



EMPLOYMENT OPPORTUNITIES FOR PAKISTANIS IN THE GULF

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IN THE GULF**

TABLE OF CONTENTS

<i>List of Exhibits</i>	i
<i>List of Acronyms</i>	ii
<i>Message from the Chairman, PSDF</i>	iii
<i>Message from the CEO, PSDF</i>	iv
<i>About PSDF</i>	v
<i>Role of TVET Organisations</i>	vi
<i>Executive Summary</i>	vii

01

GROWING IMPORTANCE OF REMITTANCES AND OVERSEAS LABOUR TO PAKISTAN	02
--	----

02

MACRO TRENDS IMPACTING OVERSEAS LABOUR	
FOUR KEY TRENDS	08
1. Slower Growth in Traditional Sectors	11
2. Greater Growth in Emerging Sectors	13
3. Strong Localisation Efforts	14
4. Impact of Sovereign Quotas	16

03

STUDY METHODOLOGY AND FINDINGS	
OPPORTUNITY SIZING: SECTORS IN GULF COUNTRIES OFFERING THE MOST VALUE AND GROWTH	18
STUDY FINDINGS	23
Construction	23
Services	23
Hospitality	23
IDENTIFICATION OF SECTOR-GEOGRAPHY COMBINATIONS	24
SECTOR DEEP DIVES	26
Construction	26
Oil and Gas (O&G)	28
Services	28
Hospitality	28
Retail	28
'TRADITIONAL' VERSUS 'EMERGING' SECTORS	29
Traditional Sectors	29
Emerging Sectors	34

TABLE OF CONTENTS

04

RECRUITMENT VALUE CHAIN APPROACH TO MAXIMISE EMPLOYMENT OF PAKISTANIS IN THE GULF COUNTRIES

DEFINING THE RECRUITMENT VALUE CHAIN	38
UNDERSTANDING THE VALUE CHAIN	42
1. Talent Pre-screening	46
2A. Trainings	47
2B. Certifications	48
3. Experience in Seed Industries	50
4. Language Skills	52
5. Soft Skills, Mindsets and Behaviours	54
6. Advertising and Sourcing Candidates	58
7. Pre-screening for Employer Interviews	59
8. Employer Selection Process	60
9. Maximising the use of Flexible Labour Regulations	61
10. Financing from Education/Training to Employment	64
11. Employer Relationship and Programme Management	65
12. Presence of Pakistanis or Supporters in Key Employer Positions.....	67
13. Overall Branding and Perception of Pakistani Talent	67

05

CHARTING A PATH TOWARDS IMPLEMENTATION AND IMPACT

Future Action Plan	74
Action Plan Matrix	75

References	77
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LIST OF EXHIBITS

- Exhibit 1 *Windfall boom for Pakistani labour*
- Exhibit 2 *Top 5 sources of remittances for Pakistan*
- Exhibit 3 *Challenges for Pakistani labour export*
- Exhibit 4 *Slow-down in growth*
- Exhibit 5 *Localisation efforts in the Gulf countries*
- Exhibit 6 *Analyzing the value available for Pakistan*
- Exhibit 7 *Number of job positions in KSA and UAE*
- Exhibit 8 *Value of job positions in KSA and UAE*
- Exhibit 9 *Four Filter process to prioritise sectors for Pakistan*
- Exhibit 10 *Demand for more workers*
- Exhibit 11 *Comparison of value per working person*
- Exhibit 12 *Upskilling traditional sector workers*
- Exhibit 13 *Pakistan's share in emerging sectors*
- Exhibit 14 *Proportion of Pakistanis in emerging sectors*
- Exhibit 15 *Potential for Pakistanis in Hospitality sector*
- Exhibit 16 *Three possible routes to fill a vacant position in Gulf countries*
- Exhibit 17 *Patterns for recruitment of labour*
- Exhibit 18 *Identification of the factors in the value chain*
- Exhibit 19 *Attributing responsibility to each factor in the value chain*
- Exhibit 20 *The Philippines example*
- Exhibit 21 *Talent pre-screening*
- Exhibit 22 *Are certifications important?*
- Exhibit 23 *Experience in seed industries*
- Exhibit 24 *English & Arabic language skills*
- Exhibit 25 *Soft skills, mindsets and behaviours*
- Exhibit 26 *Soft skills and hard skills*
- Exhibit 27 *Soft skills programme for Pakistanis*
- Exhibit 28 *Return on recruitment time spent by employers*
- Exhibit 29 *Preference of Pakistani workers over other countries*
- Exhibit 30 *Financing the cost of migration*

LIST OF ACRONYMS

AED	United Arab Emirates Dirham
BEOE	Bureau of Emigration and Overseas Employment
COTHM	College of Tourism & Hospitality Management
CPG	Consumer Packaged Goods
GDP	Gross Domestic Product
GoPb	Government of the Punjab
HR	Human Resource
ILO	International Labour Organisation
ITI	Industrial Training Institute (India)
KSA	Kingdom of Saudi Arabia
LNG	Liquefied Natural Gas
O&G	Oil & Gas
OEP	Overseas Employment Promoter
MNC	Multinational Company
MOPHRD	Ministry of Overseas Pakistanis & Human Resource Development
NADRA	National Registration and Database Authority
NAVTEC	National Vocational & Technical Education Commission
PBTE	Punjab Board of Testing & Examination
PKR	Pakistani Rupee
POEA	Philippines Overseas Employment Administration
PSDF	Punjab Skills Development Fund
SME	Small & Medium Enterprise
TSP	Training Service Provider
TVET	Technical and Vocational Education and Training
TEVTA	Technical Education & Vocational Training Authority
UAE	United Arab Emirates
US\$	United States Dollar



CHAIRMAN'S MESSAGE

Remittances from overseas Pakistanis are an important component for the country's foreign exchange earnings. However, they have been declining for the past two years primarily from the Gulf countries, which constitute 60% of the total remittances. The Gulf region has long been the primary market for Pakistan's labour export. Slow economic growth due to decline in oil prices, indigenisation policies and greater competition for unskilled jobs in the region from other countries are the key reasons for the decline in remittances.

Punjab Skills Development Fund (PSDF) considers training for international placements a critical component of its skills development agenda. Sending skilled workers from Pakistan to the Gulf would improve employment prospects and significantly raise earnings thereby increasing remittances to Pakistan. The first step in this complex process, which is the subject of this Report, is to understand the skills needs of the Gulf-based employers. The Report outlines the skills demand across major sectors in the Gulf countries for which Pakistani labour can be trained and employed. It is concluded that the demand is so large that all technical and vocational training organisations across Pakistan would need to gear up to meet it.

A handwritten signature in black ink, appearing to read 'Ijaz Nabi'.

Dr. Ijaz Nabi
Chairman, Board of Directors
Punjab Skills Development Fund



CEO'S MESSAGE

Skills development for income generation for local and international markets is at the heart of all PSDF work. Preparing the youth for employment overseas, however, required deeper understanding of opportunities' skills need in those markets as well as overcoming stereotypes and challenges facing Pakistani labour. The Study on capturing employment opportunities for Pakistanis in the Gulf was commissioned to improve TVET organisations' ability to respond to opportunities, take initiatives to address challenges to grow Pakistan's share of overseas workforce in the Gulf and improve remittance per capita.

The findings of this Report and PSDF's experience of working directly with employers in the Gulf suggest that TVET organisations need to develop deep professional relationships with the key industry players as well as relevant government authorities. This will help better understand the recruitment needs, required technical and behavioural skills, and ability to persuade them to take a chance on skilled Pakistani workforce. The TVET organisations also need to directly manage the critical elements of the training to recruitment value chain. For example, developing a curricula based on specific employer needs, pre-screening of candidates pre-training, ensuring quality management of training through leading training providers, ensuring legal emigration of skilled workers to employer locations through trusted overseas employment promoters and shadowing the workers for three months to ensure they adjust to the new job and environment. This customer-centric attention from Pakistani TVET organisations will reduce the recruitment and training costs of employers, improve recruitment success rates and move the needle in favour of hiring for their skills needs from Pakistan.

The opportunity awaits us and we all need to join hands and deliver on this opportunity as one team.

A handwritten signature in black ink, appearing to read 'Jawad Khan', written in a cursive style.

Jawad Khan
Chief Executive Officer
Punjab Skills Development Fund



PUNJAB SKILLS DEVELOPMENT FUND

A SUCCESS STORY OF PUBLIC-PRIVATE PARTNERSHIPS

Punjab Skills Development Fund (PSDF) is the largest skills development fund in Pakistan. PSDF was established in 2010 as a not-for-profit company set up under the Companies Ordinance, 1984 by the Government of Punjab (GoPb) in collaboration with UK's Department for International Development (DFID). PSDF also exclusively manages the skills training funding of the World Bank.

PSDF's purpose is to shape the future and well-being of our poor and vulnerable youth by giving them access to skills training of the highest standard so they can find sustainable employment and income-generating opportunities in Pakistan and beyond.

PSDF started its operations in the 4 poorest districts of Punjab. Since 2016, the geographical remit has expanded to the entire 36 districts of Punjab. PSDF has trained almost 300,000 underprivileged youth across Punjab, which includes 180,000+ male and 110,000+ female graduates. These graduates have been trained in approximately 250 demand-driven and market relevant trades across 10 sectors.

PSDF has played a leadership role in creating a skills training market with 90% training partners in the private sector. With 400 training partners that deliver training on behalf of PSDF, out of which over 150 are businesses across 10 sectors. PSDF has adopted an output-based funding mechanism where it funds contract-to-completion outputs as well as completion-to-income generation outcomes.

ROLE OF TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING (TVET) ORGANISATIONS

TVET education is non-academic technical education and practical training that develops the skills and knowledge of apprentices (learners of trades or crafts) working in different sectors of industry and trainees / students trained in different TVET organisations (TVET Institutes, Centres and Schools). The TVET is that part of the education system that provides courses and training programmes related to employment with a view to enable the transition from Secondary Education to work for young trainees / students (social objective) and supply the labour market with competent apprentices (economic objective).

EXECUTIVE SUMMARY



GULF COUNTRIES EMPLOYMENT LANDSCAPE

The Gulf countries, the Kingdom of Saudi Arabia (KSA), the United Arab Emirates (UAE), Qatar, Kuwait, Oman and Bahrain, currently employ a little over 25 million foreign workers, of which roughly 3 million are Pakistanis. Over the next few years, this study identifies that Pakistan should adopt a targeted and value chain-based approach focused on high growth sectors and key elements of the recruitment value chain. Findings suggest that this would allow Pakistan to staff an additional one-and-a-half million available job positions in these countries over five years, and earn up to US \$800 million in annual incremental remittances.

Seven, key sector-geography combinations (i.e. construction in the UAE, hotels in KSA, etc.) have been identified in the Gulf countries that map up to 33 high-demand trades. These seven sectors represent the largest potential incremental income for expatriate workers in the Gulf countries over the next few years until 2021. This assessment is based on economic trends and forecasts, and takes into account both the number of jobs available and the average salary of those jobs. Two different forms of actions are required in these trades:

- one, in traditional sectors, upskilling general labour; and
- two, to incubate the process to enable employer-driven hiring of Pakistanis in emerging service sectors where Pakistani talent is currently significantly under-represented.

Of the seven sectors, construction is the largest traditional sector. Its sheer size and high attrition levels mean that it will continue to represent the largest opportunity for expatriate workers. There is still more opportunity in this traditional sector for Pakistanis to occupy higher-skilled and better-paying roles.

Beyond the traditional sectors, such as construction and Oil & Gas (O&G), the fastest growth is found in emerging sectors such as retail and hospitality. Such emerging sectors will account for 2 million or more new jobs by 2021. Currently, Pakistan captures less than 10% of the jobs available in these sectors, whereas other countries such as the Philippines dominate with more than a 40% share.

While many Pakistanis work and even thrive in these sectors, the Study finds that this is mostly through their own efforts – they succeed despite the absence of institutions that train and place talent in these roles. The challenge for Pakistan over the next five to ten years is to build the institutional infrastructure needed to make Pakistan the preferred source of talent for employers in emerging service sectors.

STUDY METHODOLOGY

To understand the opportunities available to Pakistanis in the Gulf countries, primary and secondary data on the labour market was collected and analysed. As part of this research, interviews were held with 54 employers across various sectors, 32 employees and several labour market value chain players operating in the Gulf countries. Based on these interviews, mapping of a recruiting value chain was carried out that involved four broad steps: pre-training selection, talent development, employer sourcing & screening, and deployment. Within these four steps, there are 13 levers that can maximise the employment opportunities for Pakistanis. Whilst all 13 of these levers are important, the following four are considered the most critical:

KEY FINDINGS

01

HARD SKILLS, CERTIFICATIONS AND EXPERIENCE IN SEED INDUSTRIES

Although hard skills are essential to employment in many trades, employers do not generally value certifications for hard skills.

There are some exceptions to this, particularly in trades that are highly technical or where regulations mandate these certifications. But in most cases, employers do not 'speak the language' of certifications, or trust the certification market. Instead, many employers prefer to use work sample tests during interviews, which they believe provide a more reliable proxy for hard skill competence. Therefore, while high-quality international certifications can still help differentiate Pakistani talent, to meet employers' expectations, it is important to focus also on other elements of the recruitment value chain.

02

SOFT SKILLS, MINDSETS AND BEHAVIOURS

Almost every employer interviewed for the purpose of this Report, highlighted the importance of soft skills, including attitude, work ethic, personality, presentability and service orientation. Embedding soft-skills in the training curriculum is crucial to supporting recruitment candidates.

03 PRE-SCREENING FOR EMPLOYER INTERVIEWS

Employers and recruiters optimise for the time and effort they spend recruiting. They normally go to recruit from sources where the number of successful candidates as a percentage of candidates interviewed is the highest. For this reason, markets with more developed recruiting value chains are more attractive to employers. Pakistan can further increase its attractiveness to employers by improving pre-screening of candidates and developing its recruitment infrastructure.

04 KEY EMPLOYER RELATIONSHIP AND PROGRAMME MANAGEMENT

Despite the challenges, many Gulf countries employers are interested in recruiting from Pakistan if they can find the right local partner. Of the 54 employers interviewed, 15 (or around 30%) were interested in collaborating with TVET organisations in Pakistan to recruit talent. In a steadystate, this could translate into 5,000 to 25,000 job placements with these 15 employers alone. These conversations with employers can be deepened with the aim of building programmes that are better tailored to their needs.

The importance of meeting employers' needs across the entire recruitment value chain cannot be emphasised more. Some local private-run organisations have initiated training sessions in Pakistan and devoted significant effort and resources to building recruiting pipelines to the Gulf countries. However, they fell short because they did not focus on the most critical employer needs in the value chain. These include soft skills, mindsets and behaviours. At the same time, countries such as the Philippines have thriving recruiting pipelines because each of these value chain elements is in place. Focusing effort on the most critical employer needs in these value chains would increase the success rate for recruitment.

RECOMMENDATIONS

To maximise Pakistani employment in the Gulf countries, Punjab Skills Development Fund (PSDF) is already piloting with employers to test the concept and learn in practice what it takes to meet employers' recruitment needs successfully. More broadly, the TVET and overseas employment sector needs to work to incubate this approach.

The final aim for Pakistan is to move to a sustainable recruitment pipeline that is owned by the appropriate private and public sector players, and much like the success that the Philippines and other countries have enjoyed, become a sustainable long-term contributor to the national economy. To achieve this aim, it would be imperative that all stakeholders work collaboratively and implement a set of policy guidelines, some of which are summarised as follows:



MANAGING LABOUR QUOTAS

The Ministry of Overseas Pakistanis & Human Resource Development (MOPHRD) and the relevant Pakistani Embassies and Consulates should develop a comprehensive approach to monitoring and pro-actively managing labour quotas in host countries.



ESTABLISHING MECHANISMS TO DEVELOP VALUE CHAINS

Training Service Providers (TSPs) and other TVET players can take the lead in building and catalysing key components of a well-developed employment value chain and ecosystem. This includes, for example, finding and pre-screening talent from Pakistan on behalf of employers abroad, so that their Human Resource managers can achieve the same interview-to-offer rates from Pakistan as they would from more developed source markets like the Philippines.



SHAPING & MATCHING OCCUPATIONAL SKILLS STANDARDS OF THE GULF COUNTRIES

Pakistan's national vocational skills framework must be ready to match the impending Occupational Skills Standards of Gulf countries as and when these are detailed and enforced. Such requirements will likely enhance the favourability of local labour and used as mechanisms to promote localisation of labour.



SHAPING MINDSETS & BEHAVIOURS OF POTENTIAL EMPLOYEES

TVET institutions must incorporate 'soft-skills' components in their curricula linked to employer feedback. The Ministry of Overseas Pakistanis & Human Resource Development should be equipped with appropriate systems and tools to assess the outgoing workers on soft skills and cultural sensitivity.



ESTABLISHING A FUND, POTENTIALLY LINKED TO EMPLOYERS

There is an urgent need to establish a fund by the Government of Pakistan to finance the placements and exit/entry costs for potential employees. This fund can be linked directly to employers where they agree to transfer repayments from the workers' salaries straight into this fund, based on minimum employment periods and suitable clawbacks, thereby significantly reducing the exploitative costs inflicted by the employment brokers.



STREAMLINING AWARENESS CAMPAIGNS

Branch offices of the Bureau of Emigration and Overseas Employment (BEOE) should be set up at select National Database & Registration Authority (NADRA) offices across the country for direct dissemination of immigration-related and employment-related information and access to lists of credible/registered overseas employment promoters. This will reduce the possibility of financial exploitation of Pakistani workers by unregistered middle-men.



SYSTEMATICALLY DEVELOPING 'BRAND PAKISTAN'

Pakistan should follow the lead of countries like the Philippines, where the Embassy and Consulate officials engage with HR personnel within key employers in the Gulf countries to develop and enhance their country's brand. Such engagement includes one-on-one meetings, employer forums and events.

GULF FACT SHEET

Over **2.5 mn**
positions to open up in the
Hospitality sector in next five years

58%
of Pakistanis go to Gulf countries
on a General Labor Visa, which
suggests they take up unskilled
low-paid jobs

4 mn
positions to be staffed in the
Services sector in the next
five years

Retail sector projections estimate

0.3 mn
additional employment in Gulf
countries to open up in next
five years

Increase by **75%** in
Healthcare spending
in Gulf countries



Labour demand to increase in
**Retail,
Hospitality & Tourism,
Healthcare and
Construction**
in Gulf countries

1.4 mn
new domestic workers needed
in KSA and UAE alone in
the next five years

More than **half**
of Pakistan's
remittances are
dependent upon
KSA & UAE

60%
of drivers in UAE are Pakistani and
demand projected to increase

8 mn
new jobs and roles will
need to be filled within
the Construction sector
in Gulf countries

The background of the entire page is a photograph of the Faisal Mosque in Islamabad, Pakistan. The mosque is a large, modern structure with a prominent white, triangular roof and several tall, slender minarets. The sky is blue with some light clouds. In the foreground, there are some green trees and a few people walking on a path.

PAKISTAN FACT SHEET

64% population
of Pakistan is below 30 years of age

25% of the youth
is engaged in unstable,
low-paid employment

1% increase in
foreign remittances
could potentially increase Pakistan's
GDP by 0.25%,
implying a 3.5 times income
multiplier effect

0.25 mn
more Pakistanis reach
working age each month



1.5 to 2.5 mn

jobs will need to be created
annually in Pakistan

GDP growth rate

of over **7%**

is required to absorb the young
workforce of Pakistan

35%

of vocational training
graduates find employment

1.3%

of those entering the job market
each year have vocational training

22.6 mn

out of school children in Pakistan
– one of the highest in the world



CHAPTER 1

GROWING IMPORTANCE OF REMITTANCES AND OVERSEAS LABOUR TO PAKISTAN



Over the past decade, growing remittances from Pakistanis working abroad have been one of Pakistan's major gains in income and foreign exchange reserves. Recently reported numbers from the State Bank of Pakistan show that during the twelve months to June 2017, Pakistan's current account deficit increased to US\$ 16 billion as compared to US\$ 7 billion in 2016. This increase was primarily due to increase in US\$ 9 billion in trade deficit. Though the total exports in goods and services increased by 8%, the imports shot up by 22% for the same period. Given the sharp increase in current account deficit, worker remittances assume central importance as a source of foreign exchange. Unfortunately they have also stagnated at US\$ 19.6 billion in 2017¹.

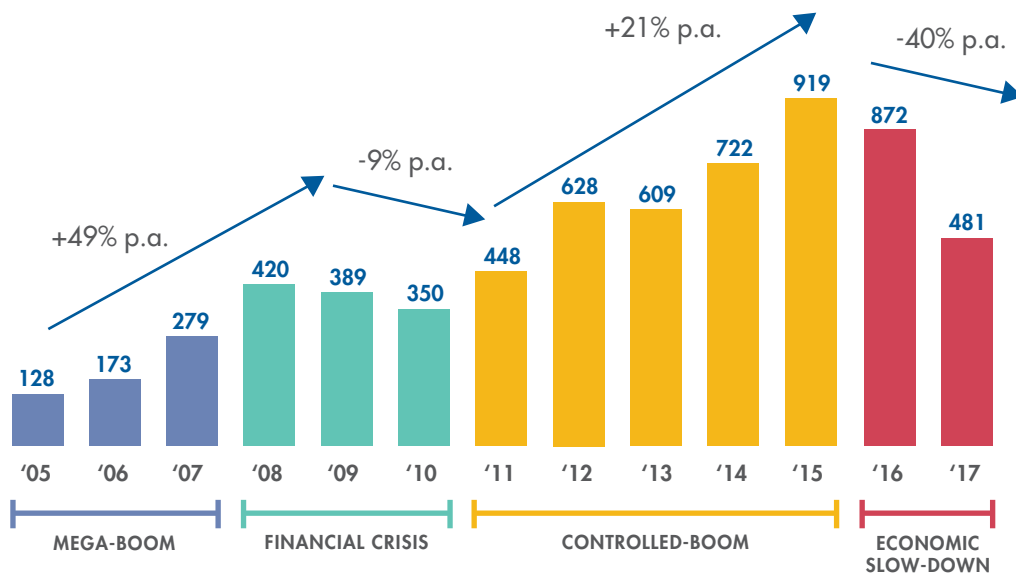
These remittances are an important contributor to Pakistan's economy and reduce the need to borrow from other foreign sources. In fact, over the past 10 years, the number of documented Pakistanis in the Gulf countries has increased six-fold until 2015 and witnessing a decline since (see Exhibit 1). The Gulf countries are particularly important to Pakistan, as they account for roughly half of Pakistanis working abroad and roughly two-thirds of the income sent home.

EXHIBIT 1

WINDFALL BOOM FOR PAKISTANI LABOUR

PAKISTANI LABOUR HAS ENJOYED A WINDFALL BOOM IN THE GULF MARKETS OVER THE PAST 10 YEARS ... FROM ~130K IN 2005, ANNUAL OUTFLOWS THAT CROSSED 900K IN 2015 HAS NOW STARTED DROPPING

Pakistani workers sent to Gulf countries (thousands)



IN PART DRIVEN BY TIGHTER MEASUREMENT & CONTROLS

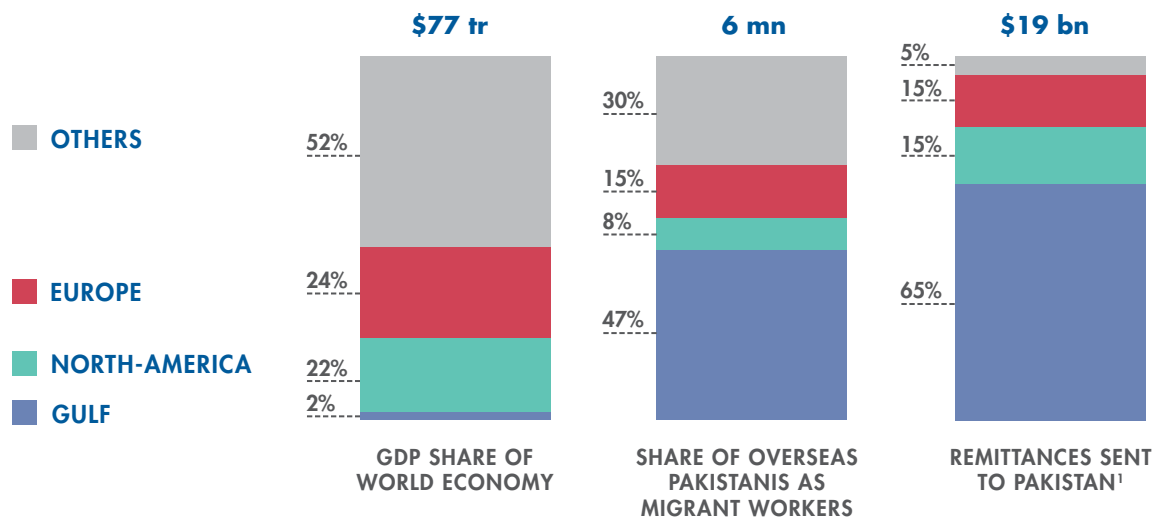
Significant windfall enjoyed in past few years as a result of crackdown on informal channels



EXHIBIT 1 (CONT.)

... THE GULF ACCOUNTS DISPROPORTIONATELY FOR PAKISTANI'S ABROAD AND THEIR REMITTANCES

Share across regions, 2017



¹ Includes formal channels only, and excludes 'hundi and hawala' (informal channels) which have been significantly cracked down

Source: IMF; UN Migrant Report; State Bank of Pakistan



Gulf remittances now largest source of foreign exchange (roughly same as textile exports)

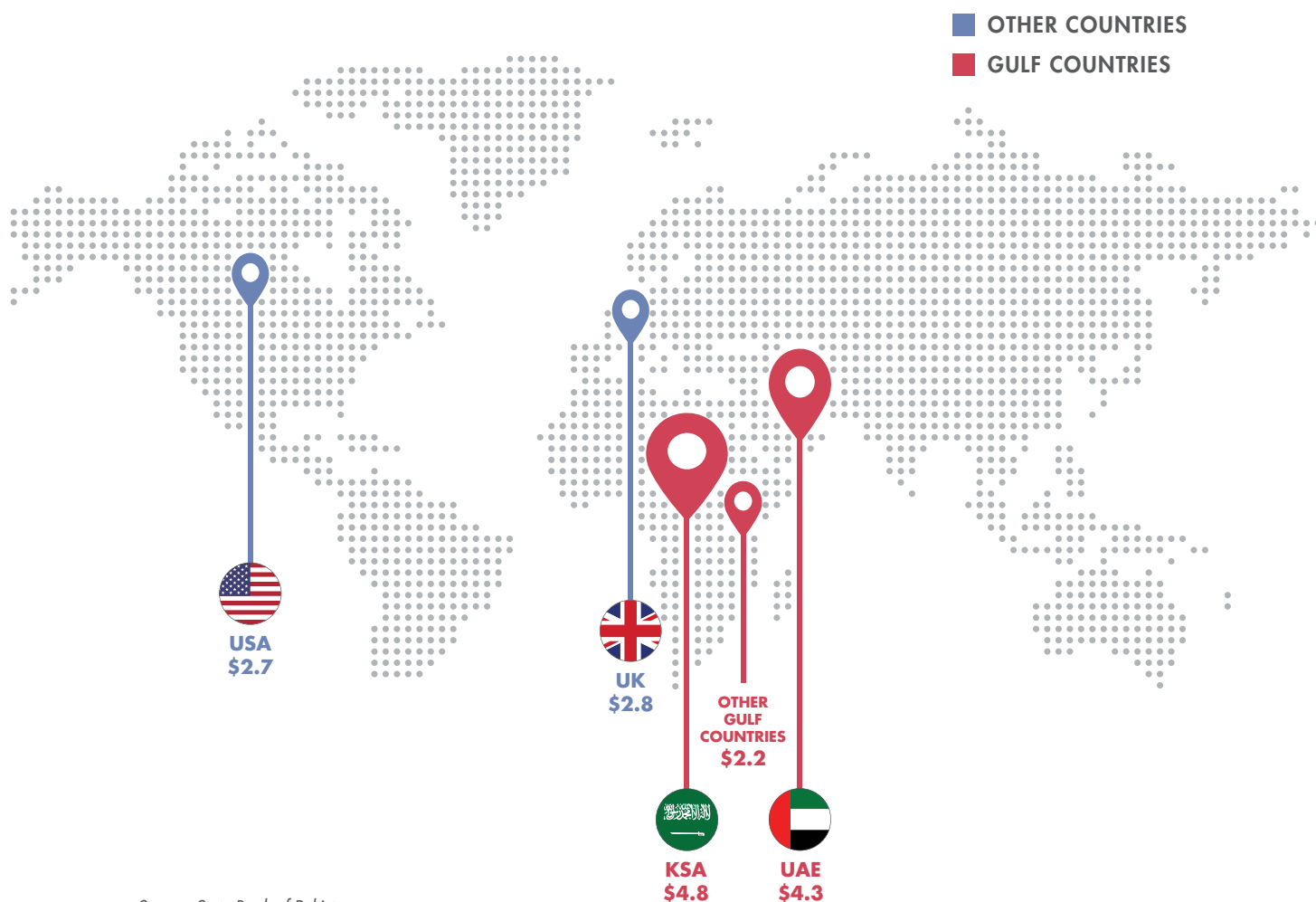
Within Gulf countries, KSA and UAE ranked number one and two across all countries of the world for sources of remittances for Pakistan this past fiscal year (see Exhibit 2). Of the total US\$ 20 billion received, approximately 30% (~US\$ 6 billion) came from KSA and a further ~22% (US\$ 4 billion) from UAE. More than half of Pakistan’s remittances are dependent on these two countries alone.

EXHIBIT 2

TOP 5 SOURCES OF REMITTANCES FOR PAKISTAN

KSA AND UAE ARE THE LARGEST SOURCE OF REMITTANCES FOR PAKISTAN

Remittances sent to Pakistan by country, US\$ billions, 2017-2018



Source: State Bank of Pakistan

Beyond shrinking the current account deficit and directly reducing domestic unemployment, overseas Pakistanis add to the skill levels and sophistication of the Pakistani domestic workforce by bringing home exposure from abroad. They add to the quality and productivity of goods and services produced within Pakistan. Furthermore, income from overseas employment enhances the purchasing power of families at home with a multiplier effect, which means that actual GDP is boosted by three to four times the income sent back home. According to a study conducted in 2013, a 1% increase in foreign remittances (or roughly US\$ 200 million additional income from abroad) could potentially increase Pakistan's GDP by 0.25%² (roughly US\$ 700 million of total GDP impact for approximately US\$ 200 million sent home, implying a 3.5 times income multiplier effect).

However, this growth and dependence on foreign income gives a distorted picture of current account income composition and does not come without trade-offs. Pakistan's dependence on overseas remittances is particularly heavy compared to other countries. The empirical data shows that remittances received by Pakistan now account for

almost 36% of the current account receipts, much higher than 12.2% in India and 1.6% in China³. Such heavy dependence on just a few host countries can be risky and create foreign policy constraints for Pakistan, such as the recent tensions with certain Gulf countries in the context of the Yemen Civil unrest. Bangladesh has directly suffered shocks to its remittances in recent years following a foreign policy spat with KSA which resulted in a seven year ban on its workers in the Kingdom.

While Pakistan is still focused on increasing its share of workers abroad, countries such as India are now actively confronting the trade-offs between sending workers overseas and keeping the skilled workers at home to support a growing economy. As a result of this, the income arbitrage for workers travelling abroad from India is shrinking – a construction or Oil & Gas worker in the Gulf countries might not make significantly more than their counterpart working in India.

For now, Pakistan is actively focused on improving its share of income from workers abroad and a significant potential increase in both the number of workers and the value per worker is expected.



CHAPTER 2

MACRO TRENDS IMPACTING THE OVERSEAS LABOUR



FOUR KEY TRENDS

Based on interviews with experts on Gulf countries labour markets, four trends have been identified that are relevant to Pakistani labour in the Gulf countries. These have been kept under consideration while developing this Report (see Exhibit 3). The four trends are as follows:

SLOWER GROWTH IN TRADITIONAL SECTORS

GREATER GROWTH IN EMERGING SECTORS

STRONG LOCALISATION EFFORTS

IMPACT OF SOVEREIGN QUOTAS

“The golden days of unskilled Pakistani labour export to the Gulf are probably going to be over”

Former Pakistan Ambassador who has represented Pakistan in two Gulf countries

EXHIBIT 3

CHALLENGES FOR PAKISTANI LABOUR EXPORT

FOUR KEY TRENDS WILL LIKELY CREATE CHALLENGES FOR...

		DESCRIPTION	IMPLICATION FOR PAKISTANI LABOUR TO GULF
1	 <p>SLOWER GROWTH IN TRADITIONAL SECTORS</p>	<ul style="list-style-type: none"> ■ Significant cuts in Oil & Gas sector, driven by declining oil prices ■ Construction growth will slow down however overall sector may not decline 	<ul style="list-style-type: none"> ■ Less opportunity for traditional blue-collar Pakistani labour in construction and Oil & Gas (accounted for ~69% of Pakistan labour sent to Gulf in 2015)
2	 <p>GREATER GROWTH IN EMERGING SECTORS</p>	<ul style="list-style-type: none"> ■ New sectors will boom driven by demographics and economic diversification ■ Retail, hospitality/tourism and healthcare cited in particular ■ Require customer-facing service roles – other nationalities dominate these roles 	<ul style="list-style-type: none"> ■ Require new skills development (e.g. inter-personal skills, language, service orientation) ■ Pakistan will have to build its 'brand' and reputation ■ Will require heavy institutional involvement to develop right linkages

Source: Expert interviews

EXHIBIT 3(CONT.)

CHALLENGES FOR PAKISTANI LABOUR EXPORT**...PAKISTANI LABOUR EXPORT TO THE GULF IN THE COMING YEARS**

		DESCRIPTION	IMPLICATION FOR PAKISTANI LABOUR TO GULF
3	 <p>STRONG LOCALISATION EFFORTS</p>	<ul style="list-style-type: none"> Increasing use of regulation (including quotas and fines) to deal with bulging local youth populations and overall unemployment among locals 	<ul style="list-style-type: none"> Shrinking space for incoming foreign workers including Pakistanis Higher-end, less strenuous roles, particularly in the services sector will be most affected
4	 <p>IMPACT OF SOVEREIGN QUOTAS</p>	<ul style="list-style-type: none"> Gulf countries gravitating towards emerging powers (e.g. China, India) and building economic partnerships Quotas continue to experience shocks driven by geo-political developments Local political environments in greater flux, with heavy priority on law & order 	<ul style="list-style-type: none"> Facilitative foreign policies and strong ties at Government- level may play an important role Need to coordinate tighter screening and control on Pakistani labour to manage certain Gulf countries' government concerns Opportunity for pockets of Pakistani labour in certain areas

01 SLOWER GROWTH IN TRADITIONAL SECTORS

Historically, the Oil & Gas sector (O&G) has been the largest contributor to GDP for most of the Gulf countries. Not only does the O&G sector absorb a large proportion of labour, but it also acts as a multiplier for the entire economy. For instance, infrastructure development in the Gulf is particularly heavily dependent on revenues from oil exports.

This, however, has changed because of the recent slump in oil prices. Reduction of O&G contribution has resulted in either closure or re-prioritization of

many development projects in O&G and in other sectors (see Exhibit 4). As a result, leading O&G players and construction contractors all over the Gulf countries have laid-off hundreds of thousands of workers.

While it is difficult to predict long-term oil prices, there is recognition among experts that the spending growth in O&G and construction sectors for the past 5 to 10 years will not carry into the future.

EXHIBIT 4

SLOW-DOWN IN GROWTH

DECLINING OIL PRICES HAVE IMPACTED THE GULF COUNTRIES – BEYOND OIL & GAS CUTS, GROWTH IN CONSTRUCTION IS PROJECTED TO SLOW DOWN

Oil & Gas sector is right-sizing as a result of declining prices – but beyond direct cuts on O&G labour ...

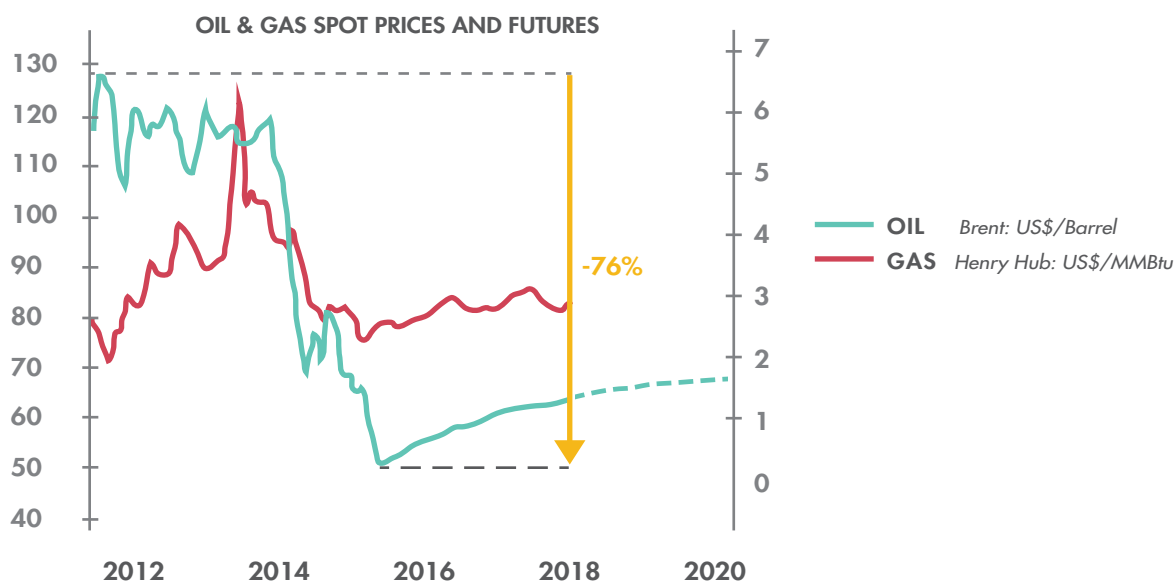


EXHIBIT 4(CONT.)

OIL'S LATEST CASUALTY: SAUDI BINLADIN GROUP FIRES 50,000, A QUARTER OF ITS WORKFORCE

BY TYLER DURDEN
04/30/2016

ZEROHEDGE
www.bit.ly/2OY11bX

AS OIL LAYOFFS HIT 200,000, A HEADHUNTER LOOKS AT THE BRIGHT SIDE

BY CHRISTOPHER HELMAN
10/30/2015

FORBES
www.bit.ly/2vWTIHB

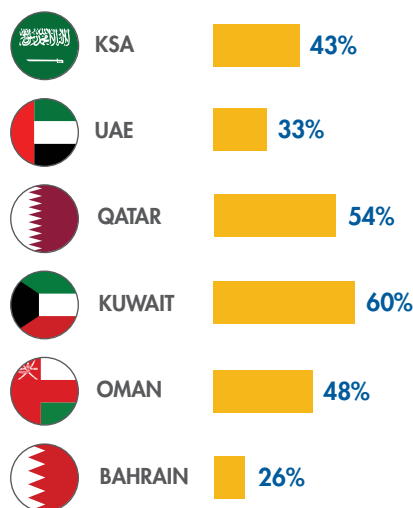
BLOODLETting AT BIG OIL COMPANIES CONTINUES

BY PATRICK GILLESPIE
5/11/2015

CNNMoney
www.cnnmon.ie/2x8V82e

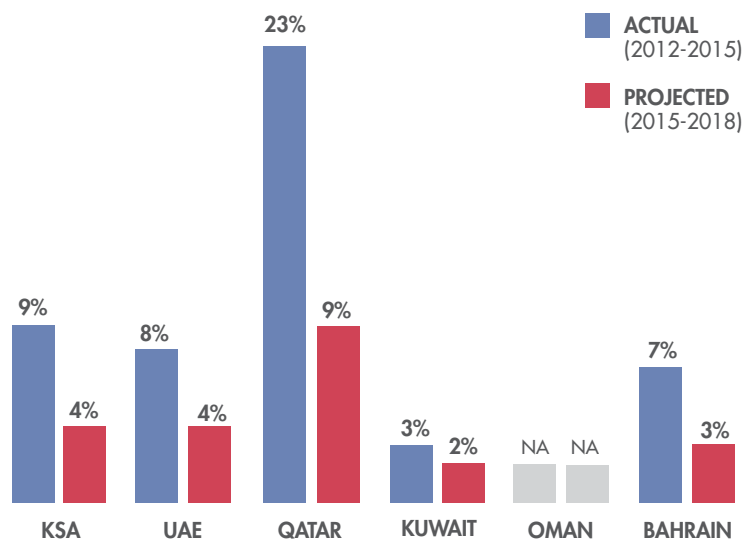
... OIL PROVIDES A MULTIPLIER TO THE ENTIRE ECONOMY

Share of Oil & Gas in overall GDP, %



... AND CONSTRUCTION GROWTH IN PARTICULAR WILL SLOW DOWN

Annual construction sector growth, %



Source: US EIA; ICE Futures Europe; IHS GDP forecasts; Press search

02

GREATER GROWTH IN EMERGING SECTORS

Declining oil prices have accelerated Gulf nations' efforts to move their economies away from heavy reliance on oil revenues. Countries in the Gulf, especially KSA, UAE and Qatar, are positioning themselves as global hubs for tourism and business. For example, KSA is focusing on religious tourism, the UAE is focusing on business tourism, and Qatar has joined the race for sports tourism with its successful bid for the football World Cup in 2022⁴. Increased tourism is leading to a boom in three particular sectors of the economy. For the purposes of this report, these have been categorised as 'emerging sectors', namely:

- **Retail**
- **Hospitality & Tourism, and**
- **Healthcare**

Currently, expatriate roles in these three sectors are dominated by other nationalities, especially from the Philippines. However, growing demand in these sectors creates opportunities for Pakistani workers to not only capture more roles but to also increase income and contribution per worker, as these sectors tend to offer higher compensation to workers compared to traditional sectors like construction and O&G.

RETAIL

The amount of retail space in the Gulf countries is expected to increase by 114 million sq.ft. to 260 million sq.ft. over the course of next few years⁵. This growth is the result of the unprecedented demand for retail products seen across all six countries due to increasing population, purchasing power and tourism. The biggest growth in retail space is expected to take place in KSA, UAE and Qatar.

HOSPITALITY AND TOURISM

The number of hotel rooms in the Gulf countries is expected to rise from ~400,000 to ~570,000 in the next few years, with KSA, UAE and Qatar leading the way. KSA plans to increase capacity to cater for pilgrims performing Hajj and Umrah to almost 25 million individuals every year. To meet the demand, Makkah alone will see a 13% growth in the number of hotel rooms available over the next few years. Similarly, the UAE is gearing up to host the largest-ever World Expo, with arrangements to host an audience from more than 180 countries over the course of six months. Not only is the UAE building hotel capacity to cater for this mega event, but the Emirates are also establishing themselves as a popular destination for tourists backed by beach resorts, theme parks and other attractions.

HEALTHCARE

Healthcare spending across the Gulf is expected to increase by ~75% from US\$ 40 billion to US\$ 71 billion over the next few years, driven by a growing first-world disease burden and ageing population requiring more and higher standard healthcare services⁶.

03 STRONG LOCALISATION EFFORTS

In 2011, KSA announced the Nitaqat system, which is aimed at finding employment opportunities for unemployed citizens within the local private sector. The system encourages companies to hire more Saudis and provide incentives for employing a certain percentage of its citizens out of the total labour force. Beyond KSA, every Gulf country has some form of localisation programme in place which provides either incentives for the private sector to hire nationals or disincentives to exceed quotas for expatriate workers.

Even with the Nitaqat system, KSA has high levels of youth unemployment which will continue to come under pressure with another four million young people entering the Saudi workforce over the next few years (see Exhibit 5). Localisation is one of several solutions available to the Kingdom to channel its growing youth into the workforce. According to experts, it will take measures to implement it more strictly in the future.

Beyond the Nitaqat system in the KSA, the Istikdam reforms are underway. The system is aimed at significantly restructuring the labour system in the Kingdom to enable the Government to more effectively manage labour flows.

However, experts agree that localisation will have its limits – while nationals will occupy a surprising number and range of roles that they have traditionally not shown interest in undertaking, there will still be industries and roles in which locals will not prefer to work. In building this report this localisation lens has been applied as these industries will primarily offer opportunities for Pakistani and expatriate workers.

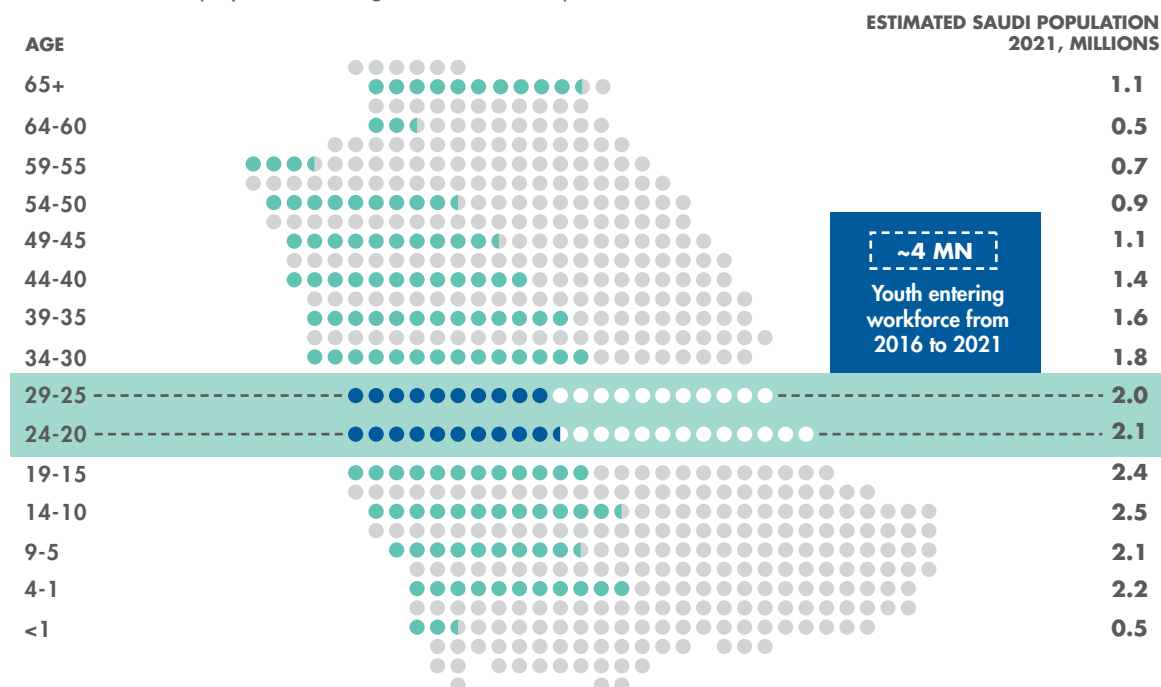
EXHIBIT 5

LOCALISATION EFFORTS IN THE GULF COUNTRIES

Country Example
Saudi Arabia

YOUTH BULGE ENTERING EMPLOYMENT WILL LIKELY REINFORCE EXISTING LOCALISATION EFFORTS INCLUDING STRONG REGULATIONS

The Saudi local employment challenge – Illustrative snapshot



BOTH MARKET & NON MARKET MEANS WILL BE USED TO ADDRESS THIS CHALLENGE

NON-MARKET INTERVENTIONS

Quotas for Saudization and fines for non-compliance e.g. Nitaqat Program counts 600,000 jobs that it has Saudized

MARKET ACTIONS

Expanded, higher quality and more innovative TVET programmes e.g. Doroob

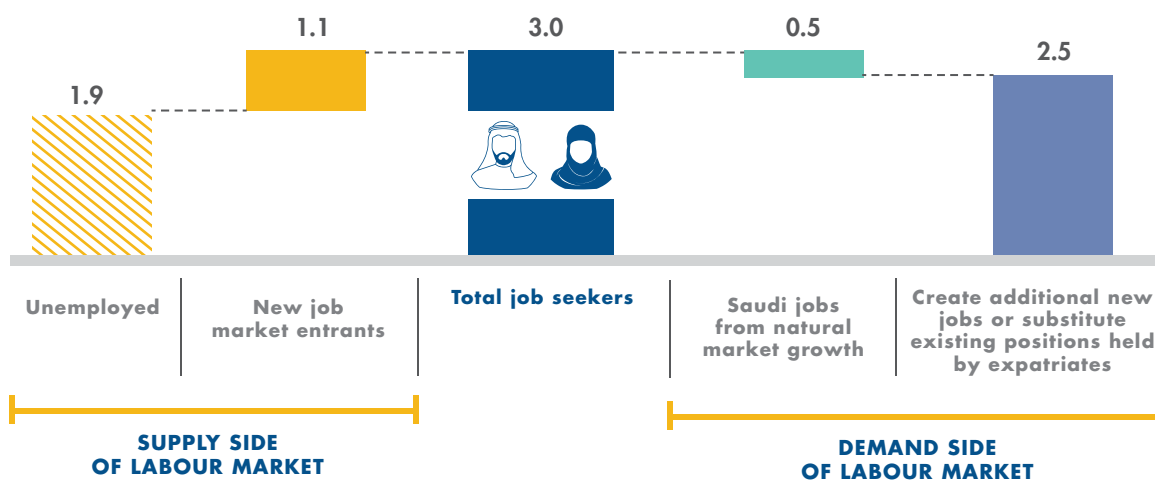
ISTIKDAM REFORMS UNDER VARIOUS STAGES OF IMPLEMENTATION WILL RESTRUCTURE LABOUR SECTOR SIGNIFICANTLY

Source: UN birth and death estimates, CDSI, MoL labour Force Survey (2014, Round 2), Saudi HAFEZ data;

EXHIBIT 5(CONT.)

LOCAL WORKFORCE CHALLENGE IN SAUDI ARABIA

Over past 5 years, millions



04 IMPACT OF SOVEREIGN QUOTAS

Sovereign quotas assigned to countries of origin of workers by the host country govern the number of overseas workers in Gulf countries. This has constantly been cited as one of the major constraints for Pakistan in terms of number of employees working overseas.

Pakistan has recently made efforts at top government levels to influence these quotas. One example of this is the 2015 agreement with Qatar to receive an additional 100,000 workers from Pakistan, which was reached alongside the agreement to import large quantities of Liquefied Natural Gas (LNG) from the State.

However, such sovereign quotas are also subject to the ebbs and flows of Pakistan's relationships with these countries. Recently there have been instances where the relationship between Pakistan and its allies in the Middle East has come under scrutiny⁷.



CHAPTER 3

STUDY METHODOLOGY AND FINDINGS



OPPORTUNITY SIZING: SECTORS IN GULF COUNTRIES OFFERING THE MOST VALUE AND GROWTH

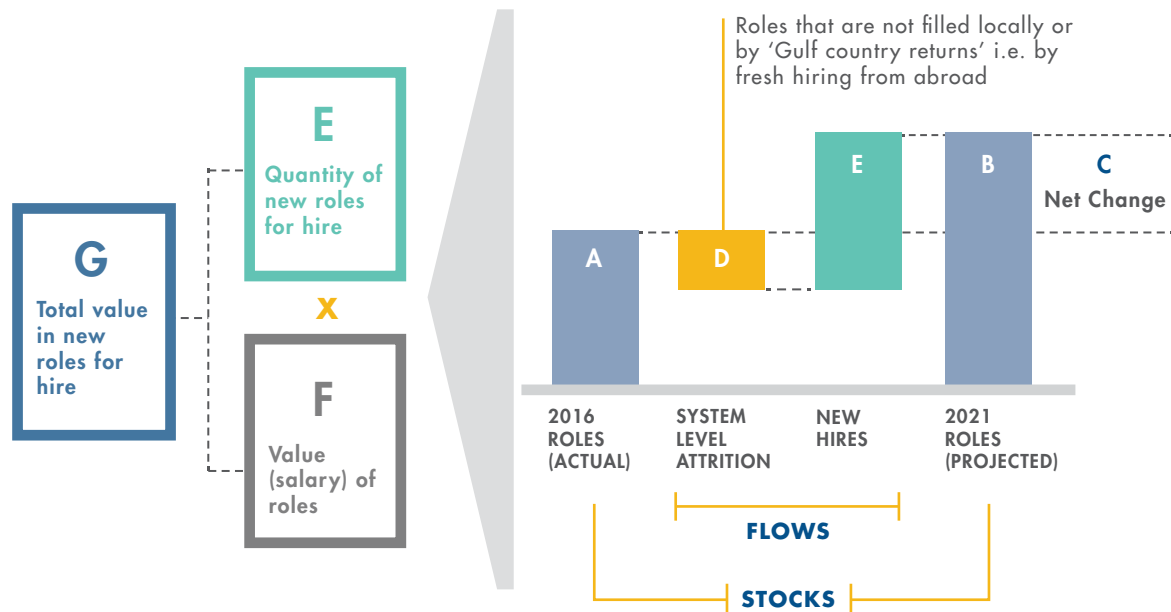
In order to understand how the four trends described in the previous chapter will affect the opportunities for Pakistani labour in the Gulf countries, a three-step analytical approach was adopted to determine the size and potential for each Gulf country and sector (see Exhibit 6).

EXHIBIT 6

ANALYSING THE VALUE AVAILABLE FOR PAKISTAN

OUR VALUE SIZING APPROACH ACCOUNTS FOR GROWTH IN JOBS, ATTRITION AND SALARIES OF ROLES TO REACH THE VALUE AVAILABLE FOR PAKISTAN

Conceptual



Total value of new role for which hiring will take place in the Gulf over the next 5 years (G) is a product of number of roles (E) and potential salary of each role (F). Conceptually, the logical starting point is the total number of actual roles that existed in the baseline year 2016 (A). The first step was to calculate the attrition within Gulf for which the companies will have to hire from overseas (D). The second step was to calculate new roles created for which the companies will be hiring workforce from overseas (E). Together, they form the stock of jobs that will be created in all Gulf countries by 2021 (B). The net change in baseline 2016 and 2021 stock is denoted by (C). The estimation in the following Exhibits 7 and 8 are for (E) and (G) respectively.

The first step was to calculate the number of new jobs that will be created in each sector in each Gulf country over a five year period to the end of 2021. The second step was to calculate the number of existing positions that will become vacant in that time because of attrition. Together, these two steps created a picture of which sectors in which countries will have the highest number of job opportunities for workers in the future (see Exhibit 7). This is the quantity of jobs available over the next few years and does not at this point account for the value of the jobs.

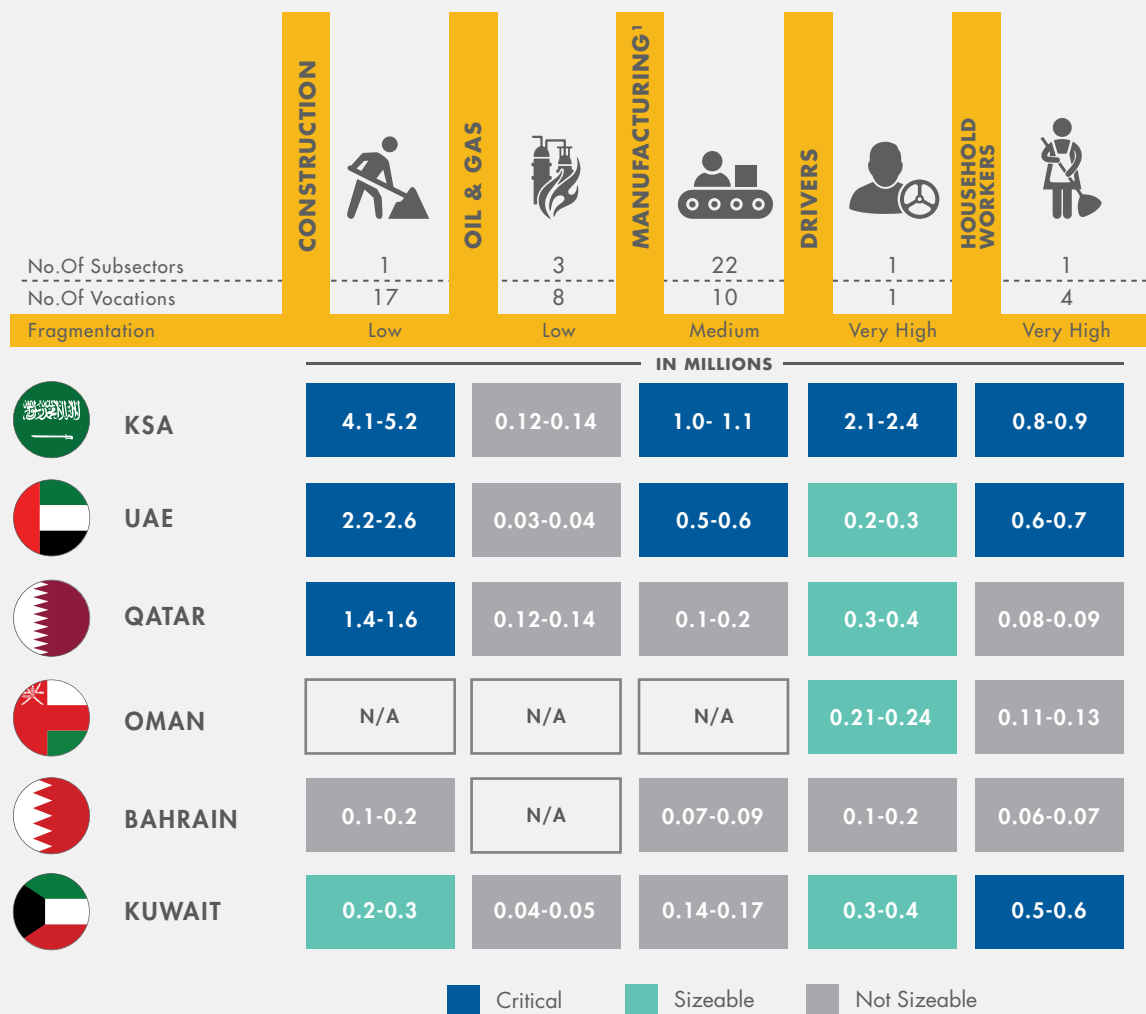
EXHIBIT 7

NUMBER OF JOB POSITIONS IN KSA AND UAE

BY NUMBERS

NUMBER OF POSITIONS VIEW: SAUDI ARABIA AND THE UAE DOMINATE IN CONSTRUCTION AND NEW SERVICE SECTORS

Job positions coming up for recruiting over the next 5 years, upto 2021, millions



The third and final step of the analysis was to calculate the total remittance value that could be generated from each sector within each country (see Exhibit 8) by incorporating into the analysis the approximate salary levels in each sector and for different roles within each sector. This exercise led to identification of the key sectors that will offer the most vacant job opportunities and the highest remittance value in the next few years, and helped lay the foundation for the next step of this Study, which was identifying and conducting interviews with the employers belonging to these sectors to understand how they recruit their talent.

EXHIBIT 7(CONT.)

Source: Labour and statistics websites for each country , IHS database, Euro monitor, Zawya.com, Annual reports and websites for airline companies, Press, ILO standards, Indian NSDC

BY NUMBERS

¹ Includes employment opportunities within the entire manufacturing landscape

² Subsectors include beauticians, launderers, butchers, metal smiths, etc.

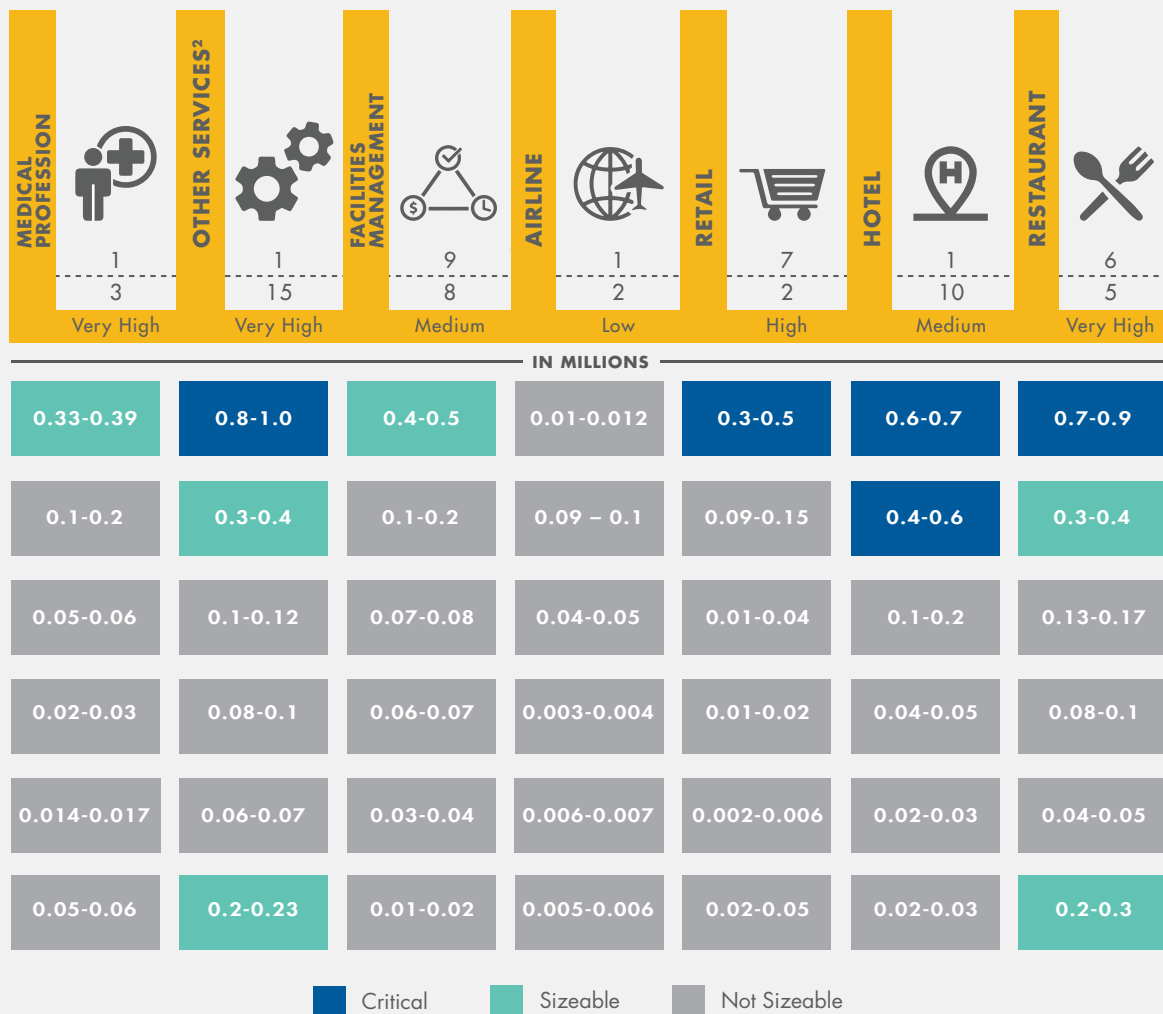


EXHIBIT 8

VALUE OF JOB POSITIONS IN KSA AND UAE

VALUE VIEW: SAUDI ARABIA AND UAE CONTINUE TO DOMINATE IN VIRTUALLY EVERY NON-OIL SECTOR

US\$ value contribution/year by sector over next 5 years, up to 2021, billions

BY REMITTANCE VALUE

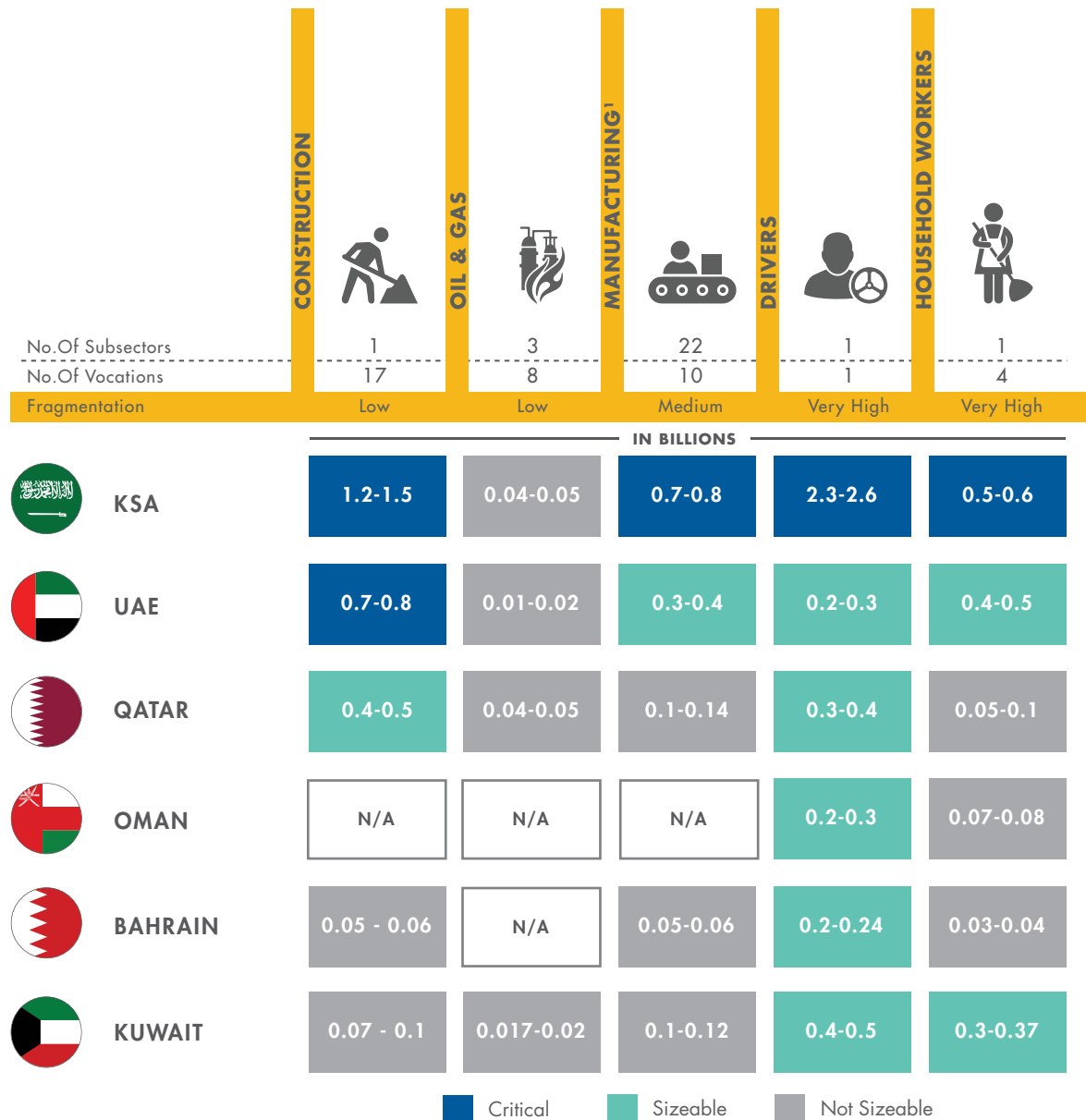


EXHIBIT 8(CONT.)

Source: Labour and statistics websites for each country, IHS database, Euro monitor, Zawya.com, Annual reports and websites for airline companies, Press, ILO standards, Indian NSDC

BY REMITTANCE VALUE

¹ Includes employment opportunities within the entire manufacturing landscape
² Subsectors include beauticians, launderers, butchers, metal smiths, etc.



IN BILLIONS

0.5-0.6	0.6-0.7	0.1-0.2	0.02-0.022	0.4-0.7	0.42-0.50	0.8-1.1
0.3-0.34	0.2-0.3	0.08-0.09	0.16-0.18	0.1-0.2	0.3-0.35	0.5-0.6
0.09-0.1	0.06-0.08	0.03-0.04	0.07-0.1	0.01-0.05	0.1-0.14	0.16-0.2
0.04-0.05	0.06-0.07	0.03-0.032	0.005-0.01	0.01-0.03	0.03-0.04	0.1-0.12
0.02-0.03	0.03-0.04	0.016-0.02	0.01-0.013	0.003-0.008	0.02-0.024	0.05-0.06
0.09-0.1	0.12-0.14	0.005-0.01	0.009-0.01	0.03-0.07	0.01-0.02	0.3-0.36

■ Critical
 ■ Sizeable
 ■ Not Sizeable

STUDY FINDINGS

The greatest employment opportunities and remittance potential for the next few years is in the sectors and geographies highlighted in blue and green colour in Exhibit 7 and Exhibit 8. The analysis shows that in terms of countries, the greatest opportunities will be offered by KSA and UAE. Qatar is also an important focus for both construction and hospitality sectors. Their sheer size within the Gulf countries and economic outlook make it worthwhile for Pakistan, and stakeholders within the Pakistani labour value chain, to focus their efforts primarily on these three countries.

The analysis also identifies three sectors that should be a priority; based on their growth projections and the value of potential remittances. These three are:

- **Construction**
- **Services - domestic workers**
- **Hospitality - hotels & restaurants**

CONSTRUCTION

The first and largest is construction which has the highest number of job opportunities available in the next few years. Although overall construction investment is expected to decline and the productivity per worker is expected to improve significantly, which means that the absolute number of workers in the sector will decline, yet attrition and the sheer scale of projects will still provide the largest opportunity for the Pakistani labour force⁸. The analysis shows that over 8 million new jobs and roles will need to be filled within the construction sector in the Gulf countries over the next few years.

SERVICES

The second is the services sector, which includes drivers and domestic workers. The sheer size and attrition levels within these sectors will continue to make it attractive and relevant for Pakistani workers. Over 4 million positions will need to be staffed in this sector over the next few years.

HOSPITALITY

The third opportunity is the hospitality sector, which includes hotels and restaurants. This sector is expected to grow significantly based on the overall trend of economic diversification away from O&G and the study estimates that over 2.5 million positions will open up in this sector over the next few years.

IDENTIFICATION OF SECTOR-GEOGRAPHY COMBINATIONS

Based on total remittance value, there could be 28 sector-geography combinations on which the labour strategy of Pakistan could be focused (see Exhibit 8). However, out of the 28 combinations, several are less relevant or exploitable by the Pakistani labour force due to a variety of reasons. In order to filter down to the most relevant and exploitable combinations for Pakistan, the following four filters have been applied to these 28 combinations.

FOUR FILTER PROCESS TO PRIORITISE SECTORS FOR PAKISTAN

Localisation

The study has discounted sector-geography combinations that are likely to be staffed by local labour force, or where visa barriers are likely to limit foreign or Pakistani intake. The labour ministries of the relevant Gulf countries have devised policy targets which prioritise localisation of certain sectors and roles, e.g. in Makkah and Madinah for hospitality, the Saudi Government has established steep localisation targets which require that the majority of openings in these sectors will be staffed by locals in the coming five years. This reduced the list to 19 sector-geography combinations.

Concentration of large employers

Building relationships with employers will be an important catalyst to maximising the number of Pakistani workers employed in the Gulf countries. Like discounting of localisation, some sectors were also eliminated because employers were small or highly fragmented and it is not economically viable for institutional stakeholders within Pakistan to build a systematic pipeline of talent needed to fill the roles. Therefore, the Report prioritises countries and sectors that have a high concentration of large employers with whom relationships could lead to a large number of jobs. As an exam-

ple, sectors such as manufacturing in the UAE were deprioritised, because it is dominated primarily by Small & Medium Enterprises (SMEs) and any given employer relationship is unlikely to yield more than a handful of jobs each year. This filter reduced the list to 15 sector-geography combinations.

Presence of Pakistani seed industries or training infrastructure

Pakistani workers are likely to be most employable in sectors where they are already somewhat skilled and experienced based on the presence of similar industries at similar levels of sophistication within Pakistan. Therefore, some prioritisation was carried out for sectors that match Pakistani seed industries or where training providers are present and are already providing adequate training. This resulted in deprioritising retail in the UAE. Organised retail is an emerging sector within Pakistan also with the on-going development of several new shopping malls. Moreover, the industry is not large or sophisticated enough at the moment to even find sufficient quantities of domestic talent, let alone hold experienced talent to emigrate overseas. This will likely change in the next 5 to 10 years as the industry further grows and develops within Pakistan. For the time being this reduced the list to 14 sector-geography combinations.

Demographic/training relevance for Pakistan

The findings discounted sectors for which TVET organisations generally do not provide training because of training duration constraints or funding constraints. This removed the medical professions including nursing and paramedical staff for the KSA and the UAE, where the training and qualification requirements range from 2 to 3 year courses, much longer than the training durations supported by TVET organisations. This reduced the list to 12 sector-geography combinations.

EXHIBIT 9

FOUR FILTER PROCESS TO PRIORITISE SECTORS FOR PAKISTAN USE OF ADDITIONAL FILTERS TO PRIORITIZE 7 SECTORS FOR PAKISTAN

➡ Move forward
 ■ Sector filtered out

Size & Value	FILTER 1 Localisation or visa barriers limiting foreign or Pakistani intake	FILTER 2 Concentration of employers for key relationship management	FILTER 3 Presence of Pakistani seed industry & TSPs	FILTER 4 Demographic / training relevance for TVET Organisations	TRADITIONAL SECTORS	EMERGING SECTORS
Construction-KSA Construction-UAE Construction-QATAR	➡ Construction-KSA ➡ Construction-UAE ➡ Construction-QATAR	➡ Construction-KSA ➡ Construction-UAE ➡ Construction-QATAR	➡ Construction-KSA ➡ Construction-UAE ➡ Construction-QATAR	➡ Construction-KSA ➡ Construction-UAE ➡ Construction-QATAR	➡ Construction - KSA ➡ Construction - UAE ➡ Construction - QATAR	
Manufacturing-KSA Manufacturing-UAE	■ Manufacturing-UAE	■				
Drivers - KSA Drivers - UAE Drivers - QATAR Drivers - OMAN Drivers - BAHRAIN Drivers - KUWAIT	➡ Drivers - KSA ➡ Drivers - UAE ➡ Drivers - QATAR ■ Drivers - OMAN ■ Drivers - BAHRAIN ■ Drivers - KUWAIT	➡ Drivers - KSA ➡ Drivers - UAE ■ Drivers - QATAR	➡ Drivers - KSA ➡ Drivers - UAE	➡ Drivers - KSA ➡ Drivers - UAE	➡ Drivers - KSA ➡ Drivers - UAE	
Household workers - KSA Household workers - UAE H'hold workers - KUWAIT	➡ Household workers - KSA ➡ Household workers - UAE ■ Household workers - KUWAIT	➡ Household workers - KSA ➡ Household workers - UAE	➡ Household workers - KSA ➡ Household workers - UAE	➡ Household workers - KSA ➡ Household workers - UAE	➡ Household workers - KSA ➡ Household workers - UAE	
Other Services - KSA Other Services - UAE	■ Other Services - KSA ■ Other Services - UAE	■				
Medical Professions - KSA Medical Professions - UAE	➡ Medical Professions - KSA ➡ Medical Professions - UAE	➡ Medical Professions - KSA ➡ Medical Professions - UAE	➡ Medical Professions - KSA ➡ Medical Professions - UAE	■		
Facilities Mgmt. - KSA	➡ Facilities Mgmt. - KSA	➡ Facilities Mgmt. - KSA	➡ Facilities Mgmt. - KSA	➡ Facilities Mgmt. - KSA	➡ Facilities Mgmt. - KSA	
Airline - UAE	➡ Airline - UAE	➡ Airline - UAE	➡ Airline - UAE	➡ Airline - UAE		➡ Airline - UAE
Retail - KSA Retail - UAE	■ Retail - KSA ➡ Retail - UAE	■				
Hotel - KSA Hotel - UAE	■ Hotel - KSA ➡ Hotel - UAE	➡ Hotel - UAE	➡ Hotel - UAE	➡ Hotel - UAE	➡ Hotel - UAE	
Restaurants - KSA Restaurants - UAE Restaurants - QATAR Restaurants - KUWAIT	■ Restaurants - KSA ➡ Restaurants - UAE ➡ Restaurants - QATAR ■ Restaurants - KUWAIT	➡ Restaurants - UAE ➡ Restaurants - QATAR	➡ Restaurants - UAE ➡ Restaurants - QATAR	➡ Restaurants - UAE ➡ Restaurants - QATAR	➡ Restaurants - UAE ➡ Restaurants - QATAR	➡ Restaurants - UAE ➡ Restaurants - QATAR

Other potential criteria not used : 1) Labour supply or willingness of Pakistani employees, 2) Within or adjacent to existing Pakistani hotspots

These four filters are constraints and are based on feedback from 50-plus employer interviews across the Gulf countries and serve as broad strategic guidelines for institutions within the TVET sector looking to play an incubation role in sending incremental talent to the Gulf countries. In practice Pakistani talent has flowed into Gulf markets through various (mostly) private channels and will continue to flow into every sector-geography combination beyond the 12 identified here for focus. But this falls outside the purview of the Study.

As Exhibit 9 shows, these 12 combinations are:

Seven sector-geography combinations in the 'traditional' sectors:

- Construction in KSA, UAE and Qatar
- Drivers in KSA and UAE
- Household workers in KSA and UAE

Five sector-geography combinations in the 'emerging' sectors:

- Facilities management in KSA
- Airlines in UAE
- Hotels in UAE
- Restaurants in UAE and Qatar

SECTOR DEEP DIVES

CONSTRUCTION

Even though the absolute number of construction jobs will shrink across Gulf countries in the next few years, the sheer size of and high attrition levels in the sector will continue to make it the largest provider of expatriate jobs in the Gulf over the next few years.

The absolute number of construction jobs in the Gulf countries will decline due to two reasons. One, investment in construction projects has decreased due to falling oil prices⁸. The potential for construction projects till 2021 is likely to shrink considerably. This is because the governments simply do not have the same resources they used to channel into infrastructure projects. The effects of this are apparent with many contractors across the Gulf countries forced to lay-off workers.

Two, low existing employee productivity is expected to improve considerably. The recently concluded McKinsey Global Institute (MGI) study on KSA brought attention to the fact that employee produc-

tivity in the construction sector in KSA is one of the lowest in the region. Not only is the government focused on tackling this problem, but contractors, in order to reduce their operational expenses, have also turned their attention towards improving labour productivity⁹.

However, these labour-reducing factors are outweighed by the high levels of attrition in the construction industry. Workers returning to their home countries when their visas expire, or choosing to move to another industry, create plenty of vacant job opportunities for new labour. Exhibit 10 demonstrates these stocks and flows with KSA as the example country, showing that even for a net loss of ~800,000 jobs, ~4.2 million construction positions will be open for staffing in the next few years simply due to the high rates of attrition in the industry.

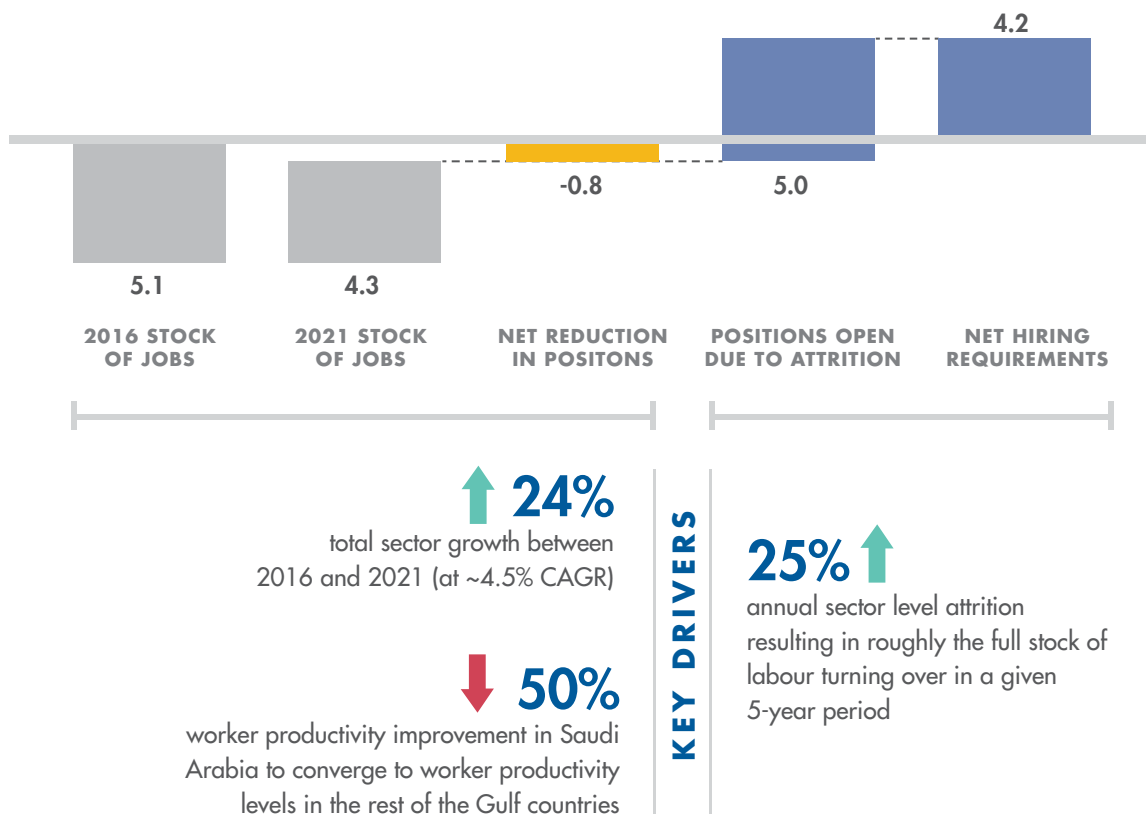
EXHIBIT 10

DEMAND FOR MORE WORKERS

TRADITIONAL SECTORS WILL SHRINK IN NUMBER OF ROLES, HOWEVER, HIGH ATTRITION WILL CONTINUE TO DRIVE DEMAND FOR MORE WORKERS

*Breakdown of net hiring requirements in Construction sector in Saudi Arabia
Number of employees, 2016-2021, millions*

Country Example  Saudi Arabia



Source: Zawya.com; Ministry of Labour Reports

Construction will continue to remain a key sector for foreign labour in the Gulf countries, in spite of current panic in the market following mass lay-offs

■ OIL AND GAS (O&G)

Lower oil prices have resulted in a stagnant to shrinking O&G sector. Employer interviews and third party data on expected investments and activity within the sector indicate that the sector will remain stagnant over the next few years; more realistically, it will shrink in activity and employment levels. In absolute size, the sector is only a small fraction of the employment levels of sectors like construction; it is not significant in terms of size for Pakistani workers in the future.

■ SERVICES

In line with historical trends, the services sector will continue to grow in the coming years. Some services sector roles are already popular with Pakistani workers, for example, estimates suggest that ~60% of drivers in UAE are Pakistani, and this figure is even higher in KSA. The demand for drivers is projected to increase across the Gulf countries, and it is reasonable to assume that Pakistani workers are well placed to capture this opportunity given reputations, perceptions and existing employment networks.

However, there are some services where Pakistani workers' presence is less common. One example is domestic workers which include gardeners, cleaners and baby-sitters, etc. It is projected that the demand for these workers will grow steadily in the near future, and that KSA and UAE alone will need a minimum of 1.4 million new domestic workers in the next few years.

■ HOSPITALITY

The hospitality sector, including hotels and restaurants, are most likely to benefit from Gulf governments' focus on developing diversified economies less dependent on oil revenues.

KSA, UAE and Qatar will be adding nearly 150,000 new hotel rooms and 8,000 restaurants in the coming years to cater for visitors coming for Hajj and Umrah, Expo 2020 and the FIFA World Cup 2022 respectively and also to build longer term tourist destinations which will continue to attract visitors year after year. This growth, combined with attrition, will open up a minimum of 1 million jobs in the next few years.

■ RETAIL

The retail sector is projected to grow considerably in the next three-to-five years. New malls and community centres are opening across the Gulf countries, all requiring new labour for maintenance and operations. The opening of cinema industry in KSA also presents a huge opportunity. A minimum of 114 million sq.ft. of new retail space is expected to come on-stream across the Gulf countries, carrying a wide variety of products from high-end fashion to electronics to groceries. Industry average shows that approximately 3 full-time employees are needed to maintain and support each 1,000 sq.ft. of retail space. This equates to a total of ~0.3 million additional employment positions in the sector.

'TRADITIONAL' VERSUS 'EMERGING' SECTORS

An analysis of the number of workers and value per worker shows that Pakistani workers, while larger (in numbers) than other nationalities like the Philippines and Sri Lanka, remit home much less per worker. More specifically, the average Filipino and Sri Lankan worker in the Gulf countries sends home 10% and 40% respectively more than their Pakistani counterpart (see Exhibit 11).

Part of the reason is that the Filipinos and Sri Lankans occupy more roles in the higher paying 'emerging' sectors like retail and hospitality, and also hold more of the higher paying skilled roles within 'traditional' sectors like construction.

Part of Pakistan's push needs to be towards occupying more skilled roles in the 'traditional' sectors and building more of a base within 'emerging' sectors, where although present, they are currently highly under-represented.

TRADITIONAL SECTORS

Jobs in these sectors are generally lower paying. However, even within these sectors there is variation in worker compensation driven by skill levels of different roles.

Based on interviews for the Study, the majority of Pakistanis seem to be hired for lower-level general labour positions such as helpers or unskilled workers, and fill less than their fair share of higher value roles such as craftsmen or supervisors. These more senior roles generally seem to be filled by workers from the Philippines, Sri Lanka and India.

This insight from employers is supported by the data provided by the Bureau of Emigration & Overseas Employment (Ministry of Overseas

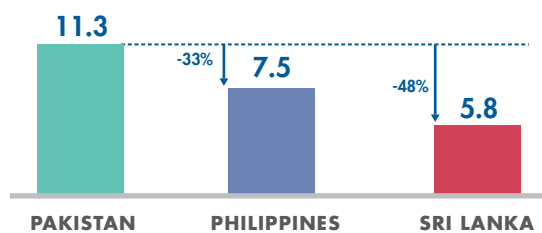
Pakistanis & Human Resource Development), which shows that almost 58% of Pakistani workers who left Pakistan to work recently in the Gulf countries went on a general labourer visa. The majority of these general labourers find jobs in the construction sector and are paid a wage between 30% to 50% lower than their skilled colleagues in the same industry (see Exhibit 12). For example, a plumber in UAE is able to make 1,300 AED per month and a mason earns 1,000 AED per month. However, an unskilled general labourer is paid between 650 and 700 AED per month.

EXHIBIT 11

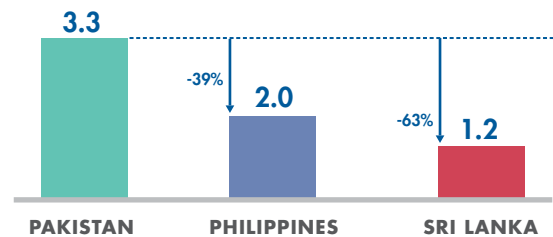
COMPARISON OF VALUE PER WORKING PERSON

PAKISTAN IS BEHIND SRI LANKA AND PHILIPPINES ON VALUE PER WORKING PERSON

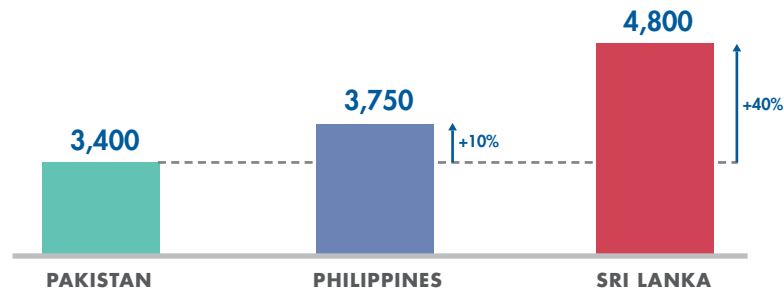
REMITTANCES RECEIVED FROM THE GULF COUNTRIES 2017, US\$ BILLIONS



NUMBER OF WORKERS IN THE GULF COUNTRIES 2017, MILLIONS



REMITTANCES PER WORKER, US\$



Source: State Bank of Pakistan, Central Bank of Philippines, Central Bank of Sri Lanka

SEVERAL REASONS FOR DIFFERENCES IN REMITTANCES PER WORKER

STRICT WAGE CONTROLS
BY PHILIPPINES AND SRI LANKAN GOVERNMENTS

SECTOR MIX
EMPLOYMENT IN HIGHER-WAGE SECTORS

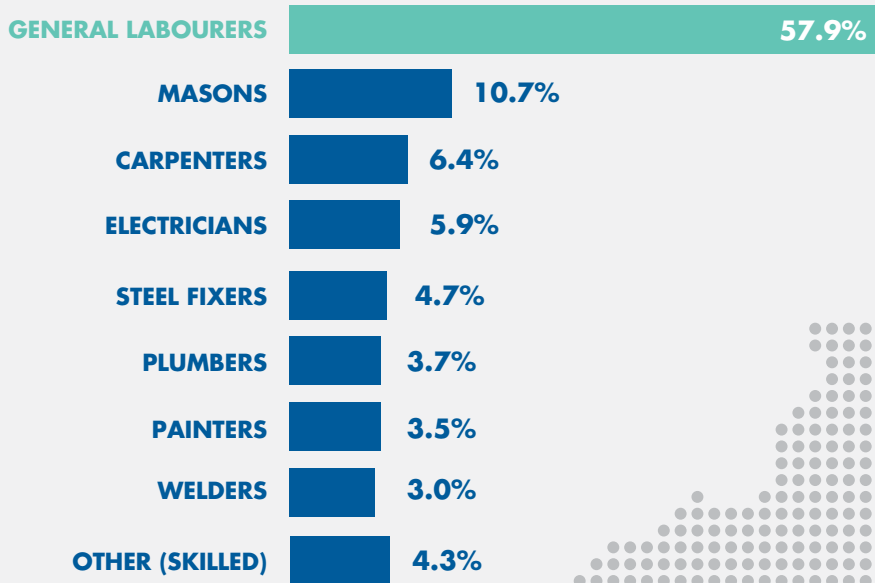
POSITION MIX
EMPLOYMENT IN SUPERVISORY AND MANAGERIAL ROLES

EXHIBIT 12

UPSKILLING TRADITIONAL SECTOR WORKERS

PAKISTAN NEEDS TO UPSKILL TRADITIONAL SECTOR WORKERS TO CAPTURE GREATER VALUE AND MEET IMPENDING REGULATORY REQUIREMENTS

The bulk of Pakistanis in Construction are sent as General (unskilled) Labourers ...



Source: Protectorate data,
Monster.com, Labour websites

**CONSTRUCTION
SECTOR INTERVIEWEES
CONFIRMED THAT
PAKISTANIS ARE
UNDER-REPRESENTED
IN MORE SKILLED TRADES**

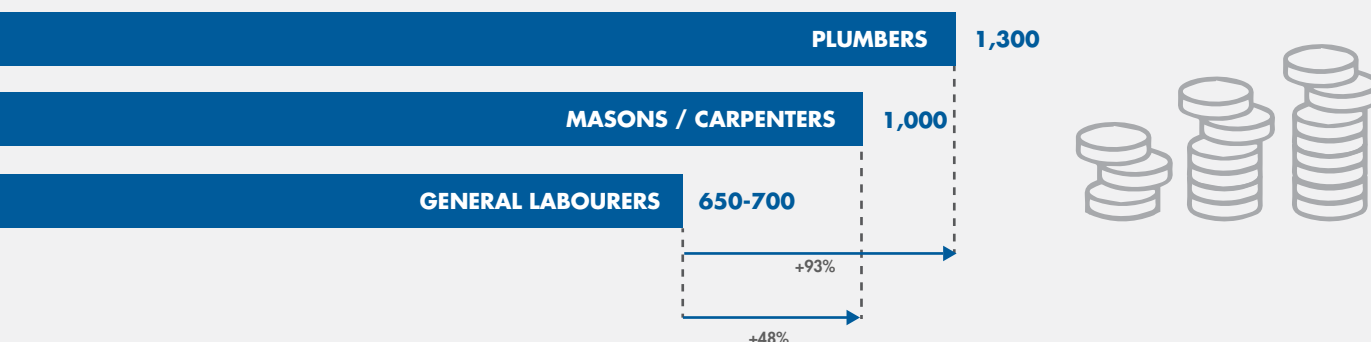
Jobs in the traditional sectors will continue to be relevant for Pakistani workers simply due to the sheer number of the openings available. However, to make the most of this opportunity, workers' skills need to be enhanced so they can fill more senior, more skilled, and better-paid roles.

EXHIBIT 12(CONT.)

UPSKILLING ADDS VALUE TO EACH WORKER ...

Skilled roles enjoy over 50% salary premiums

Salaries in construction by trade, AED/SAR per month



CERTIFICATION REQUIREMENTS FOR SKILLED ROLES ARE IMPENDING

Multiple Sector experts have revealed that certification requirements are coming soon – not defined yet, but Gulf countries Governments are in the process of formulating and defining

Saudi Embassy in Islamabad is taking a more active part in the technical screening of outgoing candidates – e.g. HVAC Tech for Swissotel Makkah

SKILLING PAKISTANIS NOW WILL POSITION PAKISTAN TO MEET CERTIFICATION REQUIREMENTS IN THE FUTURE

EXHIBIT 13

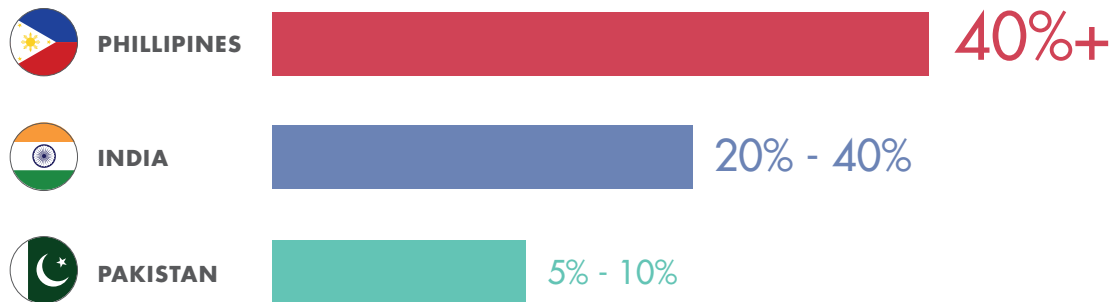
PAKISTAN'S SHARE IN EMERGING SECTORS

PAKISTAN CAPTURES LESS THAN ITS FAIR SHARE IN EMERGING SECTORS AND IS PERCEIVED TO BE UNSUITABLE FOR FILLING THESE ROLES

Pakistan is under-represented in emerging sectors especially compared to a power house like the Philippines ...

ROUGH SHARE OF EMPLOYEES IN EMERGING SECTORS BY NATIONALITY

% - BASED ON INTERVIEWS



... PAKISTAN IS GENERALLY NOT PERCEIVED TO BE A GOOD SUPPLIER OF TALENT TO THESE EMERGING SECTORS

Providing service to others is considered taboo in Pakistani and Indian culture. Our industry is all about providing service.

VP Talent Acquisition of 600 room luxury hotel in Dubai

We need people who can smile every day, all day. For people from certain countries from the Far-East (as opposed to Pakistan) it just comes naturally.

VP Human Resources of one of the top 3 hotels (by number of rooms) in Dubai

Pakistanis are likely to get into an argument with customers. With Filipinos I know that they will just keep smiling and following instructions ... even if customers are not very nice to them. Pakistanis have too much pride and too little patience.

General Manager of one of the largest auto-servicing chains in Saudi Arabia with 1,500+ employees

Source: Employer interviews

■ EMERGING SECTORS

Currently, Pakistani representation is low in emerging sectors, especially when compared to nationalities like the Philippines, which by some estimates, fill over 40% of the roles in these sectors. Part of the reason is that Pakistani talent is often perceived to be unsuitable for these sectors based on cultural and intangible factors such as soft-skills and attitude (see Exhibit 13).

As much as this makes it challenging to incubate Pakistani talent for these emerging sectors, it also presents an opportunity for training providers and other labour market value chain players in Pakistan to truly make a difference in developing labour opportunities for workers from Pakistan to the Gulf countries by altering and reshaping these perceptions.

In fact, such perceptions are exaggerated and even somewhat misplaced, and can be overcome with the focused effort. Alternately, there were also examples where Pakistanis were found working at restaurants and hotels successfully all across the Gulf countries (see Exhibit 14 and Exhibit 15).

There are other examples of Pakistanis who have been working in luxury hotels in the UAE and KSA and are core high-performing members of their teams. There was also a unique group of 38 Mandarin-fluent Pakistanis from Bannu working in a chain of 10 Sichuanese hotpot restaurants alongside their Chinese owners in the UAE. This speaks of the potential and diversity that Pakistan can bring to the hospitality sector in the Gulf countries. There was a Barista who is a superstar sought-after by every customer entering that coffee shop. These talented Pakistanis have been successful in learning and applying all the skills and traits that are required for these emerging sectors, and are playing a crucial role in changing perceptions.

It is also observed that some training providers from Pakistan have entered these emerging sectors and are bullish about the prospects of sending Pakistani talent to fill roles in these sectors. These training providers have already started training and placing Pakistanis in the Gulf countries.

College of Tourism & Hospitality Management (COTHM), a privately-run hospitality sector training provider, with 13 schools all over Pakistan, has placed multiple graduates with Gulf countries hotel employers in the past one year. Having successfully supplied talent to the top hotels and restaurants within Pakistan over the last 10 to 15 years, COTHM recently decided to open an office in Dubai to work directly with hotels and restaurants in the Gulf.



EXHIBIT 14

PROPORTION OF PAKISTANIS IN EMERGING SECTORS

CASE STUDIES ON PAKISTANIS IN EMERGING SECTORS: ANY GIVEN HOTEL IN THE GULF COUNTRIES WILL HAVE 5% TO 10% PAKISTANI STAFF



*Examples of Pakistanis breaking into Gulf countries hotel sector
Employee Profiles*



Name: Abrar

Occupation: Housekeeper at Four Seasons Hotel, Riyadh

City : Murree

- Employed in the Gulf since hotel opening in 2006 – 10 years
- Previously at Serena and Avari hotels in Pakistan
- Recruited by Four Seasons Riyadh HR from Pakistan in collaboration with OEP
- Claims Pakistanis excel as hotel staff

Name: Iftikhar

Occupation: Ball Attendant at Jumeirah Beach Hotel, Dubai

City : Multan

- Employed in Gulf since 10 years – recruited directly at hotel
- Recruited as reference from his cousin who was an accountant at the hotel
- Started in housekeeping and promoted to bell attendant
- Claims lack of communication skills hold Pakistanis back

Source: Employer interviews

EXHIBIT 15



POTENTIAL FOR PAKISTANIS IN HOSPITALITY SECTOR

CASE STUDIES ON PAKISTANIS IN EMERGING SECTORS: IN SPITE OF GENERAL PERCEPTIONS, PAKISTANI STAFF CAN EXCEL IN RESTAURANTS



*Examples of Pakistanis breaking into Gulf countries' restaurants
Employee Profiles*

Name: Zeeshan

Occupation: Waiter at Xiao Wei Yang (Little Sheep) chain of 10 hotpot restaurants in UAE

City : Bannu

- 75% of the 50 staff (or 38 staff) in this rapidly expanding chain of restaurants are Pakistani – remaining 25% are Chinese to train the Pakistanis
- All staff are from the same village in Bannu and related to each other
- One of their uncle from the village was a driver with the Chinese owners and offered to bring in waiters and cooks from Pakistan
 - Chinese were sceptical at first and agreed to hire 2 or 3 on trial basis
 - They had such a good experience that they prefer to hire from this village
- They have picked up Mandarin and speak fluently with the Chinese staff

Name: Sohail

Occupation: Barista at Caribou Coffee DIFC, Dubai

City : Gujrat

- Has Diploma in Tourism & Hospitality Management from Gujrat University
- First recruited by Americana in Dubai, and worked at Baskin Robbins – came on visit visa sponsored by his cousin in Ajman to look for a job

Name: Waqar Zahid

Occupation: Barista at Starbucks Coffee DIFC, Dubai

City : Sialkot

- Widely known as a top coffee barista in the Dubai International Financial Centre (DIFC) complex
- Remembers little details about each customer – very perceptive of customers' moods and engages them accordingly

Source: Employer interviews



CHAPTER 4

RECRUITMENT VALUE CHAIN APPROACH TO MAXIMISE EMPLOYMENT OF PAKISTANIS IN THE GULF COUNTRIES



DEFINING THE RECRUITMENT VALUE CHAIN

Conceptually speaking, a skilled worker from Pakistan can fill an upcoming position in the Gulf countries through one of three routes (see Exhibit 16):

01

THE EMPLOYER-DRIVEN INTERNATIONAL ROUTE

Gulf countries employers visit Pakistan and directly recruit either fresh talent or people with some experience of previously working in the Gulf;

02

THE EMPLOYEE-DRIVEN INTERNATIONAL ROUTE

Pakistani workers apply proactively for jobs in the Gulf countries, either using online portals or by travelling to the Gulf countries on visit visas and then applying in person through CV drops or reference interviews;

03

THE EMPLOYEE-DRIVEN LOCAL ROUTE

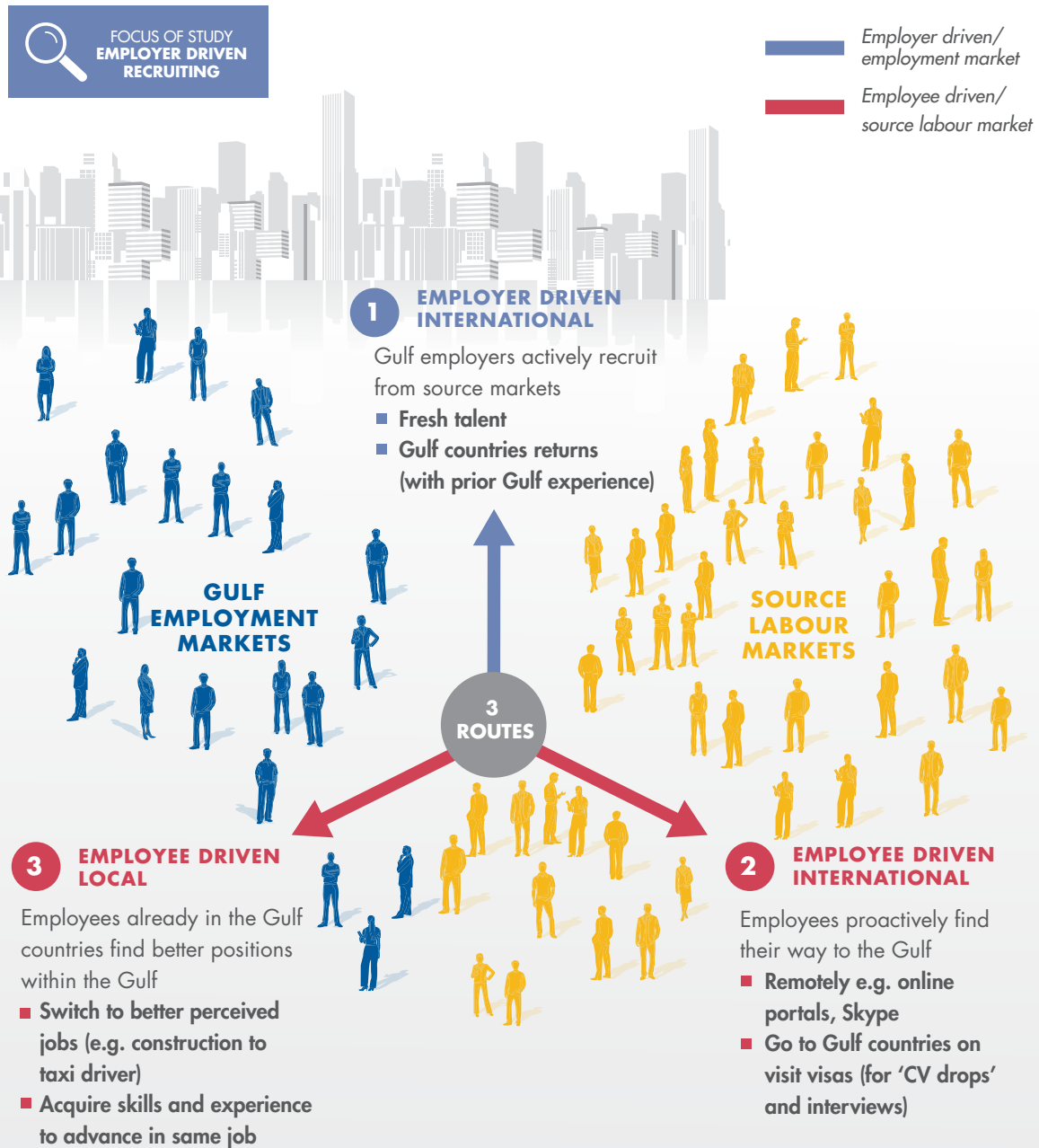
Pakistani workers already working in the Gulf countries apply for a new job at a higher position in the same industry or for a job in a different industry (e.g. common switch includes construction worker to taxi driver, or hotel worker to taxi driver, or hotel housekeeper to hotel front-office assistant).

EXHIBIT 16

THREE POSSIBLE ROUTES TO FILL A VACANT POSITION IN GULF COUNTRIES

WHILE 3 ROUTES EXIST FOR PAKISTANI TALENT TO FILL ROLES IN THE GULF COUNTRIES, OUR FOCUS IS ON EMPLOYER DRIVEN RECRUITING

Conceptual – Any given position in Gulf countries is filled in 3 possible ways



Source: Employer interviews

The Study finds that Pakistanis fill positions in the Gulf countries using all three routes. A typical large employer would also normally fill vacant positions using all of the three routes. However, the study largely focuses on understanding how the employer-driven international recruitment route works from the perspective of employers, because this is the most relevant route for TVET organisations in terms of being able to design and incubate programmes to meet employer needs.

The Study also finds some discernible recruitment patterns which show that certain types of employers often prefer a particular route (see Exhibit 17). The Study also analysed employer characteristics across five dimensions, namely, size of employer, complexity of role, bottom-line versus service quality focus, consumer-facing element to the work and employer's preference to people with some past experience.

The Study concludes that large employers are more open to the idea of hiring workers from all the sources rather than restricting themselves to just one, since no one source promises to offer the number and / or quality to meet their requirements. It was also found that a higher-end retail chain or a hotel operator with a particular focus on customer service versus low cost service is likely to prefer hiring people from the local market who already have prior experience of working in the hospitality sector in the Gulf and would be willing to pay a premium for such talent.



EXHIBIT 17

PATTERNS FOR RECRUITMENT OF LABOUR

WHILE 3 ROUTES EXIST FOR PAKISTANI TALENT TO FILL ROLES IN THE GULF COUNTRIES, OUR FOCUS IS ON EMPLOYER DRIVEN RECRUITING

General patterns in recruiting practices by type of employer or role

	EMPLOYER DRIVEN INTERNATIONAL	EMPLOYEE DRIVEN INTERNATIONAL	EMPLOYEE DRIVEN LOCAL	INTERVIEW FINDINGS & EXAMPLES
SIZE OF EMPLOYER		LARGE	SMALL	Small to mid-sized employers tend to meet all their needs locally – those with scale tend to go abroad
EASE OR DESIRABILITY OF ROLE	DIFFICULT <i>e.g. construction, hotel housekeeping</i>		EASIER <i>e.g. retail, taxi driving, hotel front-office</i>	Several common upgrade/migration routes exist e.g. from construction to taxis, housekeeping to front-office
BOTTOM-LINE VS. SERVICE QUALITY FOCUS	BOTTOM-LINE <i>e.g. discount retail, construction</i>		SERVICE <i>e.g. call center, high-end retail</i>	<ul style="list-style-type: none"> ■ Gulf countries based talent needs pay increase to induce switch ■ Going abroad for talent tends to result in lower cost labour
SECTORS WITH CONSUMER FACING PRESENCE		CONSUMER FACING <i>e.g. retail, restaurants, hotels</i>		Recruitment channels that are physically accessible to those proactively in Gulf countries on visit visas
PRESENCE OF SEED INDUSTRIES IN SOURCE MARKETS	SEED INDUSTRIES <i>e.g. petro-chemicals, theme parks</i>	SEED INDUSTRIES <i>e.g. Oil & Gas, construction</i>		Employees in seed industries keep applying online and employers go on targeted poaching trips

Source: Employer interviews

Note: These are broad correlations and patterns and not fixed rules

The remainder of this Report focuses on the employer-driven international recruitment channel. This channel has been broken down into its value chain of four component steps to assess the needs and opportunities of each component. As a result of this, 13 elements along the value chain have been identified that need to be built to ensure Pakistan is meeting the needs of employers. While each of the 13 elements is important, four are deemed absolutely critical to the success and are highlighted in blue (see Exhibit 18).

UNDERSTANDING THE VALUE CHAIN

It is imperative that each of the elements in the value chain is 'owned' by an entity that can oversee and provide the support or services required. The study finds that there are several institutions and players in Pakistan that have the experience and capability to own one or more of these elements, covering nearly all of the value chain (see Exhibit 19). However, there are some elements that are still under-developed and will need more support and focus.

While several entities, both within the private and public sectors, are involved in managing one or more of these elements, what is striking is that there is currently no single organisation that can bring these institutions together and ensure that all of them work in harmony towards achieving the common goal of increasing Pakistani talent placement.

TVET organisations are well placed for playing this integration role across the value chain. Alternatively, these organizations, with support from other vocational institutes in Pakistan, can facilitate the creation of a central body that performs this role.

The Philippines serves as a successful model for Pakistan to emulate. Starting from zero labour export in the mid-1970s, the Philippines has established itself as a top source of labour not just for the Gulf countries but across virtually all high-income geographies around the world. The integrative role of strong public institutions such as the Philippines Overseas Employment Administration (POEA) has been vital in making the Philippines a successful country of origin for overseas labour (see Exhibit 20).

EXHIBIT 18

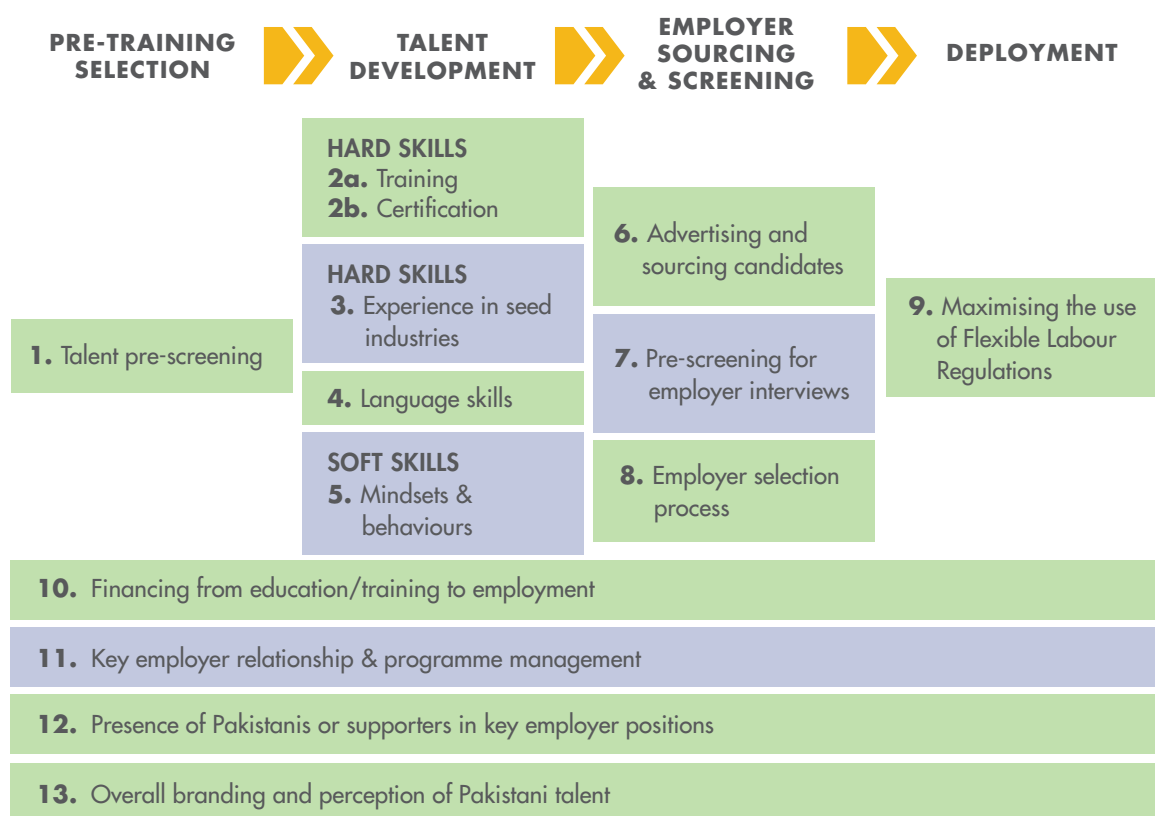
IDENTIFICATION OF THE FACTORS IN THE VALUE CHAIN

CREATING EMPLOYMENT FOR PAKISTANIS REQUIRES BUILDING 13 ELEMENTS OF THE RECRUITMENT VALUE CHAIN

Conceptual breakdown of key employer needs in candidate recruitment
(Based on output of 54 employer interviews)

Important levers

Most critical levers



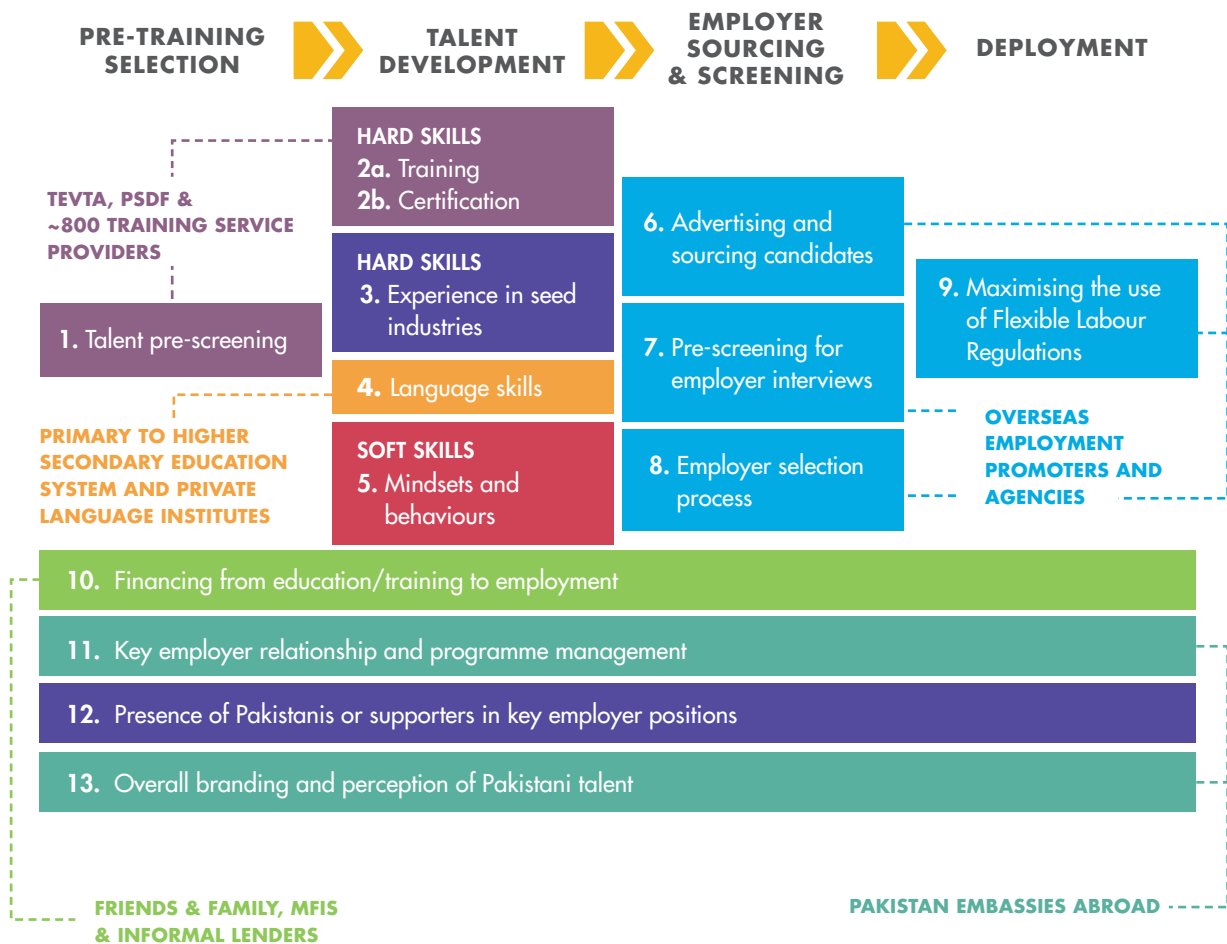
The above framework is based on interviews with employers to identify their recruitment needs and understand their recruiting behaviour. These employers have considerable recruitment experience, often visiting source countries for talent and expecting most if not all of these elements to be in place to initiate and conduct successful recruitment campaigns.

EXHIBIT 19

ATTRIBUTING RESPONSIBILITY TO EACH FACTOR IN THE VALUE CHAIN

IN THE STATUS QUO RESPONSIBILITY FOR MANY OF THESE ELEMENTS IS MISSING AND FRAGMENTED ACROSS MULTIPLE PLAYERS IN PAKISTAN

Conceptual breakdown of key employer needs in candidate recruitment



Not available in current market

EXHIBIT 20**THE PHILIPPINES EXAMPLE****CASE EXAMPLE: THE PHILIPPINES HAS AN EXTREMELY WELL-DEVELOPED CHAIN WITH GOVERNMENT PLAYING AN INTEGRATING ROLE****STARTING POINT**

~13,000 workers outside of Philippines in 1974

Before 1970s – government played very limited role in overseas employment

Government adopted the labour export programme as a stop-gap measure in 1974 to ease unemployment and Balance of Payments crisis

Initial demand for labour was fueled by oil boom in the Middle East

BUILDING STRONG LABOUR EXPORT INSTITUTIONS

1974 – Government established 3 institutions to kick-start labour export: OEDB¹, NSB² & BES³

Later merged to POEA⁴ – currently responsible for developing overseas markets for workers, industry regulation, employment facilitation, general administration and support services for workers

1980 – independent financial agency, OWWA⁵ established to provide loans, insurance, pensions and legal assistance to overseas workers. Funded by \$25 contribution from workers and employers

Special commission, CFO⁶ looked after by the President of Philippines, established to build and maintain relationships with the diaspora

Every year, Migrant Workers day celebrated by awarding 20 outstanding Migrant workers

TESDA⁷ – largest government authority working in the TVET space, responsible for competency standards development, assessment, and support to training providers

¹ Overseas Employment Development Board

² The National Seaman Board,

³ Bureau of Employment Services

⁴ Philippines Overseas Employment Administration

⁵ Overseas Workers Welfare Administration

⁶ Commission for Filipino Overseas

⁷ Technical Education and Skills Development Authority

Source: Philippines Star; World Politics Review; Philippines Statistics Authority; Asia Pacific Memo; Commission for Filipino's Overseas

THE IMPACT**1.7 MN**

System has capacity to train this number of students every year (on population base of ~100 million)

~10.2 MN

Foreign workers placed; Largest in the world

US\$ 30 BN

3rd highest global receiver of remittances; Behind India and China

~23%

Remittances equal to 23% of total export earnings

6.3%

Average GDP growth between 2010 and 2016

5.7%

Reduction in unemployment; 11.5% in 2000 to 5.8% in 2016

For each of the 13 elements within the recruitment value chain, a thorough evaluation of current practices and employer recruiting behavior has been carried out. This has led to identification of strategies that have worked for other countries and can serve as model strategies for Pakistan for successfully increasing its talent placement in the Gulf countries. These are described briefly as follows:

01 TALENT PRE-SCREENING

Human resource practitioners widely believe that individuals holding certain innate personality traits or those from particular backgrounds are more suited to certain roles, particularly in the services sector (see Exhibit 21).

Pre-screened trainees are more likely to be successful in acquiring new skills in training programmes, and are also more likely to be successfully selected by employers in eventual interview rounds.

However, pre-screening for background and personality traits is not conducted in any sophisticated way by training providers within Pakistan.

The Study found that introducing pre-screening can be a significant value addition for employers and can make it more attractive for them to hire candidates from Pakistan.

You cannot take someone from the village and expect them to adapt easily to a cosmopolitan environment. It's just not fair to them.

Director of Human Resources & Training at a Gulf country-wide hotel operator with 12 properties

EXHIBIT 21

TALENT PRE-SCREENING

PRE-SCREENING FOR TALENT CAN ENSURE THAT POTENTIAL TRAINEES HOLD A BETTER FIT FOR THE TYPE OF JOB THAT IS BEING TARGETED

Example of pre-screening for hotel industry
CONCEPTUAL

POTENTIAL PRE-SCREENING STEPS

- Set clear observable criteria
- Interview candidates to obtain further 'feel' for fit
- Further filter using psychometric assessments
e.g. Marriot and Ritz-Carlton use global test for hidden personality traits, e.g. assertiveness

TYPICAL HOTEL INDUSTRY CUSTOMER FACING PROFILE REQUIRED

- Strong English speaker
- Extroverted / Confident
- Good listening skills
- Able to navigate conflict
- Able to thrive in presence of other cultures – tolerant of diversity
- Good hygiene and presentable

PROFILE OF IDEAL POTENTIAL CANDIDATE FROM PAKISTAN

- Resident of Tier I urban center – such as Lahore, Rawalpindi, Islamabad, Faisalabad, Karachi, Peshawar and Quetta
- Minimum secondary education – Intermediary or Bachelor
- Extroverted / Confident
- Prolific Internet user – connected on social media
- Watches international TV channels

Source: Employer interviews

The precept that you cannot hire Pakistanis for this reason or that reason is gone for me – the new generation is really good, and if you find the right people they can fit into the right role. I mean the exposure level is just so high with the internet and satellite television.

Group HR Head at a Gulf countries wide electronics retailer & wholesaler with 3,000+ employees

We just placed a student from Okara – It was wonderful to see such talented youth from Okara.

*Ahmad Shafiq, CEO
College of Tourism &
Hospitality Management*

Some of the pre-screening steps and techniques that the TVET organisations can introduce in the recruitment value chain include the following:

- Setting clear observable criteria, iterated and refined over batches. The criteria can be continuously tested against actual success rates of each batch to build factual evidence on which criteria are salient;
- Interviewing candidates to obtain further ‘feel’ for fit. The interviews can be conducted by multiple assessors or in panels to aggregate out idiosyncratic preferences in favour of more common preferences;
- Using psychometric assessments, which use proxies and other techniques to surface sub-conscious preferences. For example, several premium tier luxury hotels in the Gulf countries use a global test for sub-conscious personality traits,

e.g. assertiveness, by asking situational or role play questions without obvious right or wrong answers. Such questions enable employers to more closely align roles which fit the backgrounds and innate personality traits of applicants.

2A TRAININGS

Skill development through trainings is the most obvious element of the labour market value chain for a training provider and other entities in the TVET space. But trainings need to be focused on the actual needs of employers, rather than pursued for their own sake.

The Study finds that most employers are not able to clearly define or tangibly articulate a training curriculum to the specificity required by a training provider to deliver against e.g. in terms of clear training modules and well-defined training outcomes. There are, of course, exceptions to this general observation with employers who have a well-developed training function within their human resource units. But the general observation holds true across employers in the Gulf region, other than those where there are professional certifications in place.

The most effective way to build a training curriculum is working jointly and iteratively with employers, keeping in mind that they might not be fully cognizant of or able to articulate what such training ought to look like. TVET organisations should develop the expertise and capability to bring employers along on this journey of defining the most effective training that meet their recruiting requirements.

2B CERTIFICATIONS

The majority of employers in the Gulf countries do not 'speak the language' of vocational training certifications and do not trust them as an accurate reflection of competence. Instead, employers tend to rely heavily on their own interviews and tests to make this judgement, or on other proxies and signals for skill competence such as prior work experience. There are exceptions to this broad finding – either for roles where there is a strong professional qualification framework (such as certain highly technical engineering roles), or where regulations mandate certifications (such as drivers or healthcare professionals).

There are apparently two reasons why many employers do not rely on certifications.

First, employers do not trust the authenticity and veracity of the certifications that are furnished by prospective recruits. This is because some employers' experience has established the broad perception that forgery is common in developing countries, and obtaining a fake certificate is not difficult. One of the employers interviewed mentioned that they have been through several instances in the past where their hires from South Asian countries furnished fake degrees and certifications.

This issue is compounded by the limited options available to get certificates and degrees verified by trustworthy public institutions or registrars in source countries. Where such institutions exist, the process is time-consuming and bureaucratic, meaning most employers prefer not to rely on certificates at all.

Second, most certifying bodies in Pakistan and across many other source countries are not widely recognised outside their home country. Employers are unable to keep pace with the different

standards and training providers issuing these certifications across all these countries. For example, if a candidate has a certificate from Punjab Board of Testing & Examination (PBTE) in Pakistan, it is difficult for a Gulf country based employer to determine its worth. Certifying brands are simply not well known outside their countries of origin.

This is a particularly acute problem for a country like Pakistan, which compared to India, has a more fragmented and less well-organised TVET certifications system. The employers in the Gulf countries generally seem to recognise the ITI brand name and certification system from India, but do not recognise Pakistani certification brands, even for large institutions like TEVTA and NAVTTC. This is also partly driven by the fact that most HR middle managers in the Gulf countries come from India and are hence acquainted within the certification system there, but are not familiar with the system in countries like Pakistan.

Most employers prefer real work experience and other means of signalling and showcasing skills such as real work sample tests or technical interviews to certifications. For them, experience on CV or a recommendation letter from previous employer is a better indicator of an employee's capabilities than certification from an unknown training provider.

Similarly, many employers entirely disregard hard skills and certifications and focus entirely on fit and soft skills.

Of the 54 interviewees, 43 took a position on certification:

- 34 said that they do not require or value certifications. Even global certification frameworks like City & Guilds hold little value for them.
- Two mentioned that certifications are helpful.
- Seven said that certification is a crucial part of the recruitment process and candidates without

a proper certification will not be shortlisted for interviews or for employment. Certifications are essential to their hiring – four of these require driving or healthcare practitioner certificates, which are essentially regulatory requirements, and another two belong to engineering fields with very strong professional testing and certification bodies i.e. the technical requirements of those fields are particularly advanced (see Exhibit 22).

EXHIBIT 22

ARE CERTIFICATIONS IMPORTANT?

THE OVERWHELMING MAJORITY OF EMPLOYERS DO NOT SPEAK THE LANGUAGE OF CERTIFICATIONS

The majority of employers interviewed do not require or value certifications

Deep dive into employers that require certifications

COMPANY	MAIN DRIVER	WHAT IS REQUIRED?
Recruiting agency for Dubai-based taxi company	Regulatory	Pakistan Drivers' License
Taxi aggregator	Regulatory	Pakistan Drivers' License
Oil & Gas testing service provider	Highly technical	ASNT Certification European NDT Certifications
Construction testing services	Highly technical	ASTM Certification
Saudi healthcare chain	Regulatory	HEC equivalent of SCMS Diplomas or Bachelors
Gulf countries wide healthcare chain	Regulatory	HEC equivalent of SCMS Diplomas or Bachelors
Farming & food processing company	Helps with screening	Diploma or Certificate from Polytechnic institute for technical roles

Employer view on certifications as hiring criteria, No. of employers interviewed¹



We don't have any technical or vocational requirements.. no certifications... we do that validation ourselves ... a technical assessment and sit through a technical interview with a technical person.

Recruitment Manager of a Theme Park & Hospitality Company in the UAE with ~1,300 employees

Certifications are generally used for:

- Fulfilling regulatory requirements
- Highly technical vocations (with well-functioning certification markets)

¹ 43 out of 54 employer interviews – remaining employers did not take a position on Certifications

It should not be implied that certifications are unnecessary and should not be pursued at all. Certifications can be extremely useful as a means to an end but not an end in themselves. It is important to emphasise that certifications are not generally useful as signals of skill competence. They should only be pursued if the trainings and the certifications impart the necessary skills in prospective workers. In general, those certificates will not serve as signals of skills and competence to employers.

The conceptually straight-forward strategy of picking one or a handful of certificates and providing them at scale to hundreds and thousands of prospective recruits is unlikely to succeed on its own. Hence, it would be important to adopt this more complex value chain approach.

3 EXPERIENCE IN SEED INDUSTRIES

Employers favour candidates with some experience in an industry related to their own, over candidates with no experience at all.

The presence of a sizeable base of similar employers with similar levels of sophistication is one of the key decision factors for employers selecting particular source markets for recruitment. In this Report, these have been referred to as ‘seed industries’ because they help seed and develop talent for working overseas. Pakistan being a small country with a different economic mix to the Gulf countries has limited seed industries, of limited size, and is hence only able to provide limited number of workers that interest Gulf countries employers.

India, due to its sheer size, and more diverse and sophisticated economy, is able to seed talent for many more roles in the Gulf countries and in much

greater numbers. For example, many auto dealerships in the Gulf countries prefer auto-mechanics from India because the relevant brands will likely have manufacturing and aftersales services present within India. Key examples of such brands include Ford, Nissan, Volkswagen, Renault, and Hyundai. For Pakistan, such talent is only limited to Toyota, Honda and Suzuki and for a much limited range of models.

Similarly, many Indian workers who join the construction industry in the Gulf countries as skilled craftsmen are over 30 years old and have many years of experience in similar construction settings within India before they enter the Gulf labour market. This is especially relevant for higher-paid supervisory and craftsman positions. Employers value and actively seek such experience as a signal that the worker will reliably have the hard skills required for the job.

Pakistan, given its overall economic size, mix and sophistication constraints, can still tap into certain opportunities in seed industries. This can be done by mapping industries within Pakistan similar to the ones that need to be targeted for employment in the Gulf to ensure that there is sufficient Pakistani talent to be placed in the Gulf. A cursory mapping displayed (see Exhibit 23) shows that there is overlap in many of the employment sectors that are large and growing in the Gulf countries, including restaurants, retail, domestic workers and drivers.

Similarly, there is a need to establish the structures necessary to source experienced talent in a systematised manner and on a sustainable basis. One way to do this is to collaborate with employers who hold a footprint across both Pakistan and the Gulf countries, where Pakistan can serve as the talent feeder for these employers’ operations in the Gulf. Not only can talent flow from Pakistan to the Gulf countries, but it can also flow back, providing sustained opportunities for Pakistani workers in the

Gulf countries looking to return home, and in the process bringing back valuable experience to Pakistan.

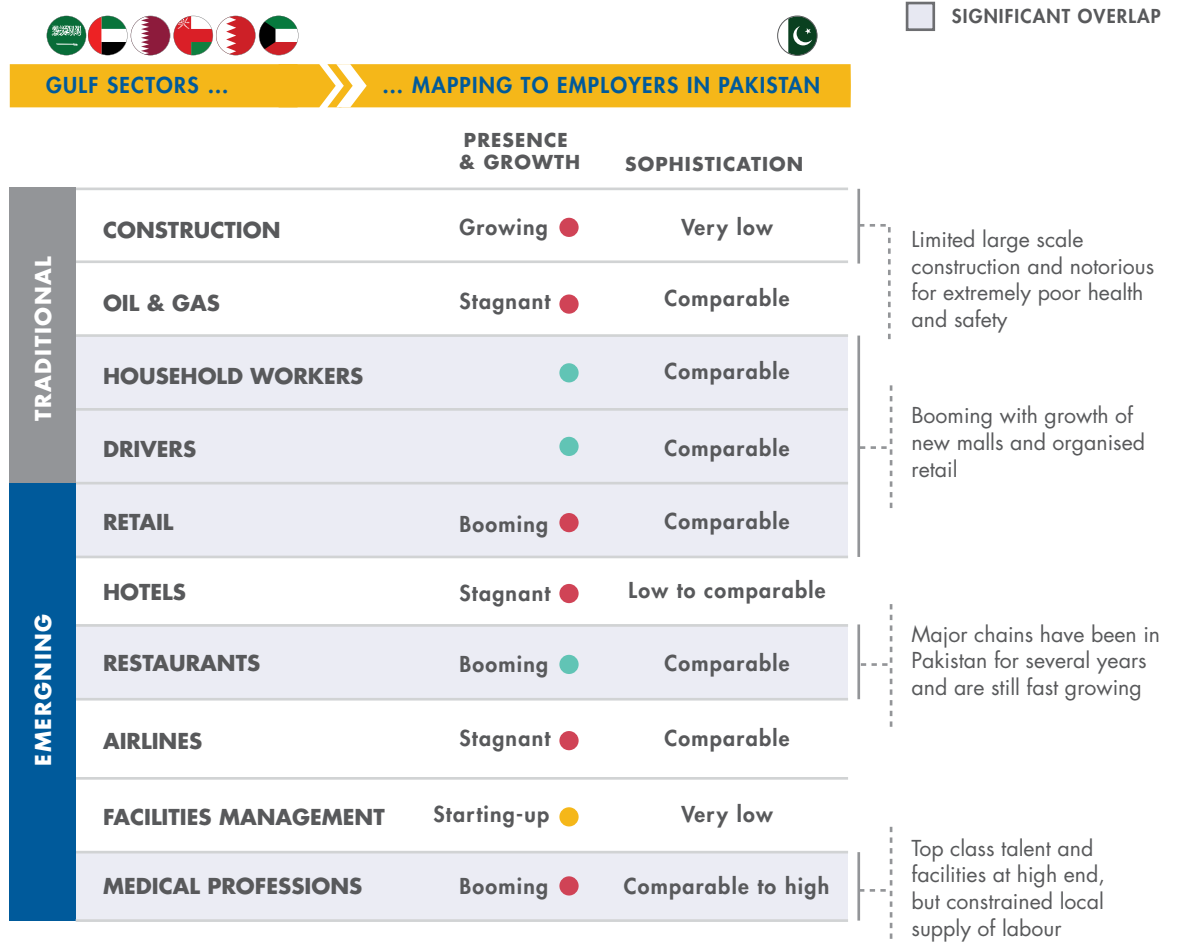
There are several such businesses, particularly in the retail and transport sectors which have opera-

tions both in Pakistan and across Gulf countries (i.e. retailers like Majid Al Futtaim and mobile app-based cab networks like Careem and Uber), which have sizeable and fast expanding investments in both Pakistan and across the Gulf and face recruitment challenges in both sets of markets.

EXHIBIT 23

EXPERIENCE IN SEED INDUSTRIES

THERE ARE SEVERAL INDUSTRIES THAT MAP ACROSS THE GULF COUNTRIES AND PAKISTAN THAT CAN PROVIDE EXPERIENCE IN SEED INDUSTRIES



Source: Employer interviews

You need to also make these people employable in Pakistan before they come to the Gulf countries to ensure prior work experience.

You can have an arrangement with large real estate developers in Pakistan that will provide them with workers for construction projects – they can learn on those sites and by the time they come to the Gulf they are skilled and fully ready.

CEO of small UAE-based General Construction Contracting company with ~60 employees

4 LANGUAGE SKILLS

Two languages most relevant to employability in the Gulf countries, are English and Arabic. The heavy expatriate population across all Gulf countries makes English more relevant. However, this varies by country, and in countries with majority local population like KSA and Oman, Arabic is important, especially in customer facing roles (see Exhibit 24).

Almost all the employers interviewed for the purpose of this Study cited proficiency in English as one of the most important skills required for work in the region. This is not only for success in customer-facing roles, but also to be effective in supervisory positions, where English serves as the lingua franca or common language across various worker nationalities and is the medium of business and management communication.

Given that the most common medium of instruction in public sector schools in Pakistan is Urdu, the labour force going to the Gulf countries from Pakistan is generally not sufficiently proficient in English. One option to tackle this is to integrate English language training into the wider skills training offered by different training providers.

However, teaching English language as part of a vocational training course, especially to individuals

with little or no existing English language skills, is demanding. This makes a pre-screening exercise all the more important, as there are sufficient English language proficient candidates within Pakistan. They just need to be screened into employment programmes. Hence, candidates for training courses or occupations that require fluency in English, should be pre-screened for a certain English language skill level and the training programmes could simply just top-up and refresh their English skills.

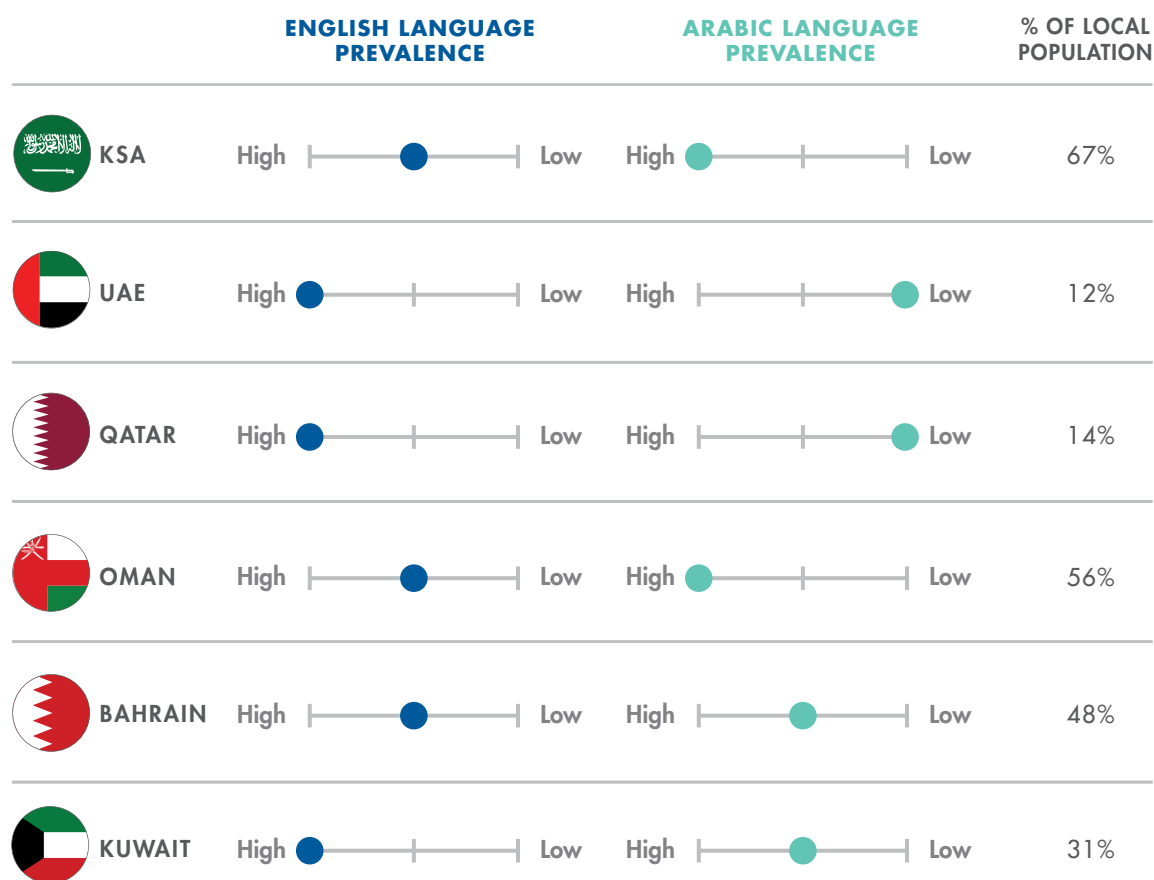
Arabic language proficiency opens up niche employment opportunities in the Gulf countries, especially in roles that require heavy interaction with Arabic speaking customers. Examples of such roles exist in high-end retail, and hospitality, where a significant portion of the end-customer base is comprised of wealthy Arabic speakers. These roles are generally also higher paying than similar roles that do not require Arabic. An Arabic speaking salesperson at a high-end retail chain could easily earn twice as much as a regular English speaking retail salesperson. The pool of workers for these roles is currently limited to Arabic speaking countries, particularly Egypt, and the countries of the Levant (Jordan, Lebanon, Syria and the Palestinian Territories), and the employers interviewed were quite keen on expanding this pool.

EXHIBIT 24

ENGLISH AND ARABIC LANGUAGE SKILLS

ENGLISH LANGUAGE IS CRITICAL TO OPERATING IN ALL GULF MARKETS – ARABIC LANGUAGE IS A PLUS ESPECIALLY IN KSA AND OMAN

Assessment of language prevalence in Gulf countries



English is important through-out the Gulf due to large expat populations, though most important in UAE and Qatar.



Arabic can be useful as well and is most important in Saudi Arabia and Oman due to majority local populations.

Source: Employer interviews; TSP interviews; Expert interviews; Gulf Labour Markets & Migration (GLLM)

However, it is not expected that there would be a large enough unmet need for Arabic speaking employees in the Gulf countries. Also, since the training providers' ability to produce them within Pakistan is highly limited, pursuing Arabic language training for Pakistani workers is not likely to offer significant benefits to Pakistan.

For Pakistani workers, English is and should continue to be sufficient for employment in the Gulf countries and given that Pakistan also lags in English relative to countries like the Philippines and India, the training and employment value chain should focus on pre-screening for English, and upgrading and refining English skills.

5 SOFT SKILLS, MINDSETS AND BEHAVIOURS

By far, the top requirement of employers in the Gulf countries is the right soft skills, mindsets and behaviours in their prospective employees. Of the 41 employers interviewed who took a position on the topic, 25 stated that soft skills are one of the most important attributes required in an employee, and the remaining 16 cited these skills as an important requirement.

As important as these skills are, they are also some of the more challenging skills to clearly define and impart. Different employers mean a broad range of different things when they cite these requirements. A further enquiry into these needs revealed that these skills and attributes can be broken down into four broad conceptual categories (see Exhibit 25):

- a. Skills pertaining to an individual's approach to work
- b. Skills pertaining to an individual's ability to adapt to a different country
- c. Broader soft skills and social behaviours
- d. An individual's general presentability

The Study has also found that skills in categories (a) and (b), are universally important across every industry and occupation. However, categories (c) and (d) are generally more relevant to customer facing roles.

Employers use a number of assessment techniques to determine whether an individual has the required soft skills or mindsets for a job. They place a lot of importance on these techniques and filter out many candidates on the basis of these results.

Despite the importance of soft skills and behaviours, few training providers in Pakistan are able to design and facilitate training programmes on soft skills. Therefore, TVET organisations and other training providers may have to develop these training programmes themselves with the support of an employer or an international soft-skills training provider.

EXHIBIT 25

SOFT SKILLS, MINDSETS AND BEHAVIOURS

SOFT SKILLS, MINDSETS AND BEHAVIOURS COVER A WIDE BREADTH WHICH CAN BE TAUGHT OR SCREENED FOR

Non-exhaustive taxonomy of soft skills, mindsets & behaviours

- *Intrinsic attributes – testable in pre-screening / pre-work*
- *Acquired skills – can be taught in soft skills training*

Importance of each of these differs by trade and industry – but many are universal and industry agnostic

Although challenging to deliver and measure impact, globally curricula and pedagogical techniques for these are quite well-developed

The training sector for these skills is underdeveloped in Pakistan though some institutions are emerging

GENERALLY INDUSTRY AGNOSTIC & UNIVERSAL		MORE USEFUL IN CUSTOMER-FACING TRADES	
APPROACH TO WORK	ABILITY TO ADAPT TO A DIFFERENT COUNTRY	SOFT SKILLS AND SOCIAL BEHAVIOURS	PHYSICAL APPEARANCE
<ul style="list-style-type: none"> ● Good work ethic ●● Ownership mind-set ●● Service oriented ●● Pro-active / Self-starter ● Over-achiever / Sets high standards ●● Constructive / Solution oriented ● Creative ● Good critical thinker and problem solver ● Persistent and resilient ●● Good time manager / Punctual ●● Open to feedback ● Open-minded 	<ul style="list-style-type: none"> ●● Culturally sensitive and politically correct ● Respectful of Laws and Regulations ● Respectful of women by their cultural norms ●● Adaptable towards & understanding of other nationalities and non-Muslims 	<ul style="list-style-type: none"> ●● Fluent language ●● Customer-oriented ●● Good listening skills / Empathy ●● Courteous and polite ● Extroverted ●● Good conversationalist (including small talk) ● Self-confident ●● Politely assertive (when required) ● Able to manage conflict constructively 	<ul style="list-style-type: none"> ● Good physical hygiene ● Well-groomed hair (including facial hair) ● Smart and culturally confirmative clothing and shoes ● Physically fit

SOFT SKILLS ARE BEST TAUGHT WHEN INTEGRATED EXPERIENTIALLY WITH HARD SKILLS

Source: Employer interviews

Although it may appear challenging to deliver and measure the impact of soft skills training, there are good curricula and pedagogical references available as a starting point for the training providers. Furthermore, there are several case studies of soft skills being successfully delivered to a group of people before employment that could be used as a model or content for the curriculum to be developed (see Exhibits 26 and 27).

EXHIBIT 26

SOFT SKILLS AND HARD SKILLS

SOFT SKILLS ARE BEST TAUGHT WHEN INTEGRATED WITH HARD SKILLS IN A BOOT CAMP FORMAT

Example from Malaysia
Hotel Boot Camp



OVERALL CONTEXT

- To provide employment opportunities to Malaysians in deep rural areas
- Large hotel chain hiring thousands of workers anchored programme as means to ease their recruitment challenge
- Programme partially funded by Government and partially by employers and students

THE IMPACT

- Additional large hotel chains and several smaller hotel chains signed up for the programme following the lead of the first large anchor hotel chain
- This programme is now one of the largest sources of hotel industry talent across Malaysia and the wider Far-East region



THE BOOTCAMP APPROACH

- 80% on the job learning supplemented by 20% classroom training – participants were working 4 days a week in an actual hotel property. Learning in the actual job context was found to be more effective than sitting in a classroom – it also provided **Seed Industry Experience**
- Heavy pre-work sent to students to complete prior to programme with elements of distance learning to **Pre-Screen** for work ethic and discipline
- Role plays and simulations used more than text books and theoretical material for classroom training to ensure that learning was absorbed and internalised by programme participants
- Feedback rich environment created both across programme participants and outside (e.g. actual hotel supervisors) to facilitate learning

EXHIBIT 27

SOFT SKILLS PROGRAMME FOR PAKISTANIS

CASE STUDY: A CONSUMER PACKAGED GOODS (CPG) MNC IN PAKISTAN DEVELOPED A SOFT SKILLS PROGRAMME FOR 250 PAKISTANIS SENT TO APPRENTICE IN TURKEY AND KSA



Based on interview with current Recruiting Manager for Saudi Real Estate company

**CONTEXT**

- Company needed to train 250 blue collar workers for Green Field Paper and hair care manufacturing plants in Pakistan
- Recruited 250 individuals from all parts of Pakistan, including a large set from Hyderabad, Sukkur and interior parts of Sindh
- Most new hires did not have exposure outside a Tier II city of Pakistan
- Paid starting salary of PKR 25,000/month
- Sent workers to Turkey and Saudi Arabia for 12 to 18 months for on-job-training at similar company plants, to bring back skills to Pakistan
- Individuals had technical Diploma's in Electrical, Mechanical and Instrumentation

**TRAINING DELIVERED**

- 4 day boot camp to prepare workers to succeed in Turkey and Saudi Arabia
- Some note-worthy elements include (not exhaustive):
 - How to navigate the airport
 - How to interact with colleagues?
 - Boundaries of sexual harassment in interactions with female co-workers
 - Guidelines on taboo topics e.g. politics in Saudi Arabia
 - Expectation setting – what to expect on the job and in country
- Pedagogical techniques included:
 - Classroom lectures
 - Role plays and experiential activities



PROGRAMME HAS BEEN HAILED AS A SUCCESS AND MODEL TO FOLLOW ACROSS COMPANY GLOBALLY

Source: Employer interviews

6 ADVERTISING AND SOURCING CANDIDATES

Finding the right candidate with the right skills and behaviours for a job in the Gulf countries can be challenging, given the fact that majority of the population in Pakistan lives in rural areas with very little access to Internet or other instant communication media. The Study finds that there were employers who were keen on hiring from Pakistan, but were struggling to meet their employee requirements. This is cited as the key issue with recruiting additional talent from Pakistan.

There are two examples in this regard: the first was a labour recruitment company that recruits for a taxi company in Dubai, and the second was one of the largest construction companies in the region, which requires thousands of recruits each year.



THE TAXI RECRUITMENT COMPANY

was looking to fill a quota of 500 Pakistani drivers for its client. However, in a week of recruiting efforts on the ground in three different cities, they were only able to mobilise 140 candidates through their collaboration with a local Overseas Employment Promoter (OEP).

There could be several reasons why the recruiter was unable to meet their demands. First, the Dubai-based recruiter charges a heavy commission (PKR ~400,000) for the job and at the same time keeps strict screening requirements (including a fairly advanced on-the-spot English language test) that may prevent many candidates from applying.

Second, there is a possibility that the local OEP may have failed to mobilise candidates for the interview due to limited capabilities and reach or insufficient financial resources or incentives for the OEP itself. However, it is not possible to comment on OEP and their commercial relationship with the taxi recruitment company to determine the extent to which they may or may not have been the bottleneck in the recruitment process.



THE LARGE CONSTRUCTION COMPANY

frequently needs unskilled labour for rapid deployment in projects all across the Gulf countries. Despite having a local OEP on board, the company has consistently been unable to attract enough candidates for interviews from Pakistan. As was the case with the taxi driver recruiters, it is possible that the OEP did not have the reach or presence to target interested candidates in all the big cities in Pakistan.

Ultimately, all employers who recruit directly from source markets require these capabilities from an intermediary like an OEP or an Agency, within these source markets – and to the extent that certain entities are unable to deliver on them, it impacts the potential recruitment from a source market like Pakistan and induces these employers to go to other source markets like the Philippines and India, where this intermediary ecosystem is perceived to be more developed and reliable.

7 PRE-SCREENING FOR EMPLOYER INTERVIEWS

Employers want to maximise the return on the time and money they spend on recruiting. This means employers want to interview and test only those candidates who fit their profile and who fit their required certain skill set.

Some of the employers interviewed for this Study highlighted the difference in their recruiting experience in Pakistan compared to some other countries.

The difference is not due to the talent pool available, but it is due to the type of pool that is being made available to the employers. Pakistan is a large country with a lot of potential. Its huge

population gives it the advantage of having a lot of talent suitable for the Gulf countries fitting virtually every profile. However, none of the training providers or OEPs currently undertake the basic filtering before presenting candidates to employers, which results in a negative perception of Pakistani talent in front of employers.

Good benchmarks of candidate success rates range from 25 to 40 successful candidates for a group of 100 applicants. However, the success rate for Pakistani candidates, as shared by the sampled employers, is often much lower (see Exhibit 28).

EXHIBIT 28

RETURN ON RECRUITMENT TIME SPENT BY EMPLOYERS MOST EMPLOYERS EXPECT A GOOD HIRING RETURN ON THEIR RECRUITMENT TIME SPENT IN SOURCE MARKETS

Interview to hire conversion benchmarks (Number of hires per 100 candidates)



Source: Employer interviews; Value Chain interviews

When I go to the Philippines, out of 100 candidates may be I will pick 30. When I go to Pakistan, out of 100 candidates may be I will pick 5. So why would I go to Pakistan?

VP Human Resources of one of the top 3 hotels (by number of rooms) in Dubai

At the end of the day with Pakistan you don't get the required return on investment.

Manager HR Learning & Development at large UAE family conglomerate with ~10,000 employees, responsible for auto division

8 EMPLOYER SELECTION PROCESS

Most large employers want to meet and test their candidates in person, which means they need to travel to Pakistan. However, there are barriers that stop them from being able to do so.

First, many companies in the Gulf countries are run by expatriates, and Indian nationals in particular dominate the HR profession in the Gulf. One of the major barriers these Indian-national-dominated companies face in recruiting from Pakistan is the difficulty in obtaining visas for these individuals to travel.

Another factor influencing employers' recruitment strategies is concern over security. Several of the employers interviewed expressed their concerns asking whether it was safe for them to travel to Pakistan and whether other employers travel to Pakistan for recruitment.

It is important that TVET organisations and all other stakeholders interested in supporting labour overseas build strong relationships with Pakistani embassies, and provide the utmost support in arranging for visits by these employers.

Despite these barriers, employers based in Dubai are still keen to hire from Pakistan because they understand the potential of the market with the right employment intermediary and partner. Therefore, it is important to work with embassies to facilitate visa approvals and make it easier for employers to come and visit.

If visas remain a barrier, the alternative available to employers is that they either will stop coming to Pakistan for hiring, or will continue to rely heavily on Pakistan based OEPs to fulfil their needs. Given the low capacity and capability of OEPs, this results indirectly in Pakistan being unable to send the required quantity as well as the quality of workers to the Gulf countries.

9

MAXIMISING THE USE OF FLEXIBLE LABOUR REGULATIONS

Pakistan remains popular with employers due, in part, to liberal labour regulations. For employers, Pakistan imposes no minimum wage requirements, minimal bureaucratic paper work (especially compared to India and the Philippines, where it takes at least one to three months for workers to exit). Also, no regulatory employer screening on part of the Government, (e.g. by the Philippines Government to protect workers' rights), makes Pakistan an ideal talent sourcing hub for Gulf employers.

Pakistan provides one of the most liberal and favourable conditions for employers to come in and setup offices or collaborate with organisations such as OEPs (see Exhibit 29). This approach will play a huge role in attracting large number of employers to the host country who are interested in providing employment opportunities to a critical mass of youth. The relatively easy exit and entry process requirements and minimum regulations on employers contribute to the attractiveness of Pakistan as a source country.

The Indian government has mandated that we have to pay our Indian workers a minimum of 1,500 Riyals per month. For that same job Pakistanis make 1,100 Riyals.

Business Unit Head of Saudi agriculture and food processing company with 3,000+ employees





Pakistan is very fast for mobilisation – when we need talent quickly we go to Pakistan, because other than paying the Protectorate there are no other procedures. We prefer to hire from India but it takes 2 months to get talent from there just for the exit clearances.

HR & OD Executive at top 3 UAE Facilities Management company with ~3,500 employees

However, more potential can be captured from this opportunity if the relevant public sector players can initiate a campaign to inform and convince employers in the Gulf countries that the regulations in Pakistan are different from other sourcing countries and are more beneficial for the employers as well as the OEPs. This is the equivalent of forming an employer relationship cell, which several countries, especially the Philippines, have formed and run successfully.

EXHIBIT 29

PREFERENCE OF PAKISTANI WORKERS OVER OTHER COUNTRIES EMPLOYERS REQUIRE EXIT AND ENTRY FACILITATION, AND GENERALLY PREFER PAKISTAN TO OTHER COUNTRIES DUE TO LIBERAL REGULATION

	 PAKISTAN	 INDIA	 NEPAL	 PHILIPPINES
RECRUITING FEES Fees charged to candidates by middle-men	Unregulated	Prohibited by law	Beyond NPR 20,000 prohibited by law	NA
ENTITY REGULATION Restrictions on which entities can act as middle-men	Not strictly enforced registration requirements	NA	NA	Heavy regulation to prevent 'fly by night' entities
EXIT PROCESSES Paperwork and approvals to exit home country	Protectorate only – managed with “facilitating payments”	Multiple steps can frequently take up to 2 months		
WAGE REGULATION Restrictions on amount and structure of compensation	Unregulated	Minimum wage	NA	
ENTRY PROCESSES Registration and screening processes to begin work in Gulf countries	Unenforced embassy registration	More strictly enforced embassy/consulate registration Many employers require this service (fully integrated) from a single agent / counter party including all the UAE Govt. steps e.g. Emirates ID registration, UAE health check, etc.		

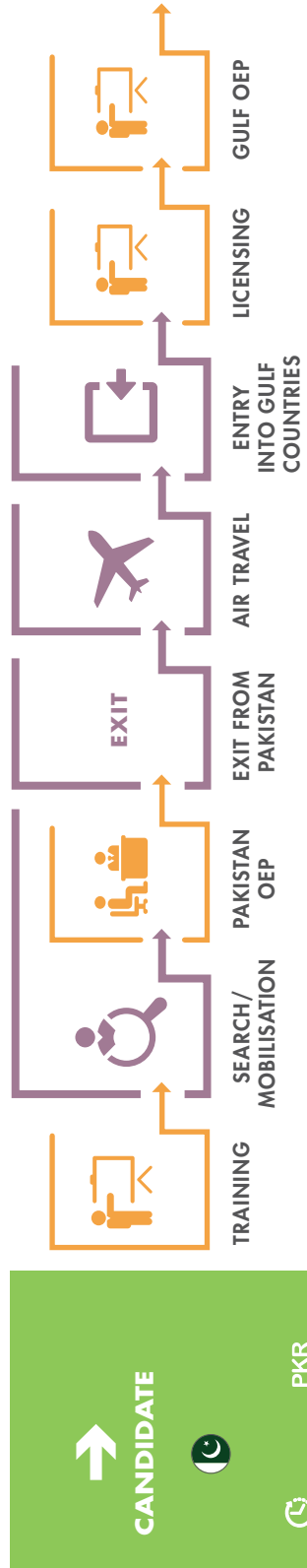
Source: Employer interviews

EXHIBIT 30

FINANCING THE COST OF MIGRATION

THE 8 STEP PROCESS CAN BE COSTLY AND RESTRICT EMPLOYEES FOR LACK OF ABILITY TO FINANCE THE CAPITAL REQUIREMENTS

Conceptual – Typical Pakistan to Gulf countries recruitment process (Amounts in PKR)



PAY-BACK PERIOD



PKR TOTAL COST

CANDIDATE



~400K

7-9 months

Candidate covers all costs up-front

Gulf OEP shares some portion of fees with Pakistan OEP

N/A

~3K

~35K

~65K

~130K

~170K

7-9 months

~130K

Estimated

~25K

~3K

~35K

~65K

~130K

~170K

4-5 months

~230K

N/A

Financing new car lease adds 500k cost, and extends payback to 13-15 months

~3K

~35K

~65K

~130K

~170K

Financiers – Friends and family, MFIs, NGO's, Informal lenders, Government



EMPLOYER EXAMPLE

DUBAI TAXI COMPANY

DUBAI MAN-POWER COMPANY

Employer covers all costs for 2-year contract

GULF COUNTRIES WIDE TAXI COMPANY

Source: Press Research

10

FINANCING FROM EDUCATION/TRAINING TO EMPLOYMENT

According to information gathered from several value chain players, approximately half of the candidates who are offered a job in the Gulf countries are unable to migrate because of the costs involved. These vacant positions are often filled by workers from other countries.

Costs associated with migration vary hugely. Based on three examples of migration for different jobs, it is estimated that the costs range from PKR 130,000 to PKR 400,000 per person (see Exhibit 30). The payback period for these costs varies for different industries but is usually somewhere between four and nine months. This long time frame can discourage candidates who are considering taking a loan to cover the initial expenses, and makes it unviable even to think about going abroad for a job that would require loans that would take almost a year's net savings to repay.

Some employers in the Gulf instruct their OEPs not to charge a candidate for any element of migration. These employers cover the costs of visas, passports, tickets and so forth. Nevertheless, there are other employers who place the full burden of migration costs on the candidate, expecting them to pay in advance for everything.

In these instances, TVET organisations should be looking at avenues to provide candidates with job offers, an easy route to loans, scholarships and facilitations with employers to minimise the upfront cost which unnecessarily burdens an employee before a job position is filled. These organisations are fully aware of this situation and believe that they need to play their part to overcome this as a significant potential deterrent to employment of Pakistanis in the Gulf countries.

11

EMPLOYER RELATIONSHIP AND PROGRAMME MANAGEMENT

It was observed through interviews with employers in the Gulf countries that they were interested in working with TVET organisations to recruit from Pakistan. Of the 54 employers interviewed, 15 expressed an interest in recruiting from Pakistan. Of these, seven are eager to hire on a large scale, five are willing to recruit on a small scale, and three are willing to try a pilot of five to 15 employees in the near future, building up to a much larger pipeline in the longer-term if successful. Together, these 15 employers have the potential to provide 5,000 to 25,000 jobs to Pakistani workers. The range of these estimates is wide because of their predicted growth potential over the next three to five years, hence their recruiting needs will constantly change. PSDF has successfully run its first pilot with one of the large hospitality players in the Gulf with over 60% success rate.

PSDF - ROTANA PARTNERSHIP

Rotana Group is one of the larger hospitality players in the Middle East. PSDF partnered with Rotana Group in the Gulf to train and provide them skilled chef helpers, housekeepers and F&B stewards. PSDF started off by developing strong relationship with the employer and understanding their specific technical & behavioural needs for the skilled workforce. Upon completing need analysis, PSDF developed a comprehensive assessment tool for shortlisting eligible candidates. The Rotana team interviewed the shortlisted pool and selected 60% candidates to enter the programme: highest ever they have achieved in any overseas recruitment drive. All candidates entering the programme got employment contracts from various Rotana hotels in the UAE. The training program developed jointly by PSDF and Rotana consisted of skills and practical training in leading hotels in Lahore, Rawalpindi and Islamabad.

Post training completion, 80% of the youth are happily employed in Rotana hotels across the UAE and Rotana wants PSDF to train many more youth from Pakistan for employment across their hotels in the Gulf.



**We don't want to change what works
... there is little appetite to throw things
up against the wall.**

*A theme park and hospitality Talent
Development Director - UAE*

The study found that other players within Pakistan are also gaining traction with employers from the Gulf countries, implying the genuine interest and willingness amongst the Gulf employers to partner with training providers or employment promoters in Pakistan.

However, Pakistan is not the only country making contact with large employers in the Gulf countries. Many governments are well aware of the importance of connecting with employers and are building relationships with professionals working at all levels of the recruiting organisations. Different governments and embassies have adopted a proactive approach to building relationships, and have even sent official state delegations to Gulf countries for meetings with their ministries and employers. Local embassies in each of the Gulf countries now hold regular dinners and networking events for HR recruiters, and focus on building relationships that are mutually beneficial.

One Group HR Head at a Gulf-wide electronics retailer with 3,500+ employees mentioned that: *"I know the Philippines Consulate has a dedicated cell for recruitment and runs monthly meetings with HR Managers in Dubai"*.

A major reason for the success of the Philippines as a source country for labour in the Gulf is that they have catered to the needs of every stakeholder in the value chain. They have even established a separate government entity that facilitates and catalyses overseas employment for its nationals alongside other local Philippines-based entities that focus on mobilising candidates inside the country.

Similarly, OEPs are playing an active part in ensuring that employment opportunities are available for their clients. These organisations are becoming more demand-driven and are contacting employers directly to better understand their needs. They are even setting up offices with business development functions in target employment markets to undertake regular employer outreach and to arrange visits for employers to source countries to meet TSPs and other players in the vocational sphere.

Importantly, most employers are happy with their existing recruitment arrangements and are able to meet their labour requirements from one source country or another. They feel the recruitment process they use largely works, and do not see any need for change. Many feel that hiring from a new source or provider is a risk that they would not like to take.

For these employers to be convinced to try a new approach, such as working with a TVET organisation in Pakistan, there is a need to make the recruitment experience for employers as smooth, efficient and risk-free as possible. This could involve minimising the cost of hiring for employers, or developing a tailor-made curriculum or improving the quality of candidates by providing top quality training or screening services.

I had a group come in from Bhutan and another one from Indonesia recently. Their techniques are quite sophisticated now. The Bhutan group had an electronic profile book of potential recruits with videos of each candidate.

*Group HR manager of a large retail group
with 55,000+ employees - UAE*

12

PRESENCE OF PAKISTANIS OR SUPPORTERS IN KEY EMPLOYER POSITIONS

Potential employers suggest that where a Pakistani employer or HR Manager is present and believes in the potential to recruit from Pakistan, they are often driven to build a full programme within their organisations to ultimately provide employment opportunities to other Pakistanis.

This perception Pakistanis have about employing their compatriots is mixed. Of the 12 Pakistanis interviewed in the total pool of 50 plus employer interviews, five were positive and seven were negative about hiring from Pakistan due to various reasons. This is no different to the perception individuals from other nationalities have had about Pakistani talent.

What was apparent during interactions with key HR Managers and decision makers is that Pakistanis hold stronger views or perceptions about Pakistani talent whether positive or negative,

which seems to be harder to change or influence, especially where the perception is negative. These views are often rooted in their personal or professional experiences built over many years. However this can change if the TVET organisations can demonstrate with credible facts that they are a quality source of potential talent for them.

If this view is positive, it needs to be built upon and capitalised as an opportunity, as such individuals will go out of their way to facilitate the employment of Pakistanis in the Gulf countries. Of the seven employers interviewed who showed great interest in hiring from Pakistan, five were Pakistani nationals and even explicitly mentioned that they were acting from a sense of national duty and pride. Such sentiments are really important as they represent latent opportunities and sources of value which are just waiting to be captured.

13

OVERALL BRANDING AND PERCEPTION OF PAKISTANI TALENT

Like other source markets, Pakistani labour has developed a 'brand' or reputation in the Gulf market. For example, Pakistanis are often perceived to be the best talent for jobs which are physically demanding and require hard labour. They are valued for their strong physical build, and are considered to be a group which does not shy away from manual labour. This could be the reason why Pakistanis dominate jobs in the physically strenuous construction industry, where Filipinos or certain Indian states are not as well represented.

Similarly, and for some unexplainable fundamental reason, Pakistanis have earned the reputation

for being strong in transportation jobs and occupy a disproportionately large number of roles in the Gulf countries as drivers of all kinds, from taxi drivers to bus and truck drivers. Many fundamental explanations are offered for Pakistanis holding such a strong 'brand' for transportation roles, for example, everything from the role of alcohol in Pakistani culture (or lack thereof) which enables Pakistanis to work well in the zero tolerance for alcohol environment, to social networks which are constantly reinforcing each other in the employment chain and thus constantly bringing Pakistani talent. Each of these explanations raises even more questions as none of these seem to be strong enough on their own. Hence, there is also the

more nebulous role of the 'brand' of talent from a particular nationality, which is a real factor in ultimate recruiting success.

Empirical evidence shows that Pakistanis are currently under-represented in jobs that require good communication and customer-service as their 'brand' for such roles is weak. This builds upon itself as a self-fulfilling cycle, where the lack of presence of Pakistanis in such roles breeds the perception that Pakistanis are not suitable for such roles.

Given that hospitality and other customer service jobs will be growing in large numbers all over the Gulf in the shifting sands of their changing economies, it is important that concrete steps are taken to build Pakistan's talent brand for these industries. There is plenty of evidence of Pakistanis being successful in these industries. These examples need to be brought to the forefront.

Although daunting, it is not a new idea to try to change a nation's brand and reputation. There are several examples of countries that have successfully altered their national brands to become leaders in completely new fields and industries. Bangladesh was a small-scale player in the textiles and garments export industry in early 2000s and does not produce cotton of its own or sit on any major

cotton value chain or trade route. Over a period, the country has become the second-largest exporter of garments all across the world, and plays along the full cotton and textile value chain. Exports increased by an average of 15% every year from 2001 to 2017 to reach US\$ 28 billion from just US\$ 5 billion in 2001.

Similarly, South Korea was successful in transforming the perception of its automotive industry from low cost and poor quality to efficiency and premium quality. It is now the fourth largest exporter of automobiles to the world and exported US\$ 42 billion worth of automobiles in 2017. This was achieved by South Korea as it wanted to become a manufacturing leader, and develop a national strategy to meet the demands and standards required by its international consumers.

As daunting as this challenge might be, the starting point has to be employer driven recruiting from the Gulf countries catalysed by TVET organisations, building the ability to recognise, fully understand and meet employers' recruiting needs. This Report is the starting point for embarking on this journey.



CHAPTER 5

CHARTING A PATH TOWARDS IMPLEMENTATION AND IMPACT



Pakistan needs to develop the capabilities to fully understand and meet employers' recruiting needs. This requires quality engagement with employers in the Gulf, and the ability to build training and recruitment programmes which create value for these employers.

The vision is to undertake this in three phases spanning several years beginning small scale with initial employer pilots – these pilots are critical to learning and developing the right capabilities, and also building up a credible track record of success which over time can serve as real evidence of TVET organisations being able to meet employers' needs and snow ball into larger scale activity with additional employers.

The ambition is to develop a recruiting machine which in three to five years from now will be running like a well-oiled enterprise sales and business development team that engages with dozens of employers each year to place thousands of Pakistani candidates with good employers in the Gulf countries, and in the process, creating opportunities for employment for Pakistani talent, which otherwise would not be available to them.

To fulfil this ambition, certain specific actions would invariably be required over this period. These must be undertaken collaboratively by all stakeholders including Federal and Provincial Governments of Pakistan and TVET organisations. These are briefly explained as follows:

01 MANAGING LABOUR QUOTAS

The Government of Pakistan should develop a comprehensive approach to monitoring and pro-actively managing labour quotas in host countries. The most suitable entities to manage this within the Government could be the Ministry of Overseas Pakistanis & Human Resource Development (MOPHRD) and the relevant Pakistani Embassies and Consulates. The approach involves establishing critical relationships in host country Labour Departments, and formulating strategies to influence these quotas at various levels of Government. Pakistan already has some experience in managing this effectively e.g. the recent LNG import deal from Qatar included a provision for Qatar enhancing quotas for Pakistani workers.

02 ESTABLISHING MECHANISMS TO DEVELOP VALUE CHAINS

Training providers and other TVET organisations can take the lead in building and catalysing key components of a well-developed employment value chain and ecosystem. This includes, for example, finding and pre-screening talent from Pakistan on behalf of employers abroad, so that their HR managers can achieve the same interview-to-offer rates from Pakistan as they would from more developed source markets like the Philippines. The International Labour Organization (ILO) has assisted over 15 countries in developing employment value chains. Pakistan can either partner with ILO, or use their model, to develop the value chain components, and focus efforts towards building a skilled labour market accordingly. In its recent train-to-employ campaign for Rotana Hotels in the Middle East, a partner employer for PSDF trainees, it achieved a 60% interview-to-offer rate through carefully drawing out and managing the value chain.

03 SHAPING AND MATCHING THE OCCUPATIONAL SKILLS STANDARDS OF THE GULF COUNTRIES

Pakistan's national vocational skills framework must be ready to match the impending Occupational Skills Standards of Gulf countries as and when these are detailed and enforced – such requirements will likely enhance the favourability of local labour and used as mechanisms to promote localisation of labour. At the same time, these requirements will create distinct 'winners' and 'losers' amongst source countries for talent, with countries such as India and the Philippines, which are proactively participating in the development of these standards, potentially better positioned to fulfil the requirements of these standards when they are fully developed and enforced. National Vocational & Technical Education Commission (NAVTEC) should engage their counterparts in the Gulf countries to ensure that Pakistan can position itself as one of the potential 'winners' of these exercises.

04 SHAPING MINDSETS AND BEHAVIOURS OF POTENTIAL EMPLOYEES

As appropriate mind-sets and behaviours continue to be a preference for potential employers in the Gulf countries, TVET institutions must incorporate soft skills components in their curricula linked to employer feedback. The Ministry of Overseas Pakistanis & Human Resource Development should be equipped with appropriate systems and tools to assess the outgoing workers on soft skills and cultural sensitivity.

05 ESTABLISHING A FINANCIAL FUND, POTENTIALLY LINKED TO EMPLOYERS

As financing employment remains one of the major burdens and barriers for Pakistanis to take up employment in the Gulf countries, there is an urgent need to establish a fund by the Government to finance the placements and exit/entry costs for potential employees. This Fund can be linked directly to employers where they agree to transfer repayments from the workers' salaries straight into this Fund, based on minimum employment periods and suitable clawbacks. Direct interaction with employers will significantly reduce the exploitative costs inflicted by the employment brokers and bridge-funding support will encourage more workers to go overseas.

06 STREAMLINING AWARENESS CAMPAIGNS

The Bureau of Emigration and Overseas Employment (BEOE) maintains a registry of overseas employment promoters. A branch of BEOE offices, offering information services, can be set up at select NADRA offices across the country, which would be responsible for direct dissemination of immigration-related and employment-related information, and access to lists of credible/registered overseas employment promoters. This will reduce the possibility of financial exploitation of Pakistani workers by unregistered middle-men.

07 SYSTEMATICALLY DEVELOPING 'BRAND PAKISTAN'

Pakistan should follow the lead of countries like the Philippines, where the Embassy and Consulate officials engage with HR personnel within key employers in the Gulf countries to develop and enhance their country's brand. Such engagement includes one-on-one meetings, employer forums and events. Employers in host countries are also provided with a single point of contact to troubleshoot any challenges or roadblocks they face during the recruitment and retention of workers.



LABOUR QUOTAS



UNDERDEVELOPED EMPLOYMENT VALUE CHAINS AND ECOSYSTEMS



EMPLOYABILITY IN TERMS OF SKILLS, CERTIFICATIONS AND CULTURAL ADAPTABILITY



FINANCING CHALLENGES AND FINANCIAL EXPLOITATION



IMPROVING THE PAKISTANI TALENT BRAND



FUTURE ACTION PLAN

It is believed that players in Pakistan's TVET ecosystem should build capabilities, coordinate and share learnings as they go down the implementation path. Work on building the Pakistan brand must start now. It will take years before it is established and recognised by employers across the Gulf.

PSDF has already started work on it. Building on the interviews conducted as part of this Study and additional interaction with employers beyond this Study, PSDF has signed an agreement with the first of many large scale reputable employers in the Gulf. The first batch of graduates has been in employment for six months with high retention rates.

All other players must join hands to create real impact. The specific actions required to be implemented by various stakeholders along with the related timelines are summarised in the Action Plan Matrix.

ACTION PLAN MATRIX

1	LABOUR QUOTAS		
	Recommended Action	Responsibility	Expected Results
	<p>1 Establish a systemic approach to include labour quotas into the overall bilateral discussion framework</p>	<p>Department of Labour</p> <p>Ministry of Overseas Pakistanis & Human Resource Development</p>	<p>Increasing labour quotas, through relationship building and discussions, will boost labour outflow to the Gulf and other countries, and hence, Pakistan's economy – with a maximum potential of US\$ 800 million annual growth in remittances</p>
	<p>2 Building relationships with the labour departments in the Gulf countries</p>		
2	UNDERDEVELOPED EMPLOYMENT VALUE CHAINS & ECO-SYSTEMS		
	Recommended Action	Responsibility	Expected Results
	<p>1 Developing the value chains of sub-sectors which have increased labour demands, based on the ILOs framework</p>	<p>Punjab Skills Development Fund (PSDF) and TVET Organisations</p> <p>International Labour Organisation</p> <p>Training Service Providers</p> <p>Federal and Provincial Government</p>	<p>On a national and international level, Pakistan would be able to develop specialisation of skills in sub-sectors and trades, and this will nurture the 'brand' of Pakistan as well</p>
	<p>2 Finding and pre-screening talent to establish a database of qualified workers for supply in the value chain. This will improve the interview-to-outcome ratio for the Gulf employers</p>		<p>Developing value chains and hence the market of skilled labour, will also address the current lack of experience Pakistani workers have in the relevant sectors and industries</p> <p>It will open up various labour markets on a national and international level for Pakistani workers</p>

3

EMPLOYABILITY IN TERMS OF SKILLS, CERTIFICATIONS AND CULTURAL ADAPTABILITY

Recommended Action	Responsibility	Expected Results
<p>1 NAVTTC should participate in the development of the skills and certification standards with the Gulf countries' Labour Ministries to make Pakistani talent potentially better positioned to fulfil the requirements of these standards</p> <p>2 The Government should make the soft-skills component mandatory in every skills training</p>	<p>NAVTTC</p> <p>TVET Organisations</p> <p>Ministry of Overseas Pakistanis & Human Resource Development</p>	<p>These measures will give Pakistani workforce the elements necessary to be considered valuable in the international job markets</p>

4

FINANCING CHALLENGES & FINANCIAL EXPLOITATION

Recommended Action	Responsibility	Expected Results
<p>1 A fund to be established by the GoP to finance the placements and exit/entry costs for potential employees – based on an employe-connected repayment plan</p> <p>2 Set up employment offices at NADRA centres to manage awareness campaigns of immigration services, labour rights, and registered employment promoters</p>	<p>Bureau of Emigration and Overseas Employment</p> <p>Government of Pakistan</p> <p>Ministry of Interior/ NADRA</p>	<p>The establishment of such a fund will not only ease the upfront burden on the migrant worker, but will also serve as a check on the employer and lower the incidences of black market labour trading</p> <p>The costs of setting up immigration services at NADRA offices will be high – it will require additional personnel, administrative and technical costs. However, in the long run, it will reduce financial exploitation of Pakistani workers by unregistered middle-men who financially exploit Pakistani workers</p>

5

IMPROVING THE PAKISTANI TALENT BRAND

Recommended Action	Responsibility	Expected Results
<p>1 Building the Pakistani brand through exposure in international forums, conferences, events, and policy discussions</p> <p>2 Creating a single point of contact to troubleshoot any challenges or roadblocks faced by employers in Pakistan</p>	<p>Federal and Provincial Labour Ministries</p> <p>Pakistani Embassies abroad</p>	<p>Participation in international forums and conferences will create awareness about the quality and diversity of skills available in Pakistan and put it on the global map for labour export</p> <p>Companies and/or their recruiting agents from the Gulf will set up offices in Pakistan and actively engage in training to ensure highly skilled manpower is available for their businesses</p>

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ACKNOWLEDGEMENTS

PSDF would like to acknowledge the efforts and hard work of its team that worked tirelessly to make this Report a reality. Extending special acknowledgement to Mashal Yousaf for compiling and providing creative direction; Madiha Sarim, Salman Fayyaz and Faisal Rafiq for designing and quality assurance of the Report.

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Pakistan has enjoyed windfall success in the Gulf countries employment market for decades. It has become reliant on overseas labour to meet key foreign exchange earnings and unemployment challenges. However, in the new economic landscape, the major opportunities span beyond traditional sectors such as construction and oil, and necessitate that Pakistani talent build relevance in the new service sectors which will take Gulf economies beyond oil.

This creates an opportunity for well-organized public & private sector entities like PSDF, TEVTA, PVTC and others to play their part in developing new avenues for employment of Pakistanis by taking an employer focused value chain approach. In essence, this approach entails understanding and meeting employer's recruitment needs, which span beyond just the need for a training certificate. This is often counter-intuitive for individuals who have spent years in the TVET space building such training & certification programs – ultimately this is not what employers are looking for, and there is a need to go well beyond this into the various elements outlined in the report, of which four in particular are especially important for employers.

The objective of PSDF is to share the results of this study so that the TVET sector can craft a bold ambition to undertake this employer recruitment development journey for tens of thousands of recruits in a few years from now. This is a daunting challenge, but such a journey must begin with a clear understanding of where the largest opportunities exist and what employers are seeking. Armed with the right resources and support, TVET sector can get there and could leave behind a legacy which could change the face of Pakistani talent in the Gulf countries for the years to come.



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