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Opportunities and Obstacles for Yemeni Workers in GCC Labour Markets

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SUMMARY POINTS

- Yemenis repeatedly appeal to their wealthy neighbours, the GCC states, to alleviate their financial hardship. Improved access for Yemeni workers in the GCC labour markets, which would allow labourers to send remittances home to their families, is a consistent, priority demand.
- However, the GCC states confront their own employment challenges, including efforts to nationalize their own workforces. This issue has risen as a domestic policy priority for each of the Gulf states, as the 'Arab Spring' has thrown the regional problem of youth unemployment into sharp relief.
- Yemen historically supplied significant numbers of migrant labourers to the Gulf states but, since 1990, Yemenis have been largely replaced by Asian workers. Recruitment agencies currently regulate access to GCC labour markets, working on a supply-and-demand basis in partnership with the private sector.
- Yemeni workers suffer from an endemic skills deficit at all levels, which hampers their competitiveness and acts as a significant obstacle to their integration into GCC labour markets.
- A recent Qatari-funded initiative to increase vocational training in Yemen, including strategic engagement with the private sector, provides a useful model for future efforts.
- Negative perceptions that Yemeni migrants pose a security risk are widespread among GCC nationals and will be challenging but vital to dispel.

1. INTRODUCTION

Whatever the outcome or timing of a transition of power in Yemen, President Ali Abdullah Saleh's eventual successor will confront a barrage of profound challenges: a separatist movement in the south and a rebel movement in the north; widespread poverty and malnutrition; a faltering economy and rising levels of unemployment; and a severe lack of trust in the capacity of the government.

Yemen's failing economy is at the root of the country's difficulties. The significant depreciation of the Yemeni riyal, a vast budget deficit, decline in oil production and soaring unemployment rate are just some of the factors that have led to Yemen being portrayed as 'on the brink' of collapse.[1] Combined with the fact that two-thirds of Yemenis are under the age of 24[2] and a population growth rate that is the highest outside sub-Saharan Africa (see Table 1), these factors result in a sizable (and continually growing) number of people who are young, unemployed and dissatisfied. They are frustrated by a lack of political inclusion and by the lack of jobs for Yemenis: unemployment among young people is currently estimated to be hovering around 50%, fuelled by a poor education system and a lack of opportunities to improve skill levels through training.

It is this dissatisfied group that is currently at the core of the popular unrest in the country, the effects of which will continue to unfold over the coming months and years.

Beyond (and in many cases because of) its economic troubles, Yemen is experiencing severe social difficulties. Water is running out, food prices are soaring, the poverty rate is currently around 40% and 57.9% of children are malnourished.[3]

It can be argued that Yemen's rich neighbours, the member states of the Gulf Cooperation Council (GCC), with an average combined GDP per head over 33 times larger than Yemen's,[4] have a responsibility and the resources to help Yemen, both individually and collectively. In 2010, Yemen's Western donors initiated a strategic partnership with the Gulf states to address security risks posed by the situation in Yemen. As Ginny Hill and Gerd Nonneman note in their recent Chatham House briefing paper, Western donors' hopes of fostering regional leadership by the GCC were 'based on a recognition that these states have significant financial resources, strong cultural ties to Yemen and important connections in its informal power networks'.[5]

The GCC's intentions towards Yemen are widely debated: Bernard Haykel claims in a recent article in *Foreign Affairs* that 'Saudi Arabia has historically tried to keep Yemen's central government weak and its political actors divided'.[6] However, the future stability of Yemen is of vital importance to the GCC states. A further deterioration in Yemen's security situation, such as a new civil war, or in the Yemeni economy, is likely to have an impact across the region. Saudi Arabia, which shares a 1,100-mile border with Yemen, has a particular stake in its future stability: it is often seen as the kingdom's 'soft underbelly'.[7] As the Yemeni ambassador to the UN claimed, helping rehabilitate the country is 'an investment in the security, stability and prosperity of the Arabian Peninsula, not only a favour to Yemen'.[8]

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1 *Yemen: On the Brink* is a four-part paper series by the Carnegie Endowment for International Peace that takes an in-depth look at the daunting challenges facing the country. See http://carnegieendowment.org/publications/special/misc/yemenonthebrink/.

2 Chris Boucek, *A Far-Away Country in Need of Help*, E!Sharp, 10 May 2010, http://www.carnegieendowment.org/2010/05/10/far-away-country-in-need-of-help/6c8.

3 http://www.albawaba.com/main-headlines/growing-concerns-about-food-security-yemen.

4 Data from *Economist Intelligence Unit*, http://www.eiu.com/public/.

5 Ginny Hill and Gerd Nonneman, *Yemen, Saudi Arabia and the Gulf States: Elite Politics, Street Protests and Regional Diplomacy*, Chatham House Briefing Paper MENAP BP 2011/01, May 2011.

6 Bernard Haykel, 'Saudi Arabia's Yemen Dilemma: How to manage an unruly client state', *Foreign Affairs*, 14 June 2011, http://www.foreignaffairs.com/articles/67892/bernard-haykel/saudi-arabias-yemen-dilemma?page=show.

7 *Yemen Crisis: Saudi Arabia in pole position to influence outcome*, 5 June 2011, The Guardian Online, http://www.guardian.co.uk/world/2011/jun/05/yemen-saudi-arabia-influence.

8 Yemen envoy calls for entry to GCC, 9/1/10, http://www.thenational.ae/apps/pbcs.dll/article?AID=/20100110/FOREIGN/701099877/1042/NATIONAL.

Table 1: Comparative population growth, selected countries

Rate of natural increase (birth rate minus death rate, expressed as %)	
Niger	3.5
Uganda	3.4
Tanzania	3.0
Yemen	3.0
Congo, Dem. Rep. of	2.9
Rwanda	2.9
Ethiopia	2.7
Gambia	2.7
Côte d'Ivoire	2.4
Mozambique	2.3
Ghana	2.2
Namibia	1.9
Zimbabwe	1.3
United States	0.6
United Kingdom	0.4
European Union	0.1

Source: PRB 2010 World Population Data Sheet

The unrest that has torn across the region has also left in its wake a collection of rattled and vulnerable Middle Eastern rulers who are determined to avoid the fate of former long-standing autocrats in Egypt, Tunisia and Libya. It is this vulnerability that has sparked a noticeable turn inwards by governments across the GCC, to pre-emptively appease and reconnect with their domestic populations. This turn is significant as it indicates a distinct shift in policy priorities. Yemen's security challenges mean it has not slipped too far down the priority list, but it now competes with pressing domestic priorities within the GCC.

1.1 Opportunities for Yemeni workers in the GCC

One of the principal – and most regularly cited – means of improving Yemen's financial and social conditions would be for the GCC member states to make their labour markets more open to Yemeni workers. In Yemen's '10 Point Plan' for reform priorities, an initiative by local technocrats affiliated with the president's son Ahmed Ali and released in early 2010, 'creating new job opportunities for Yemenis within the member states of the GCC' was listed as the second highest priority 'on the grounds that increased remittances could generate twice the combined annual benefits of trade liberalisation, foreign aid and debt relief'.[9] However, labour markets are contentious and complicated, and intricately intertwined with politics. In terms of

9 Chatham House MENA Programme roundtable summary, *Reform Priorities for Yemen and the 10-Point Agenda,* Speaker: Jalal Omar Yaqoub Deputy Finance Minister, Yemen – 18/2/10, see http://www.chathamhouse.org/sites/default/files/public/Research/Middle%20East/180210summary.pdf.

implementation the appeal lacks specificity and direction and, aside from the 10 Point Plan agenda, official substantive remarks by the Yemeni government on this topic are lacking.

There have also been very few official GCC remarks on this issue, mainly because it is highly sensitive politically, cutting as it does across economic and security challenges the GCC is tackling. But Kristian Coates Ulrichsen argues this silence is also partly due to a lack of a collective GCC stance towards Yemen, despite their sponsorship in spring 2011 of a transition proposal to ease President Saleh from office.[10] According to British reports, after considerable political pressure from international allies during the Friends of Yemen meeting in September 2010, the GCC states voiced a tepid commitment to helping Yemeni workers access GCC labour markets, although this intention is not immediately clear in the released statements.[11]

Providing more job opportunities for Yemenis in the GCC states would help to boost the country's income from remittances, which tend to go directly to support families in different regions of the country and provide a vital safety net for millions of Yemenis. However, increasing the number of Yemeni workers going into the GCC labour markets is not a simple task. As with all labour markets, the flow of labour is constrained – by political and security considerations, by the capacity of all actors involved to implement any changes by market demand and by competition over cost and skills. Ultimately, Yemeni workers suffer from a skills deficit at all levels, and thus vocational training must be built into any roadmap for the way forward. At the second meeting of the Friends of Yemen[12] process in September 2010, the allies publicized the intention 'to step up their assistance to the vocational and technical training sector and support a programme to increase the participation of skilled Yemeni workers in local and other labour markets'.

It is these issues that restrict the parameters in which any progress can be realized, and Sections 1 and 2 of this paper address these challenges in more detail. Section 3 provides an example of the opportunities and obstacles associated with training initiatives, in the Silatech model, and Section 4 suggests ways forward for Yemeni employment.

1.2 Expatriate labour in the GCC

The Gulf Cooperation Council was formed in 1981 and is a bloc made up of the six Gulf monarchies: Bahrain, Saudi Arabia, Qatar, the UAE, Oman and Kuwait. Its objective is to effect coordination on key domestic and economic policy areas and to deepen and strengthen relations between the member states. The six members share a number of threat perceptions as well as interests, and the bloc is concerned with security as well as economic integration: the GCC was originally formed in response to the Iran–Iraq war, the Iranian revolution and the Soviet invasion of Afghanistan.

Rapid economic development along with a shortage of suitably trained human resources have meant that the GCC countries have been heavily reliant on expatriate labour for decades. Since 1998, the GCC's real GDP has expanded by an annual average of 5.2% (the Economist Intelligence Unit forecasts that this rate of growth will remain at an average of 4.9% per year to 2015) and by a cumulative total of 65%.[13] Meanwhile, the total population (including migrant workers) of the combined member states rose from just over 28 million in 1998 to an estimated 43.5 million in 2010.[14]

At present, according to World Bank figures, there are estimated to be 12 million expatriate

10 Based on research interview with Dr Coates Ulrichsen in August 2011.

11 Foreign and Commonwealth Office Press Release, 24 September 2010 – http://www.fco.gov.uk/en/news/latest-news/?view=PressS&id=22916622.

12 The Friends of Yemen group is made up of representatives from Germany, United States, UK, Japan, Saudi Arabia, Bahrain, Oman, Qatar, Kuwait, Jordan, Egypt, Spain, Netherlands, Turkey, Russia, France and Italy. In addition to that representatives from Yemen, Gulf Cooperation Council, European Union, UN, Abu Dhabi Fund for Development and Khalifa bin Zayed Charity Foundation.

13 *The GCC in 2020: Outlook for the Gulf and Global Economy*, http://graphics.eiu.com/marketing/pdf/Gulf2020.pdf.

14 Data from *Economist Intelligence Unit,* http://www.eiu.com/public/.

workers in the GCC,[15] the majority of whom come from South Asia and are concentrated in non-tradable service activities, such as financial, personal and community service sectors and construction. A 2010 report by the International Organization for Migration shows that in the last decade, the fast growth of the contractual labour force in the GCC has resulted in stabilizing the number of Arab workers from 72% in the early 1970s to 35% in 1996 and an estimated 25% in 2010. All the while the number of Asian workers has increased.[16]

Most observers agree that the GCC countries will remain dependent on expatriate labour for the foreseeable future despite a range of government efforts to encourage the employment of nationals.[17]

1.3 Yemeni labour in the GCC

During the 1980s there were more than 1.3 million Yemeni workers in the GCC, and from 1958 to the end of the 1980s Yemenis could travel to Saudi Arabia without a visa. However, this situation changed abruptly in 1990 when the failure of Yemen's President Ali Abdullah Saleh to condemn former Iraqi President Saddam Hussein's occupation of Kuwait was taken by Kuwait and the West as public support for it. It is claimed that as a result, during the following 12 months close to one million Yemenis were expelled from GCC states.[18] This was a crushing blow to Yemen's economy, which was already struggling with the aftershocks of the unification of the Yemen Arab Republic (North Yemen) and the People's Democratic Republic of Yemen (South Yemen) in May 1990. Palestinians working in Kuwait suffered similarly because of Yasser Arafat's comparable stance on the Iraqi occupation. The requirement for Yemenis to obtain visas for access to Saudi Arabia was subsequently reinstated.[19]

Some observers claim that the numbers of Yemenis living and working in the GCC have returned to pre-1991 levels, but official figures to confirm this statement are lacking. Unofficial estimates – including estimates of irregular migrants – vary hugely. For instance, according to one Saudi source 300,000 Yemenis are working in the GCC, while a second, UK-based, source claims there are over one million.[20] Table 2 shows estimates for each state published in the Yemeni newspaper *Yemen Observer.* Many Yemenis managed to stay after the expulsions in 1990, and they are unlikely to be included in official figures. In addition, a large number of immigrants cross illegally or are trafficked into Saudi Arabia. Although this is a frequent occurrence, the total number is unknown.

Table 2: Estimated number of Yemeni workers in the GCC in 2010, by state

GCC country	Estimated number of Yemeni workers
Saudi Arabia	317,000
UAE	700,000
Bahrain	100,000
Qatar	11,000
Kuwait	7600

Source: *Yemen Observer,* 'Yemeni expatriates invest abroad more than at home', 03/02/10. http://www.yobserver.com/reports/10018105.html.
Note: Other estimates vary widely; these are among the lower estimates available and should be treated as minimum figures.

15 http://remittancesgateway.org/index.php/press-clippings/flows-information/662-world-bank-forecasts-growth-in-gcc-remittance-outflows.

16 http://www.egypt.iom.int/Doc/IOM%20Intra%20regional%20labour%20mobility%20in%20Arab%20region%20Facts%20and%20Figures%20(English).pdf.

17 Data from *Economist Intelligence Unit,* http://www.eiu.com/public/.

18 *U.S., Europe Press GCC States on Yemen Membership,* http://www.middle-east-studies.net/?p=5849

19 Private research interview conducted by author in November 2010.

20 Private research interview conducted by author in September 2010.

1.4 Yemen's GCC membership status

Yemen has been seeking full membership of the GCC since early 1990s, claiming both cultural entitlement – the common bond of language, religion and a shared history, as well as geographic proximity – and practical reasons, such as its role as the Gulf's primary trade partner, its mineral resources and its strategic location for oil exports.[21]

However, Yemen's weak economy and status as a republic (setting it apart from the GCC monarchies), as well as fears about corruption in the country, have made its GCC neighbours wary. In 2001, Yemen was made a partial member,[22] with the prospect of full future membership tied to improved economic conditions. As a partial member, it has access to four committees, including the labour committee, but as Gulf expert Dr Neil Partrick notes, this merely gives Yemen 'observer status'.[23]

Yemeni officials have mooted 2015 as a potential accession date for full membership, but the GCC's sudden willingness to consider membership bids from Jordan and Morocco during the 2011 'Arab Spring' confirmed perceptions that it is a 'club of monarchies'. However, in a recent YouGov survey, GCC citizens showed little appetite for new members in general: 16% of those interviewed supported Jordan's bid for membership and 11% Morocco's, while 18% would support Yemen's bid.[24]

As Yemen's political crisis degenerated into violence, economic collapse and fragmentation during the first eight months of 2011, it appeared less likely than ever that it would be included in this bloc. Yet there is still scope for the GCC to cooperate economically with Yemen; this might also help offset the diplomatic fallout of the apparent 'membership snub'.

If Yemen were granted full membership of the GCC it would have all the rights that other GCC member states enjoy, including access to labour markets and visa-free travel within the region. However, as Jane Kinninmont, Senior Research Fellow at Chatham House, points out, there is no unified labour law in the GCC and in reality it has been a struggle to make the free flow of labour a reality even within the existing bloc.[25]

1.5 Value of remittances

A 2010 report by the IOM states that 'remittances are a very powerful vehicle for economic and social integration between Arab countries, surpassing revenue from foreign trade both in absolute and relative terms'.[26] They also have a strong developmental role: remittances improve welfare in the country of origin as migrants may accumulate savings overseas (this might not have been possible without migrating); they may allow emigrants to acquire new skills and/or enhance human capital accumulation; and finally, they can be used for productive investment in the country of origin.[27]

Many experts are in agreement that a rise in remittances could make a huge impact on Yemen's floundering economy. The Sheba Centre for Strategic Studies in Yemen states that 'the remittances of émigré Yemeni workers are one of the principal sources of national income

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21 Chatham House Yemen Forum meeting report, 'Yemen, the Region and the World: Perceptions of Regional and International Interests', April 2010, http://www.chathamhouse.org.uk/research/middle_east/papers/view/-/id/857/.

22 Yemen is a member of the committees dedicated to health, education, labour and sport.

23 Research interview with Dr Neil Partrick, conducted by author in London, September 2010.

24 YouGov Siraj Poll compiled for Al Aan TV's Nabd al Arab,('Arabs' Pulse') programme released by *The National*, 12/6/11, http://www.thenational.ae/deployedfiles/thenational/Sound%20and%20Vision/PDFs%20and%20others/numbers.pdf.

25 Research interview conducted by author in London, September 2010.

26 *Intra-regional Labour Mobility in the Arab World,* International Organization for Migration report, 2010 p. 32, http://www.egypt.iom.int/Doc/ALO-IOM%20report%20on%20Intra-regional%20labour%20mobility%20English.pdf.

27 Ibid., p. 26.

for Yemen',[28] and any significant increase in these inflows would go a long way towards putting Yemen's economy on the road to recovery. Okruhlik and Conge note that in 1980, a decade before Yemeni workers were expelled from the GCC during the Gulf War, foreign remittances constituted 40% of the GNP of North Yemen and 44% of the GNP of South Yemen.[29]

The total remittance outflow in the GCC countries was around $30 billion in 2007, and rose to $40 billion in 2008 (remittances from countries such as Saudi Arabia continued to remain resilient because the governments had 'reacted to the [financial] crisis by actually spending more'[30]). According to Economist Intelligence Unit data, Yemenis abroad sent home $1 billion in remittances in 2010. By comparison, non-resident Bangladeshis (NRBs) remitted an estimated $10.98 billion to their home country and those from the Philippines $17 billion. While Yemen's population is not comparable to those of either Bangladesh or the Philippines (23 million as opposed to 164 million and 99 million respectively), there is clearly a discrepancy in remittance amounts. Sri Lanka, a country with a comparable population (20 million) remitted $4 billion in 2010 – four times as much as Yemeni workers.[31]

An article by Oxford Analytica stated that 'Earnings sent abroad by foreign workers in Saudi Arabia equalled four per cent of Saudi GDP in 2008 while for UAE, Kuwait and Qatar they were estimated to be nine billion, five billion and five billion dollars respectively, with comparable shares in domestic GDPs'.[32] Statistics from the Bangladesh Bank, the country's central bank, show that NRBs numbering around 800,000, remitted more than $1.89 billion from the UAE alone (Dh6.93 billion) during the fiscal year ending June 2010. This translates to an average per capita annual remittance of $2,362 from the UAE to Bangladesh. The figure represents 17.2% of the total $10.98 billion remitted to that country in 2009–10 by more than 7 million NRBs spread across five continents.[33]

A 35-year study by the IMF has found that growth rates of real GDP, private consumption and private investment in Middle East countries are strongly associated with remittance outflows from and the accumulation of financial surpluses in the GCC.[34] In a country such as Yemen, which is struggling with structural governance issues, remittances, which are sent directly to families, have the added benefit of bypassing the government, and its corruption and patronage networks.

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28 Mansour al Bashiri, *Yemeni Accession to the GCC*, Sheba Centre Report, http://www.shebacss.com/ar/publications.php?view=27.

29 Gwenn Okruhlik and Patrick Conge, 'National Autonomy, Labor Migration and Political Crisis: Yemen and Saudi Arabia', *Middle East Journal*, 51: 4 (Autumn 1997), p. 554.

30 http://www.bhatkallys.org/index.php?option=com_content&view=article&id=507:remittance-flow-remains-strong&catid=88:business-&Itemid=462.

31 Data from Economist Intelligence Unit, http://www.eiu.com/public/.

32 http://www.oxan.com/display.aspx?ItemID=DB162446.

33 http://gulfnews.com/business/investment/overseas-workers-to-the-rescue-1.679959.

34 http://www.imf.org/external/pubs/ft/wp/2008/wp08167.pdf.

2. REGULATORY FRAMEWORK AND OTHER OBSTACLES

The GCC claims to have an open-door policy *vis-à-vis* Yemeni workers, but there are various obstacles to increasing their numbers in the Gulf. The GCC member states' labour-market and visa policies are constrained by a number of factors, including security concerns, suitability of Yemeni workers, consideration of their own unemployment figures, and the challenge of a national identity crisis across some of the smaller GCC states. Finally, the events of the Arab Spring have tempered the GCC's political will to help Yemen as the climate of unrest has caused rulers to shift priorities inwards.

However, given that Yemen's economic challenges go hand in hand with security concerns, an investment in Yemen's economy can also be seen as an investment in regional security for the GCC.

2.1 The framework for recruitment and employment in the GCC

According to a report by the Sheba Centre,[35] the Yemeni government is requesting preferential treatment by the GCC for its workers in the hiring process. The GCC governments claim this is an unrealistic expectation, as the labour market is based on supply-and-demand principles and they cannot force private-sector companies to hire Yemenis in preference to other nationalities.

This is corroborated by Dr Abdel Aziz Abu Hamad Aluwaisheg, Director General of the External Economic Relations Department at the GCC Secretariat, who argues that as the labour market is run almost entirely by the private sector, any commitments by GCC governments can only have a limited impact. Under the current system most of the recruitment cycle is dictated by the private sector: the company submits a list of the workers it needs, and then the government releases the blank visas accordingly. Private-sector recruitment agencies or manpower companies are then handed the visas and the list of requirements (this normally specifies the level and type of skill) and are tasked with sourcing, screening and securing the best foreign labour they can.[36]

The government does, however, play a role in setting visa policies and in placing restrictions on the number of foreign workers that a given company can hire (see below on GCC workforce nationalization policies). Dr Aluwaisheg's emphasis on private-sector demand is valid in part, but there are many aspects of the process that can be and are being influenced by governmental policies. For example, the private sector's demand for labour is regulated to a certain extent in that quotas for employing nationals and other systems are in place to act as a disincentive to hiring expatriates (see Section 2.2).

Given these factors, how can the recruitment of Yemenis be encouraged? Imposing quotas of Yemenis is one option that has been mentioned but is unlikely to be considered (as will be discussed below in Section 2.2). Furthermore, steps could be taken to reshape the current recruitment process to make it more competitive for Yemenis, first by applying pressure for the GCC to move away from the current *kafala* sponsorship system of employment and secondly by developing new and transparent recruitment agencies specifically aimed at placing Yemenis in employment. This could be a way to ensure Yemeni workers are given a platform to be considered and encourage coordination with the private-sector companies. Hand in hand with this would go the need to improve the competitiveness of Yemeni workers on the market, which would entail extensive investment in education and vocational training.

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35 Mansour al Bashiri, *Yemeni Accession to the GCC*.

36 Research interview with Dr Aluwaisheg, conducted by author in November 2010.

2.2 GCC domestic issues – unemployment and nationalization of the workforce

A fundamental question remains over whether the GCC countries are in fact willing to provide the jobs that Yemeni workers are looking for. This highlights one of the GCC's restrictive parameters: all the member states are tackling complex economic and labour-force issues of their own.

The unemployment rate among indigenous populations is troublingly high across the region. Saudi Arabia's most recent official unemployment rate has been put at close to 11% (where it has hovered since 2003); however, unofficial figures put this at nearer 40%,[37] and although there are no readily available figures, it appears that other member states are in a similar position. Unofficial estimates of unemployment among 16–24-year-olds in Saudi Arabia, Bahrain and Oman suggest that it is affecting as many as 35% of nationals in this age group.[38]

Fear of these issues has only increased this year as unemployment has stoked revolts across the region. The Arab Spring has sparked a flurry of job creation in the public sector in an attempt to quell any potential unrest. A representative of a GCC government claimed that for Yemenis, creating jobs in the GCC public sector could have been a simpler solution than trying to establish opportunities in the private sector (provided the GCC governments were willing), but now fears of a disgruntled populace mean such jobs are being created mainly for nationals, a situation that is unlikely to change in the near future.[39]

Across the GCC efforts are being made to 'nationalize' the workforce. This is intended to increase the number of nationals who work in the private sector (thus lowering unemployment figures), but also to confront the 'identity crisis' felt in some GCC states, where many in the national population perceive their cultural identity as being diluted and altered by the vastly greater number of non-Arab migrant workers. In the UAE and Qatar in particular, this imbalance is most striking: here nationals make up on average a mere 10% of the population, the lowest proportion in the world. By contrast, Singapore, another highly migrant-dependent country, has a total population of 5 million people, of which nearly 75% are nationals.[40]

Nationalization of the workforce is being pursued by GCC governments in a variety of forms including the enforcing of quotas for nationals on private-sector firms, and in Bahrain imposing a tax for hiring an expatriate.[41] Some countries have prohibited expatriates from filling certain roles that are seen as suitable for nationals. For instance, in Saudi Arabia in 2009 expatriate workers were banned from selling gold, a job that has historically been filled by Yemenis.[42] In Bahrain and Oman too, foreign labourers have been banned from some semi-skilled service jobs, such as driving taxis.

For the most part, this drive to 'nationalize' the workforce in the private sector does not conflict with Yemenis' hopes of access to the GCC labour market, but it does underline that GCC governments play a key role in shaping the labour force. In general, nationals of the GCC will not be competing with Yemenis as there are long-standing cultural perceptions of which jobs are filled by nationals and non-nationals, as well a wage disparities. This applies particularly to Kuwait, the UAE and Qatar, which suggests that these countries are more promising sources of employment for Yemenis. However, in Saudi Arabia, Oman and Bahrain, where there are larger numbers of poorer nationals willing to work for low wages in the private sector and compete for jobs, there will be more instances of direct competition. The Saudi government is

37 Middle East and North Africa Programme workshop summary, 'The Political Outlook for Saudi Arabia', 31 May 2011, http://www.chathamhouse.org/publications/papers/view/178077.

38 Neil Partrick, 'Regional Investment in Human Development in the Gulf', *Education and the Requirements of the GCC Labour Market*, Emirates Centre for Strategic Studies and Research (ECSSR), 2010, p. 1.

39 Private research interview conducted by author, July 2011.

40 Data from *Economist Intelligence Unit,* http://www.eiu.com/public/.

41 Currently in Bahrain, labour fees are suspended in an effort to ease the cost burden on business at a time when the economy is suffering from this year's unrest. In the UAE, the National Human Resource Development and Employment Authority (TANMIA) has been set up to create job opportunities and provide specialized training; see http://www.tanmia.ae/tanmia/general/employment.aspx; 'Bahrain's labour market: bridging the Gulf', *The Economist*, 14/1/10, http://www.economist.com/node/15275715.

42 Research interview conducted by author in September 2010.

Box 1: Explaining unemployment in the GCC states

- Unemployment in the Gulf reflects mismatches between skills, expectations and available jobs; it is not that there is a shortage of jobs *per se*, as is evident from the large-scale immigration into the GCC. Rather, GCC nationals – particularly in the wealthiest GCC states, Qatar, the UAE and Kuwait – are often not willing to work in unskilled or semi-skilled jobs, which are then naturally filled by migrant workers.
- Further to this, education in many of the GCC states has traditionally had a strong religious focus and thus does not provide graduates with high levels of employability in the private sector. Education reforms are under way but will take a long time to bear fruit.
- A major factor in the private sector's decision to hire foreign workers is the cost gap: in the market for 'unskilled' workers, it is simply much cheaper to hire an Asian migrant than a national. There are several reasons for this: there is no minimum wage and no legal requirement for non-discrimination between citizens and expatriates; wage discrimination on the basis of nationality is widespread and 'normal'; and the wage demands of expatriate workers are lower as they typically come from much lower-income countries and also have no political or organized-labour representation in the Gulf.
- Another factor is the phenomenon of enforced bachelorhood; expatriates can usually only bring families with them if they earn a relatively high wage, and the majority are supporting families in lower-income countries, whereas Gulf nationals are seeking wages that would support families living in the relatively expensive GCC.

also encouraging its own nationals to fill semi-skilled positions (such as taxi drivers and shop assistants) that could be attractive to Yemenis.

The majority of investors see the employment quotas as a negative factor and as an unofficial 'labour tax',[43] acting as a constraint on growth and profitability. For example, in Saudi Arabia this is mostly evident in sectors such as retailing, where some large businesses have expressed dissatisfaction with the legal obligation to hire only Saudi nationals as cashiers.[44] Even the then Minister of Labour Ghazi Al-Gosaibi indicated in January 2007 that if his ministry strictly enforced its ban on expatriates working as taxi drivers, there would be no taxis, owing to the long hours and low pay offered by most employers in the sector. In Saudi Arabia alone, officials have already labelled the nationalization scheme a failure.[45] Thus it is likely that the private sector will strongly oppose any further quotas, e.g. for hiring Yemenis.

Migrant labour: economics and competition

The biggest competition for Yemeni workers comes from Asian migrants. In terms of 'nationalization' efforts Yemenis have the advantage as they could help 'Arabize' the workforce and also potentially help to improve regional relations and coordination (Asian migrant workers are often seen as diluting the character of the Gulf).

Among the leading suppliers of expatriate labour in the GCC are communities from India, Pakistan, Sri Lanka and the Philippines. These South Asian workers are cheap to employ (after being coerced by recruitment agents into working for very poor wages), easier to lay off and perceived as more efficient, obedient and manageable than Arabs.[46] Human

43 Data from *Economist Intelligence Unit,* http://www.eiu.com/public/.

44 Ibid.

45 Ibid.

46 UN Expert Group Meeting on International Migration and Development in the Arab Region – Andrzej Kapiszewski, *Arab Versus Asian Migrant Workers in the GCC Countries,* UN/POP/EGM/2006/02. *www.un.org/esa/population/meetings/EGM...Arab/P02_Kapiszewski.pdf.*

Rights Watch recorded the wages of construction workers on a site in the UAE in 2009, finding that the average annual salary of expatriates was $2,575;[47] the average GDP per head was $49,490.[48]

Although a recent confidential survey carried out by consultancy groups has found that private-sector companies are interested in hiring more Yemenis, Yemeni workers are unlikely to accept the wages and working conditions that the Asian migrants are coerced into tolerating. Although not universal, accusations of exploitation and poor treatment of low-skilled migrant workers are often levelled at the GCC governments (see Box 2 for more information on the sponsorship system which is often linked to the exploitation problem).

Box 2: Exploitation of migrant workers – recruitment agents and the *kafala* sponsorship system

According to a recent press release from the International Organization for Migration, there are more than 15 million workers from a number of Asian and Arab countries employed in the GCC. This represents a 20% increase since 2005. Despite the benefits gained from remittances, many of the expatriates employed in semi-skilled or unskilled positions suffer appalling mistreatment. There have been countless studies of the exploitation experienced by these migrants, including poor wages, lack of remuneration for overtime, delays in receiving salaries, lack of health and safety regulation and the lack of opportunity to express grievances for fear of being deported.[a] While some reports claim that Asian workers are treated particularly poorly, as this mistreatment tends to be based on nationality, age and race rather than on qualifications,[b] it is likely that any level of exploitation of Yemeni workers would harm relations between Yemen and its GCC neighbours. However, while these conditions are unacceptable, they are made even starker when the reality behind each worker's employment is exposed. Aside from Bahrain, which recently began implementing a fairer and more flexible policy, migrants in GCC countries are bound to their employer. Their passports are taken away and if they 'abscond' by trying to find a better job, they are subject to deportation.[c]

At the root of much of the ill-treatment is the sponsorship or *kafala* system, which removes the migrants' rights and makes it harder for them to improve their financial situation. The UN Coordinator in Kuwait recently quoted as saying that it was 'necessary to reconsider' the sponsorship system,[d] and there have been some murmurings of intent across the Gulf states, but with the exception of Bahrain no action has ensued. Yemeni workers are subject to the same *kafala* process, which could prove a disincentive and would harm regional relations.

Recruitment agents in the migrants' home countries play an equally damaging role, particularly in Asia, where they are renowned for preying on workers and coercing them into paying vastly inflated fees in return for an attractive employment opportunity in the Gulf. Upon arrival, workers are often so heavily indebted from these fees that they lose all bargaining power over the loss of their passport and the fact that their wages are sometimes 50% less than promised. There are very few agencies in Yemen at present, but if the process were changed so that the employers covered all fees, and if there were better coordination between the governments and the agents, this would vastly improve the system and ensure migrants' rights were upheld.

a See, for example, *The Island of Happiness: Exploitation of Migrant Workers on Saadiyat Island, Abu Dhabi*, Human Rights Watch Report, 18 May 2009, http://www.hrw.org/news/2009/05/18/uae-exploited-workers-building-island-happiness.

b http://www.dubaijobsnetwork.com/Job_Search/about.php.

c HRW, *The Island of Happiness.*

d 'UN advises GCC to reconsider worker sponsorship system', *The National*, 11/1/11, http://www.thenational.ae/news/worldwide/middle-east/un-advises-gcc-to-reconsider-worker-sponsorship-system.

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47 *The Island of Happiness: Exploitation of Migrant Workers on Saadiyat Island, Abu Dhabi*, Human Rights Watch Report, 18 May 2009, http://www.hrw.org/news/2009/05/18/uae-exploited-workers-building-island-happiness.

48 Data from Economist Intelligence Unit, http://www.eiu.com/public/.

2.3 Security and political issues

Security fears are one of the core obstacles to increasing the numbers of Yemenis in the GCC. There is also a general concern about Yemeni workers and exiles and their potential role in the political sphere.

According to Coates Ulrichsen, the GCC states have spent 20–30 years importing a 'self-contained working class' from Asia.[49] Many observers have mentioned that Asian workers are seen as 'low risk' as they are politically removed and in some cases non-Muslim.[50] Given the sensitivities related to the threat posed by al-Qaeda in the Arabian Peninsula (AQAP), headquartered in Yemen, Yemeni workers are seen as a particular security risk, and increasing the numbers of Yemenis in the workforce would go against decades of carefully depoliticizing the GCC labour market.

Saudi Arabia, which shares a long and porous border with Yemen, suffers more than the other GCC states from the fear of instability in its neighbour, particularly over the concern that it 'could become a launch pad for a revival of a 2003–2006 campaign by al Qaeda militants to destabilise the rule of the Al Saud family'.[51] There have been recent attempts by militants to cross the border from Yemen into Saudi Arabia, and in 2009 AQAP attempted to assassinate Saudi Arabia's deputy interior minister in charge of counter-terrorism, Prince Mohammed bin Naif. Drugs and weapons are regularly smuggled across the border from Yemen into Saudi Arabia, as are Yemeni and African workers. Reports suggest that illegal migration increased during 2011, in response to the economic collapse that accompanied Yemen's protracted political crisis. The fact that the current employment system in Saudi Arabia does not involve thorough security and skills checks for Yemeni workers only increases the potential for security complications.[52]

Over the last few years, there have also been reports of a public backlash in Saudi Arabia regarding the perceived security threat posed by Yemenis, and there appears to be a widespread impression that Yemenis regularly commit common crimes such as robberies. In a recent report released by the Saudi government on nationalities of those committing crimes, Yemenis topped the list.[53] There is widespread discrimination and distrust against certain nationalities, and the targets of such reports are by no means limited to Yemenis. In Yemen's case, discrimination appears to derive from a negative perception of Yemeni workers that has permeated the GCC.

Screening process

Another factor that contributes to the GCC government's security concerns about Yemeni workers is that there is no centralized security identification system in place in Yemen, so it is hard for GCC employers to have confidence in the competence and transparency of the current clearing and screening process.[54] For instance, one concern on the part of Gulf governments is that if Yemenis commit crimes inside the GCC and are deported, there is no system in place in Yemen to record these offences and prevent them returning to the country in question.[55]

Among the GCC states (including Bahrain and the UAE), external companies handle the identification system, which allots every citizen a number to which all his or her biometric data are attached. In Bahrain these identification cards are known as Central Population Registration (CPR) cards and the chip contains extensive personal information about the holder (citizen or expatriate worker), which can be accessed at any time.

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49 Research interview with Dr Kristian Coates Ulrichsen, conducted by the author in August 2011.

50 Private research interview conducted by the author in 2010.

51 'Yemen wants Saudis to block cash for separatists', *Yemen Post*, 10/06/10.

52 Private research interview conducted in London in November 2010.

53 Information from a private research interview conducted in London in November 2010.

54 Findings of Chatham House Yemen Forum seminar, *Tipping the Balance: A Regional Approach to Yemen's Economic Challenges,* May 2010, http://www.chathamhouse.org/publications/papers/view/109382.

55 Private research interview conducted in London in November 2010.

One option would be to establish a similar centralized system in Yemen, which would reassure GCC host countries in admitting more Yemeni workers, but the Yemeni government does not have the capacity to implement this at present, and any transitional government may struggle to make it viable. It would be hard to establish the system: there would be geographic constraints in reaching all citizens owing to the sheer size of the country as well as the inadequate infrastructure. The potential for corruption in the system is also a significant risk and the government's capacity to maintain the system is questionable. According to reports, the Yemeni government explored this option with a French company in December 2007, at a proposed cost of $130 million.[56] At the time the UAE, as well as a handful of other donors, pledged $63 million, but nothing has since materialized.

A potentially more achievable option would be for the GCC governments to run a screening and identification system for migrant workers. However, the problems with over-zealous identification processes are well debated, so any option would have to be carefully considered to avoid exploitation or any breach of rights.

56 Private research interview conducted in London in November 2010.

3. TRAINING AND THE SILATECH MODEL

One of the most viable ways of increasing the numbers of Yemeni workers in the GCC labour markets is to improve the competitiveness of Yemeni workers and address the severe skills deficit in Yemen.

If the GCC governments were in a position to be able to offer Yemeni workers preferential treatment immediately, they would be confronted with a significant impediment – the endemic skills deficit in Yemen, which makes it very hard to find suitable workers. The low level and currency of skills and education of Yemenis often fail to meet the demands of GCC labour markets. Yemen's vocational education and training system needs significant reform, with particular emphasis on access to training, the relevance of skills-based training and the development and management of the national-level curriculum.

To date, Saudi Arabia has played the biggest role in Yemen and in providing vocational training improving employability of Yemeni workers. It has built 19 schools, and the UAE has pledged to build a further 20. But the problem is complex and will not be solved by providing physical resources alone. The core skills needed to employ the physical assets – those that involve designing and maintaining the national curriculum and that involve forecasting manpower requirements in coordination with national development planning – are key factors absent from the Vocational Education and Training paradigm. Turning pledges and donations into assets that can actually help Yemen (and the wider region) requires emphasis to be placed on the creation of governmental competence in strategic human resource management, including training delivery. At the time of writing many of these well-equipped schools, ready for students, remain unopened and unused.

3.1 Case study: Silatech in Yemen

Silatech is a Qatari foundation and a private initiative of HH Sheikha Moza, who is married to the Emir of Qatar. The foundation aims to engage with the private, public and civil society sectors to promote large-scale job creation, entrepreneurship and access to capital for young Arabs across 22 countries.

Silatech has been on the ground in Yemen since October 2009 following six months of negotiations with in-country actors. There are now six Silatech programmes in Yemen, which are split between enterprise-related funding – designed to provide market training and incubation – and the much-needed skills programmes.

The skills programmes are seen as a vital tool in addressing youth unemployment which is unofficially estimated to be around 50%. Central to Silatech's strategy is tackling the inadequate connection between supply and demand – thanks to the restrictive current education and employment processes, the private sector plays an 'increasingly important role in shaping the market for in-demand skills, but [has] almost no voice in what skills are trained'.[57]

Silatech's efforts have not unfolded in isolation from the wider political and economic debate in Yemen. Since 2009, the foundation has worked closely with the Government of Yemen's '10 Point Plan' team. The second priority of the plan is to train Yemeni labour for the GCC, and key figures in its team closely observed the pilot project and engaged in a series of structured discussions. The Silatech model was recognized as having the potential to be scaled up to deliver training specifically designed to help improve Yemenis' employability in the GCC labour market.

57 Silatech, *Building Jobs: Impact of Real Estate Projects in Yemen*, Silatech Discussion Paper Series, January 2011, http://www.silatech.com/index.php?option=com_content&view=article&id=317:building-jobs-impact-of-real-estate-projects-in-yemen&catid=13:publications&Itemid=258. p. 3.

The pilot: Al Rayyan Hills and Sana'a Community College

The training project was designed and launched at the start of 2010 for a six-month pilot, with the training tailored to the specific needs of a single private-sector client. The initial client was real estate giant Qatari Diar, which was planning a huge construction project in Sana'a known as Al Rayyan Hills, and it was seen as mutually beneficial to try to link the training to a specific project. Silatech approached the appointed contractor for the Al Rayyan Hills project, Athens-based Consolidated Construction Contractors (CCC), about training and employing a local workforce, as it seemed illogical to bring in expatriate workers when unemployment was so high locally. At first CCC actively supported the project; however, the company's imperative was to meet the project deadlines in the construction programme and its engagement with the Silatech programme did not mature to the anticipated levels of integration.

The initial plan was for all Yemeni construction operatives who were employed on Al Rayyan Hills site to be trained at Sana'a Community College in basic health and safety procedures. It is unclear how many construction operatives who worked on this project did attend the course but anecdotal evidence suggests some construction operatives from Al Rayyan Hills project enrolled on most of the early courses during the pilot. What is certain is that the number of Yemeni workers employed by CCC was significantly greater than the number of CCC workers who attended the course. Despite the lack of CCC follow-through, the course proved to be so popular, and was seen by those attending to be so advantageous to employment prospects, that many hopeful construction operatives unconnected with Al Rayyan Hills volunteered to attend. Even when funding for 'free places' ceased after the pilot ended, Sana'a Community College was able to continue teaching this course with students prepared to pay US$25 to attend.

Silatech enlisted two organizations, Pearson International, a leading education company, and PGS Focus, a training consultancy and management group, to design, manage and deliver a solution to the expressed need for skills training in Yemen. The solution emerged as a training intervention that would develop programmes for building capability at each level of vocational education and training, aimed at imparting knowledge and skills from national-level government all the way through the delivery system to the trainees. The proposed programme was essentially a system-wide review and redesign exercise aimed at establishing 'joined-up' competency and included formal coordination with the private sector in the region.

The programme proposed was not delivered by Silatech, partly owing to cost constraints and partly because of the time it would take for measures of success to be realized.[58] A compromise would have been to deliver a reduced training programme, to internationally recognized standards, in the hope that private-sector engagement would follow, thereby reducing the burden of funding. This did not occur, however, and despite the undoubted success of the initial programme and welcome by the government of Yemen, Silatech did not pursue scale-up of the project.

PGS Focus designed and then delivered the pilot project, using existing government infrastructure and human resources – in this case Sana'a Community College and its staff – and a training facility was designed for unskilled and semi-skilled labour, with a foundation course in basic health and safety in construction. This course was based on expressed preferences by CCC, which was concerned at the poor standard of skills among Yemeni workers.

The training programme was aimed at creating a pool of instructors and comprised a Master Trainer course and a Train the Trainer course. Those instructors who successfully completed the courses then went on to deliver similar courses to Yemeni youth at the Sana'a Community College campus. This programme enabled a dozen existing members of staff of Sana'a Community College to deliver new skills through training. By the end of the pilot Yemenis were training Yemenis and the eleven Sana'a Community College trainers had qualified as instructors.

58 Private research interview conducted by author in February 2011.

A crucial aspect of Silatech's plan involved the foundation becoming a regional awarding body, whereby an accredited qualification, *Silaqual,* was awarded to all of the students who had successfully completed a course. It was hoped that such a qualification would be endorsed by the Yemeni and GCC governments and, more importantly, by the private sector, as a training qualification that meets international standards. This had not happened by the time the first graduation ceremony took place in February 2011, and although the 1,200 Yemenis who had successfully completed the pilot training project were awarded qualifications, these did not have an accredited status. The aspiration for *Silaqual* to become a regional awarding body is still being pursued. However, its eventual status or significance in the hierarchy of existing qualifications is unclear, and the benefits to both the student body and the employer sector have yet to be clearly articulated.

Impact of pilot

In January 2011 Silatech released a white paper outlining the positive direct and indirect impact of this pilot project.[59] On the basis of conservative assumptions about unemployment rates and skills gained, it claims that if 1,000 Yemeni workers are trained and work on the Al Rayyan Hills project, 650 of them are likely to remain in construction, creating an additional 585 jobs indirectly, and total earnings of YER 679 million (US$3.3 million) per year (see Table 3 for impact figures for training). When combined with the baseline impacts of the retail and service workers employed as a result of the project, training impacts account for 43% of the total impact on jobs, and 41% of the total impact on earnings of the entire project after construction is completed.[60] The training also creates enterprise opportunities, enabling a number of start-ups by bringing construction skills into the workforce.[61]

Table 3: Impacts with and without training

Impacts without trained Yemeni workers		**Impacts with trained Yemeni workers**	
Jobs	1656	Jobs	2891
Earnings (p.a.)	YER 974 million (USD 4.8 million)	Earnings (p.a.)	YER 1,653 million (USD 8.1 million)

Note: Baseline impacts consist of the hotel, retail and residential employment plus indirect effects.
Source: Silatech, *Building Jobs: Impact of Real Estate Projects in Yemen,* Silatech Discussion Paper Series, January 2011, p. 8, http://www.silatech.com/index.php?option=com_content&view=category&layout=blog&id=37&Itemid=41.

Short-term and long-term goals

In the short term, Silatech's goals are to open a further five training centres across Yemen. In early 2011 the Aden College was already in its early stages, with initial groundwork in the pipeline for Taiz and Hadramawt.[62] However, all activity is currently suspended owing to the political uncertainties in Yemen.

The aim is also to broaden the range of courses on offer and for them to be designed to meet the requirements of GCC employers, and validated by them.

If these short-term goals were achieved they would lay a foundation of construction skills in Yemen that could, if paired with the appropriate opportunities, have a considerable impact

59 Silatech, *Building Jobs*.
60 Ibid., p. 8.
61 Ibid., p. 10.
62 Aden College alone could train 20,000 Yemenis annually.

on the country's employment figures and hence its economic recovery. Furthermore, one of the findings of a recent management consultancy report commissioned by the government of Yemen was that the Silatech model could be scaled to provide Yemenis with the opportunities for employment in the GCC; since the publication of the consultancy report, the Yemeni government had pledged a further $1.5 million into making this possible. However, given the current situation in Yemen it is unclear whether this pledge will become anything more than that.

The key to attaining that level of impact is creating a sustainable cycle. This could be a challenging and complex process. Silatech's long-term vision is to create a sustainable cycle between the trainee, the trainer, the manpower agent and the private-sector company, whereby the manpower agent is paid a fee by the company to source Yemeni workers and place them in a company. The fee would include a budget for training those workers in courses tailored to the contractor's specific needs. The trainee would receive a qualification (*Silaqual* or the equivalent) that is endorsed by all the GCC governments and across the private sector. Key to this cycle becoming sustainable is interaction between the manpower agent and the training provider, and Silatech is already establishing links with existing manpower companies both in Yemen and across the GCC. Silatech would not withdraw until capacity had been built and the incentives were sustainable. This cycle would need constant revision and maintenance. The Qatar 2022 World Cup could certainly provide many opportunities to involve Yemenis, specifically in construction, if the cycle is put in place fairly soon.

If successful, this model could play a significant role in helping Yemen along the path to recovery. However, there are various issues that if overlooked could undermine the long-term impact and credibility of Silatech's work.

Evaluation of Silatech model

A key component in Silatech's long-term goal of making the manpower-training cycle sustainable is endorsement both from the GCC governments and from the private sector. However, much of this is based on goodwill: there are many companies across the region that have links with Yemen, such as the bin Laden and bin Mafouz[63] construction groups which are of Yemeni descent. But ultimately goodwill is not a factor that usually plays a recurring role in the marketplace. Silatech recognizes this concern in its recent white paper, stating that the risks may well outweigh the companies' desire to invest in training, but that 'in order for Yemen to break out of the vicious cycle caused by untrained labour, the training is a necessary risk to take, and investment in such a measure – whether by the company, the country, or other sources – is definitely worthwhile'. While it is hard to dispute the intention behind this, it is by no means a concrete reassurance that the cycle will succeed.

The GCC governments' role is similarly partially based on goodwill. No public steps that suggest complete GCC endorsement of the Silatech model have yet been taken. For instance, the Qatari government could recently have called for all workers to have the minimum *Silaqual* qualification, which would mean it could then give preference to Yemenis over expatriate labour forces, but this has not yet happened.[64] Linking the whole project to the manpower requirements of the region is one vital aspect of the whole concept that has so far been largely ignored.

In six months, it is difficult to prove a pilot project a success. It is not long enough to demonstrate its full potential or capabilities, and time and resources should still be dedicated to Sana'a Community College to ensure the training continues at the same level. Momentum needs to be maintained, with targeted marketing campaigns to spread the word and encourage Sana'a residents to take part.

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63 Muhammad bin Awad bin Ladin, who founded the Saudi Bin Laden Group construction company in 1931, was born in Yemen, as was Salem Bin Mahfouz, who founded the Saudi-based Bin Mahfouz Company in 1951 – see http://www.binmahfouz.info/history.html.

64 Private research interview conducted by the author in London in February 2011.

More funding and support are needed in Sana'a to continue embedding the training process and help achieve sustainability. Currently Silatech is raising expectations by declaring intentions, and then failing to follow through to delivery by not providing the continuing support required to ensure the training provided is properly embedded in the college and its staff.

The move to open a further campus in a community college in Aden was seen by some as a political decision to appease the separatist movement in the South of the country. There is in any case a danger that shifting attention from Sana'a at this stage could be damaging to the project as a whole, as it could serve to dilute the impact of the initiative.

Ideally the success of the basic course in Sana'a Community College should have been consolidated before the project was rolled out to other centres. Given the high-level interest in Silatech's work because of the personal involvement of Sheikha Moza, it is likely that the foundation is under considerable internal pressure to perform and to achieve an impact across the country. But given the relatively small size of the Silatech organization it will be very difficult to achieve its stated aims if its vision for Yemen is credible education and training. An intervention of this nature requires focused and dedicated resources to ensure success. The Silatech initiative in Yemen has been an incomplete solution inasmuch as the plan selected for implementation was only a component of a complete plan, and in any case it is being overstretched in an attempt to address a multitude of diverse needs.

Uncertain security and political conditions are also having a negative effect on the capacity of the training programme, as the heightened security measures are very restrictive for both Western and local staff. The continued unrest will disrupt future interventions and may also result in internal displacement or regional migration among Yemenis. All these factors combine to mean donors and deliverers will face increased challenges around continuity and scaling up in a transition or post-conflict environment.

4. ROADMAP AND RECOMMENDATIONS

Yemen's need for help is greater than ever; the unrest that still troubles the country means more Yemenis are unemployed and more are without food. In a crisis, actors are often focused on the short-term priorities and goals, yet with many of Yemen's challenges short-term fixes are not what is needed. Increasing the number of Yemenis in the GCC labour markets has the potential to make a marked difference to the Yemeni economy and improve socio-economic conditions, but it is a long-term goal for which the groundwork needs to begin now. Yemen needs long-term thinking, even in a time of crisis.

4.1 Improving the competitiveness of Yemeni workers

As a priority, Yemen's donors should consider their options to improve the competitiveness of Yemeni workers through investment in education and targeted vocational training.

Despite its difficulties, the Silatech pilot illustrates the both the scale of the need and the high response rate among the target population. It also reveals the potential for further partnership between Gulf donors and the 'soft skills' of Western delivery partners, as well as further collaboration between the public and private sectors, and it fits well with current trends in the donors' discussions about interventions in Yemen. However, the effects of Yemen's political turmoil have weakened Silatech's efforts, and the scheme is currently suspended because of security risks. It is vital that commitment to the project is maintained, allowing training to continue as soon as security conditions improve.

Silatech claims that its pioneering 'training scheme has the potential to simultaneously improve employment prospects for workers and remove skill barriers blocking industry growth'.[65] There are currently dozens of training companies operating in Yemen, but few offer the tailored curriculum of PGS Focus, along with critical interaction between private companies and the government, which will ensure the most fruitful and effective results in the long term. Both Silatech and PGS Focus have learned useful lessons to guide the design and implementation of future, similar interventions. This includes a recommendation for the creation of a forum to facilitate coordination between major private-sector employers, training providers and national and local government, which would help to influence decision-making and identify market needs.

With careful consideration of the critique levelled in this paper, Silatech itself has scope for expansion and scaling up, for example in order to serve big-ticket construction ventures required for the Qatar 2022 World Cup. Other GCC states could adopt similar schemes, tailored to their own employment requirements. There will be widespread opportunities to equip Yemeni workers with marketable skills, both in Yemen itself and across the GCC, if adequate funding, resources and time are dedicated to the task.

4.2 Improving the GCC recruitment process

In the long term, the international community should support, if not wholly encourage, a GCC move away from the current *kafala* sponsorship system (as noted in Box 2), thereby cutting off the corrupt and exploitative recruitment agencies that target South Asia, and helping to establish a more transparent and accountable process. In turn, transparency in the recruitment process could encourage a move to more competitive wages as fewer workers would be exploited and coerced into accepting poor conditions and pay. This would help close the wage expectation gap between Asian and Yemeni workers and add to Yemeni competitiveness in the GCC labour markets.

In the meantime, there is a notable absence of Yemen-focused recruitment agencies based either in Yemen or in the GCC. These could be tasked solely with raising the profile of Yemeni

65 Silatech, *Building Jobs*, p. 12.

workers and placing them in private-sector companies in the GCC, and would play a vital role in providing Yemeni workers with the platform they need to be considered in the GCC. Ideally these agencies would be more effective if the *kafala* system were rejected, but even without this happening there is still an opportunity that is being missed. There is no lack of entrepreneurial spirit in Yemen and there are countless funding bodies that offer micro-finance opportunities;[66] thus there is untapped potential for Yemenis to set up recruitment agencies in Yemen and lobby GCC employers. As mentioned in Section 4.1, coordination between training companies, recruitment agencies, local/national government and the private sector – with forums provided to bring all actors together – is vital in securing buy-in from all involved, creating the most opportunities for Yemeni workers and in the long term a sustainable cycle.

4.3 Improving perceptions

A targeted outreach campaign is needed to inform Yemeni policy-makers and community leaders about the real, rather than perceived, barriers to GGC labour markets, along with information about access to training schemes.

Negative perceptions of Yemeni workers across the GCC should be acknowledged and addressed by all parties, both in terms of the quality of labour force and the security risks. The Yemen-based recruitment agencies mentioned in the previous recommendation could help to dispel the negative perception of Yemeni workers by promoting a positive image and role model during their lobbying.

Security concerns are central to the GCC’s reluctance to commit or indeed speak publicly on this topic. Although the main challenges to Yemen’s security will not be solved in the short term, there are methods that could be used to dispel fears among GCC governments and private-sector employers and to encourage consideration of Yemenis for employment: the identification process for expatriate workers, which has already been rolled out in Bahrain, should be considered across the GCC. This would ideally include some sort of screening. These ID cards would be provided by the GCC governments upon arrival and provide reassurance when Yemenis are in the region. In the long term the system should be centralized to encourage coordination across the GCC.

66 Such as USAID and Silatech.

5. CONCLUSION

Yemen's political and economic stability remains a pressing concern for the neighbouring GCC states. Yemenis repeatedly call for improved access to GCC labour markets, enabling working men to send remittances home to their families and offset the impact of high inflation and domestic unemployment. The GCC states have made previous commitments to addressing Yemen's employment shortage but these commitments run in parallel with growing domestic pressure to improve employment opportunities for GCC nationals, and momentum towards a solution for Yemen is slowing. International efforts are now required to maintain the GCC's commitment to identify employment opportunities for Yemeni workers within the GCC market, and to design appropriate interventions. As this paper has underlined, any increase in the number of Yemeni workers in the GCC labour markets will need coordination and support from GCC decision-makers, regional donor funds and regional businessmen, as well as Western donors and delivery partners who offer the requisite 'soft skills' to deliver vocational training programmes.

The fact that Yemen's internal security conditions are deteriorating only raises the bar for effective international engagement. However, coordinated international action is needed to help Yemen along the path to economic recovery, and although accessing labour markets is by no means the most straightforward method, this paper has highlighted the steps that can be taken towards overcoming the obstacles described and making this recovery a reality. Implementation will depend on improved economic and security conditions pending the outcome of the current transition, but dialogue and preparations can begin now.

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