying national goal. Greed has been identified as a certain driver, one which persists over time; if greed cannot be counterbalanced by a unified objective in the future then greed will prevail and will inevitably lead to the “Storm at the Oasis” scenario. This scenario is also characteristic of maintaining emphasis on the petroleum sector, which provides diminishing returns.
- The second branching point differentiates between the remaining two scenarios and determines whether the depth and speed of cultural, structural and labour changes are deep and swift enough to reach Vision 2035. “Towards a more beautiful Kuwait” does not change systems sufficiently or at the necessary speed; instead the response is uncoordinated, timid and piecemeal. By contrast, the scenario “Our ideas, our success” acts on all necessary levels, being innovative, changing national education curricula, enabling and promoting private sector growth, and diversifying the economy in order to meet Vision 2035.

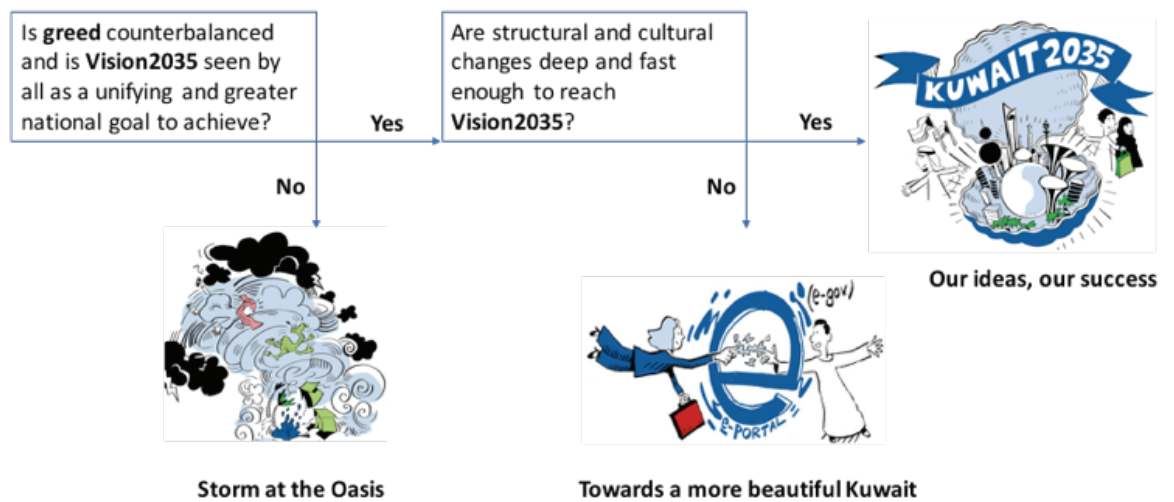
How is this relevant to the Public Authority for Manpower? It is very pertinent because these two branching points are some of the principal levers PAM can help operate to shape the future. Reiterating some of the previous points, PAM can act to counterbalance the greed inherent in Homo economicus by implementing an automated permit issuing system, by ensuring transparency and accountability in the allocation of numbers of permits and by contributing by example in a fashion that inspires transparency.

Furthermore, on the second branching point, PAM can move to ensure administrative and systemic changes that uphold the plans towards Vision 2035 are fully implemented. The scenario “Towards a more beautiful Kuwait” is very important: it is a scenario that forces all key players in Kuwait to constantly examine whether they are doing enough. Is enough being done to reach

Vision 2035? PAM can explore whether it is using all its power and influence to do what it takes to reach Vision 2035.

The illustration below, which indicates the dichotomies around critical points, also represents a short-hand to think about the characteristics of each scenario, as well as how the scenarios differ from one another. In addition, the figure represents how the scenarios are not about “best”, “worst” or “middle”; and that there is no such thing as “business as usual”. Rather, there are real choices and decisions to be made, with outcomes resulting in the different scenarios.

Pam can use the image below as a very practical tool to “plot” the current situation and explore what needs to be done (differently) to reach the most optimistic scenario.



Conclusion and recommendations

The conclusions are both easy and difficult.

Easy because the scenarios illustrated here appear to be common sense and straightforward. But this is deceptive: if they are straightforward it means that they – both positive and negative scenarios – are plausible and that their lessons must be heeded. If they can occur this means that plans for achieving the most desirable future should also include some hedging against the worst possible outcomes.

There are a few difficult issues that emerge as necessary to address.

1. The need for deep introspection about the current state of affairs in Kuwait, including the cultural issues associated with lifelong prosperity, the culture of entitlement and inherent greed. Introspection is also needed on the nexus between revenue and budgets; diversification is clearly needed, but are government and the parliament ready to reflect on the necessary options to secure diversification? What of the administrative, educational and cultural hurdles to setting up private businesses?

- Recommendation for PAM: are the foundations, rules and procedures PAM sets for issuing work permits and estimating the labour requirements, as effective as they can possibly be? PAM should take full the mandate of regulating the estimation and work permits for all foreign workers, including domestic workers, which currently lies with the Ministry of Interior.
- Recommendation for PAM: PAM should promote the implementation of government-to-government recruitment systems to decrease intermediaries and promote transparency.
- Recommendation for PAM: PAM should establish a skill based admission system to control the quality of foreign workers entering the Kuwait labour market.

2. Can diversification, economic growth and reaching Vision 2035 be achieved without liberalism – the liberalism that existed until the 1980s? What is the role of the religious leaders?

- Recommendation for PAM: what are the lines and unspoken institutional rules that determine labour force estimations, allocations and prioritisation among different sectors? How much are politics, religion or networks regulating shaping decisions, if at all?
- Recommendation for PAM: PAM should increase its efficiency and productivity of staff through automation of internal/external operation processes as well as using innovative techniques such as smart inspection.

3. Economic growth has been possible through oil. This period may soon be over and a new plan must be identified and implemented. Visions are not meant to be met – they are beacons that rally the population and pull them towards a common goal. Is this goal, and the necessary struggle to achieve it, accepted by all (and at all levels) in Kuwait? The scenarios illustrate that there is notional buy-in; people feel it is a good idea. But it may be an altogether different

matter once sleeves must be rolled up and personal interests set aside. How does this shift from a theoretical to a practical Vision 2035 happen?

- **General Recommendation:** Supplement Vision 2035 with exciting programmes and innovations the Kuwaiti population can feel ownership for, to ensure financial success and a place on the regional map. To ensure this, a more aggressively innovative approach is needed, with an eye on productive investments in high-growth fields. This may well entail massive investments to establish Kuwait as a tech-startup hub, bringing in top talent from around the world, making business easy and attractive, providing government guarantee and an overall conducive environment. It may also mean a re-orientation on ideas of real-estate investments which are mostly non-productive and saturated in the GCC region.
- **Recommendation for PAM:** The Public Authority for Manpower might consider an experimental approach to recruitment of foreign labour – within the best practices of recruitment and rights. What if PAM were to experiment with fees, allocations, numbers of foreigners to achieve optimal and desirable outcomes by trial and error. Experience and evidence must be used, but for the future there are no rules, just policies and plans that will be applied in a new context. Can PAM envisage the future context to optimise its optimisation of labour requirements and composition?
- **Recommendation for PAM:** PAM should conduct annual Labour Market Assessments to further understand levels of supply and demand in each sector/industry. Decision making on labour estimation and work permits should be linked to a labour market projection systems. Data collection should be coordinated with the National Bureau of Statistics and other relevant partners.

4. It is important to retain a bird's eye view about the future and Vision for Kuwait to understand how this vision is operationalized and translated into plans. Although there are hundreds of planned programmes in Kuwait in support of the 2035 Vision, it is evident that conceptual buy-in is not yet there.

- **General Recommendation:** Establish a Ministry or Authority for Development. Consider the privatisation and optimisation of the industries that are currently state-owned. Consider introducing taxation to ensure Kuwait benefits from optimised businesses. Establish and private sector authority that oversees the transition from the current model to a “Singapore” model where it is easy and convenient to do business.

5. From considering the future impact of a board range of decisions that could be taken regarding numbers of foreign workers and the labour market, it is clear that there are socio-economic issues, entrenched in Kuwaiti expectations, that are driving the foreign worker debate. To an extent, these scenarios illustrate how the at-times negative view of foreign workers is an expression of a deeper social angst experienced by those who exploit laws and regulations, challenge or undermine the success of planning and are reliant on soon-to-be exhausted oil revenues.

- **General recommendation:** Labour force management and regulation is important. But, it should not be the starting point to shaping the future of the economy in Kuwait. Once a clear Vision has been developed and adopted because of its obvious long-term financial gains, the labour market reforms and foreign worker needs assessments will follow. For Kuwaiti nationals, education will be the most important long-term investment. The education strategy must be aligned with the Vision's objectives; not the other way around.

-
- Recommendation for PAM: PAM must take a leading role in countering exploitation of laws and rules, exploitation of people and, together with other relevant Ministries and Authorities, establish national best practices around the treatment of workers, in adherence to global norms and standards. PAM can lead the way through its contracting procedures.
 - Recommendation for PAM: PAM should establish a clear governance and management control system that has the core functions of Strategic Management System (SMS), Evidence-Based Policy Making (EBPM), Operating Discipline Management System (ODMS), Management of Change (MOC), and Process Auditing System (PAS).

6. The question arises: What will substitute the wealth that oil has provided? In the short term it will be a real challenge that will require deep personal and societal changes (and will likely mean continued scapegoating and exclusion). In the longer term it might entail a more open society, greater innovation. A new “Golden Age” is needed, and the social bases for it exist within everyone’s DNA – will the political, economic and financial tracks be set in a way that unleashes this social potential?

Acknowledgements

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