

EMPLOYMENT PLAN 2014  
SAUDI ARABIA



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## 1. Employment and labor market outlook

The transformation of the Saudi Arabian economy is one of the success stories of the past few decades. The path of its development has been a particularly unique one, which requires rigorous analysis to understand the current situation and the way forward to continue its prosperity.

The factors unique to the Saudi labor market situation have informed the policies contained in this employment plan, where a roadmap has been laid out to tackle key imbalances in the economy preventing the workforce from reaching its full potential. Central to the employment plan is the objective of ensuring that Saudi workers have access to employment opportunities while maintaining Saudi Arabia as a welcoming place for all workers regardless of nationality. Though the public sector is currently providing most employment opportunities for Saudi nationals, the employment plan lays out a map for, on the one hand, developing the private sector as an attractive place to work and, on the other hand, developing Saudi workers as an attractive demographic to hire.

To evaluate the country's labor market, an analysis of the underlying demographic trends and composition of the population is necessary. Saudi Arabia is amongst the fastest growing nations in the world in terms of population growth. The Kingdom's population grew four-fold from 7.3 million in 1975 to almost 30 million in 2013. Foreigners account for 9.7 million (CDSI, 2013).

However, although there has been a small increment in the total number of unemployed persons, the unemployment rate has reduced as the overall size of the labor force has increased at a higher rate. This is clear evidence of the Ministry of Labor's (MOL) efforts in recent years to support job creation and reduce unemployment, whilst also a reflection of the positive attitude of the private sector towards recent labor market measures introduced.

**Table:1 (Total Saudi unemployment – excludes foreign workers) CDSI**

Percentages			Numbers			Year
Total	Female	Male	Total	Female	Male	
12.4	33.4	7.4	585,727	302,797	282,930	(2011)
12.1	35.7	6.1	602,853	358,870	243,983	(2012)
11.2	33.2	6.1	622,533	361,141	261,392	(2013)

Table 2: Economic and labor market conditions, 2008 (LHS) and 2013 (RHS)								
	Real GDP growth		GDP per capita (USD terms)		Employment growth		Employment to population ratio	
Economy	8.4	3.8	\$24,036	\$26,959	3.0	4.1	47.7	51.1
G20 median	1.4	1.9	\$25,339	\$26,243	1.1	0.9	57.7	57.1
	Unemployment rate		Incidence of long-term unemployment		Youth unemployment rate		Youth unemployment to population ratio	
Economy	5.1	5.7	n/a	n/a	n/a	29.4	5.0	5.3
G20 median	6.3	6.1	24.1	31.0	n/a	n/a	6.9	7.8
	Participation rate		Female participation rate		Working age (15 to 64 years) participation rate		Collective bargaining coverage	
Economy	50.3	54.2	17.8	20.1	51.0	55.7	n/a	n/a
G20 median	60.2	60.3	50.0	51.8	70.4	71.2	n/a	28.8
	Informal employment rate		Minimum wage (Per cent of average wage)		Gini coefficient		School completion rate	
Economy	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
G20 median	n/a	42.2	34.9	34.9	0.341	0.376	76.5	78.9
	Literacy rate		Year 12 attainment (among age 25 to 64 years)					
Economy	n/a	5.6	n/a	n/a				
G20 median	n/a	n/a	69.8	74.2				

Note: Percentage figures, except in the case of GDP per capita and the Gini coefficient.  
Sources: ILO and OECD calculations.

Table 3: Labor market statistics for 2013			
Employment growth	Unemployment rate	Participation rate	Youth unemployment-to-population ratio
4.1	5.7	54.2	5.3

## 2. Employment challenges for Saudi Arabia

Saudi Arabia's economy has experienced continued high growth over the last decade. Despite this, it faces challenges of high unemployment and low labor market participation among nationals, mainly driven by:

1. High youth unemployment
2. Competitive imbalance between Saudi nationals and expatriate workers in the private sector
3. A low rate of female labor market participation

### CHALLENGE: [YOUTH UNEMPLOYMENT]

Unemployment in Saudi Arabia is especially prevalent amongst youth. A low level of labor force participation indicates a significant labor market challenge for Saudi youth in the transition from school to work. Indeed, youth unemployment is an issue that has the potential to grow unless current labor market initiatives remain effective. In addition to this, a significant proportion of young Saudis – 18 per cent of 15 to 24 year olds – are classified as NEET (not in education, employment and training). Consequently, addressing this challenge is a key focus of Saudi Arabia and a large number of programs are run to support the upskilling of the youth to better meet the needs of the private sector.

### CHALLENGE: [SAUDI/EXPAT COMPETITIVE IMBALANCE IN PRIVATE SECTOR]

Of the total Saudi Arabian population, approximately one third are expatriates residing in the country on foreign worker visas. There is a sizeable wage gap between Saudi nationals and foreign workers, as the latter are economically more attractive. For the Ministry of Labor it has become an important policy area to promote the employment of Saudi nationals in the private sector, by either replacing low cost foreign workers or creating new Saudi-specific jobs. At the same time, the Ministry of Labor acknowledges the important role foreign workers play in the economy and aims to ensure that Saudi Arabia provides one of the best working environments for the foreign workers that are required by the economy. Four focus areas of the Ministry Areas here are increasing mobility, protecting wages, providing tailored support and guidance to domestic workers, and establishing staff leasing companies.

### CHALLENGE: [FEMALE LABOR MARKET PARTICIPATION]

There are 12.4m females in Saudi Arabia, of which 8.8m are of working age. Participation is low by international standards and raising this from the current 20.1 per cent (male rate of 77 per cent) to the 43 per cent average of GCC members for females would lead – at current unemployment levels – to the admission of a further 1.7 million women into the workforce. The current level of participation points to a large reservoir of underutilized human resource. Consequently, a key goal of the Ministry of Labor is to increase female participation in the labor force and there are several programs running to address this. These programs range from analyzing individual sectors and engaging companies to identify appropriate jobs, through to providing practical assistance to women. One of the most important demand-side initiatives is the "Female employment in the retail sector" policy. Further measures include programs to provide or subsidize daycare facilities or transportation options. As a consequence of these and wider ministerial efforts in recent years, female participation has increased, but at a rate higher than the availability of jobs for females.



### 3. Current policy settings and new commitments

The Saudi Employment strategy deals with the labor market as part of the overall national economy, taking into consideration the integral relationship between economic reform and labor market reform. In this respect, the strategy seeks to establish strong institutionalized partnerships between the various government and private sector entities constituting the national economy with the purpose of fully activating the implementation of the policies and tasks of the strategy.

The strategy also adopts a clear methodology for follow-up based on specific sets of standards and indicators to measure the pace of progress and the level of achievement in the process of the implementation of its policies.

The strategy is designed to enhance the performance of the entities concerned with the Saudi labor market, improve the productivity of the labor force and increase its contribution to production process.

The Ministry of Labor has calculated that 1.1 million job opportunities for Saudis are required to achieve significant progress in addressing the problem of unemployment and the economic and social challenges it poses. Already, the Ministry's effort is beginning to bear fruit, with the rate of unemployment among Saudis expected to drop from 9.6 per cent in 2009 to 5.5 per cent in 2014.

#### BROAD ECONOMIC SETTINGS

In the light of the prevailing global economic conditions, and within the framework of the future vision of the Saudi economy up to 2024, objectives, policies and programs reflect the determination of the Kingdom to continue pursuing development and to achieve the aspirations of its citizens for a better life and a higher standard of living. The will of the Kingdom has been strengthened by the financial surpluses achieved due to high oil prices. Thus, in determining the objectives and the policy packages and programs designed to achieve them, the 10th development plan balances the Kingdom's development ambition with the realities of the global economy, its future trends, and their possible repercussions on the national economy. The Plan aims at raising living standards and improving the quality of life, development of the structure of the national economy, diversification of its productive base, and enhancing its competitiveness. This is in addition to creating an environment conducive to the progression towards a knowledge-based economy and balanced development.

#### Macroeconomic policy

Saudi Arabia is keen to increase financial support to companies (e.g. loans) especially for SMEs and consequently maintains a stable efficient banking system that will support the role of the private sector. In turn, the benefits of this policy should be reflected in a rising level of job creation and an increasing quality of jobs. To support this, the following commitments are made:

##### **Fiscal Policy:**

- Continuing to increase the capital of specialized government credit institutions in line with the growing demand for loans granted by these institutions. Managing budget surplus in a manner that achieves high and increasing economic returns

##### **Monetary Policy:**

- Continuing to adopt monetary policy tools in a manner that ensures growth of domestic liquidity at rates that support economic activity and maintain price stability. The Tenth Development Plan aims at reducing the rate of yearly inflation from about 4.1 per cent during the Ninth Plan to about (2.9 per cent) in the Tenth Plan.
- Continuing to adopt proper measures to maintain the stability of the banking system and increase its efficiency and competitiveness.
- Supporting commercial banks, which are the most important element of the financial system in Saudi Arabia. Bank assets account for more than 90 percent of the financial system assets.



- Developing the capital market and improving its efficiency to enable it to support the development role of the private sector.

#### **Inflation:**

- Reducing the rate of yearly inflation from about 4.1per cent during the Ninth Plan to about 2.9per cent is a target of the Tenth development Plan.

### **Regulation, finance, incentives, investment and entrepreneurialism**

Saudi Arabia will continue governmental investments and encourage private sector investment with emphasis on integration amongst them to develop economic, social and environmental infrastructure. A focus channel to support this has been through public-private partnerships:

1. Increasing private investments as one of the important mechanisms for stimulating economic activity and dealing efficiently with global developments.
2. Increasing the government investment spending in order to expand and develop the economic, social and environmental infrastructure.
3. Expansion of public-private partnerships for the implementation of infrastructure projects and the improvement and development of health, educational and social development services.
4. Region-wide establishment of investment councils to encourage and develop investment in all Saudi regions. Each council will cooperate with the Saudi Arabian General Investment Authority [SAGIA] to support investment in its region, overcome obstacles, and improve the investment environment.

## **LABOR MARKETS AND SOCIAL PROTECTION**

### **Labor market regulation**

The Saudi labor law regulates the rights and responsibilities of employers and employees, setting wide guidelines for mutual agreements between both parties. Recently, several amendments were made to the law to ensure its continued suitability to the expanding Saudi economy and population, and in particular to ensure the protection of employee and employer rights in the work place.

Specific measures that have been introduced by the Ministry of Labor include:

- **Wage Protection System:** A Wage Protection System (WPS) was introduced in 2013 to better regulate the labor practices of the private sector and prevent illegal practices. The system – currently covering companies who employ more than 500 workers – monitors the payment of wages to both Saudi and non-Saudi workers employed in the private sector, using bank-certified salary payment files verified through comparison with the employee tax database. Penalties for companies that do not submit punctual or correct salary files consist include the discontinuation of access to Ministry of Labor services.
- **Recruitment Channels:** Regulations have been established for mega recruitment companies to operate in the Saudi market. These regulations protect both parties' rights and ensure a healthy and productive relationship.
- **Minimum wage:** Whilst there is no general minimum wage in Saudi Arabia, in 2012 a minimum wage was introduced for the public sector. Additionally, a minimum wage is assessed in the private sector with participation from different social partners. The results of this pilot are expected in the fourth quarter of 2014.
- **Labor Mobility:** A long term aim of the Ministry of Labor is to increase the mobility of expatriate labor, as this will support a reduction in the wage gap between Saudi and expatriate labor. Currently the Wafeed mobility system allows expats from companies with poor Saudization ratios (based on the Nitaqat band) to apply to other companies without approval from existing employer. The Ministry of Labor is currently revising the

legislation to allow expatriates to exchange employer after contract expiry without having to gain approval from their employer. It is hoped that this initiative will be launched in 2015.

- **Working Hours:** Time and work duration regulations are currently under review, with the Ministry of Labor keen to reduce the gap between the public and private sector in terms of hours worked. A reduction in this gap should encourage more Saudis to join the private sector.

## Social Protection in Saudi Arabia

There are many schemes and programs that support social protection in the Kingdom. These affirm the government's keen interest in all sectors of the community, especially where measures will support a reduction of poverty. Social welfare programs provide financial assistance to the poor and the needy, and there are additional programs for specific segments of society run by the Ministry of Social Affairs and Civil and Military Retirement Scheme. The Ministry of Labor covers all private sector employees with an employment injury scheme (work-related injuries and illnesses) and provides regulations for safer workplaces as well as pension schemes, unemployment assistance and job seeker intervention. Further headline measures include:

- **Unemployment Assistance (Hafiz):** The first unemployment Assistance program (Hafiz 1) was launched in November 2011 to help jobless Saudis between the age of 20 and 35, aligning with the significant challenge of youth unemployment. The program pays each participant a monthly financial assistance of SAR 2,000 for a period up to 12 months, conditional on participating in training and demonstrating a seriousness in looking for work. The second unemployment assistance (Hafiz 2, February 2014) followed the success of Hafiz for 20-35 year olds and provides a similar level of financial assistance to job seekers aged 35-60. Another program under the Hafiz umbrella aims at up-skilling job seekers and increasing their chances for employment. A further financial incentive encourages job seekers to move faster to sustainable employment. This incentive is paid to individuals either as a cash amount equal to their remaining financial benefit under the Hafiz program for securing a job early, or offers individuals a training voucher worth more than cash option.
- **Unemployment insurance:** In 2014, Saudi Arabia introduced **compulsory unemployment insurance (SANID)** for all citizens with jobs, providing protection against unexpected unemployment in the private sector. The government hopes the new incentives will lead more of the country's younger workforce to seek employment at private companies, which are currently often outcompeted in the Saudi labor market by public sector institutions often offering more attractive benefit packages.
- **Workplace Safety Regulations:** Safer workplace initiatives are currently being developed by the Ministry of Labor, with a national Occupational Safety and Health (OSH) initiative in progress. Through its subsidiary, GOSI, the Ministry of Labor also covers all private sector employees with an employment Injury scheme (Work-related injuries and illnesses). This covers contracted workers/employees, part-time workers, migrant workers, domestic workers and is compulsory for employers. Supervision is conducted by a government agency and a tripartite administrative board.
- **Pensions:** Saudi Arabia operates a Pension Scheme for all GCC workers under any Social Insurance scheme in any of the GCC states. This grants GCC state citizens working outside their countries in other GCC state the ability to be members of the Saudi pension's scheme.





## Policy measures targeting labor market disadvantages

The Ministry of Labor and its affiliated Organizations have embarked on a number of initiatives to support the youth (addressed under Skills Development), enhance women's economic participation, and ensure that labor market action is equitably operating across Saudi Arabia's 13 regions. Additionally, the Ministry of Labor has introduced a number of regulatory incentives aimed at encouraging the employment of Saudi Nationals and reducing the reliance on foreign workers in the private sector.

### **Enhancing Women's Economic Participation**

Increasing female participation has become an important policy area for the Ministry of Labor. Several initiatives have been launched in recent years, notably Female Employment in the Retail Sector and an initiative supporting individuals 'working from home'. Early success has seen an increase in female participation of Saudi nationals from 17.8 per cent in 2008 to 20.1 per cent in 2013. Whilst the rise is encouraging, the low level still remains a significant challenge within the labor market. Consequently, the expansion of the following initiatives is a key priority for the government:

#### *Female employment in retail sectors*

A headline demand side initiative, "Female employment in retail sectors" has included requirements for lingerie shops and cosmetic shops that sell women products to replace all their male staff with women. This was implemented in 2011 with a one year grace period after which shops that did not comply with the new ministerial decision would be forced to cease trading. In 2014, this was extended to cover a significant number of other retail stores – a new action since the St. Petersburg summit. As well as legislating that such jobs can only be taken by women, the initiative also stipulate a salary requirement for Saudi women working in these shops of SR3,000, of which 50 per cent is paid by the Ministry of Labor over three years, while the fund also supports training by paying 50 per cent of the fees. In addition to this, the Ministry of Labor also provides training centers to prepare women for jobs in sales, customer service, store supervisor, and cashier. The number of Women employed in Private Sector has increased by 160,000 in the past two years.

#### *Telework*

Telework is a program in development that will provide a new employment channel for all KSA nationals - in particular females in remote areas. The goal is to establish a technological platform that enables flexibility of distance work, either at home or on an alternative site, in the private sector. Telework is possible in different sectors e.g. Accounting, Telemarketing and Customer Support. The Ministry of Labor will pay 50per cent of salary for employees using telework, up to a maximum of 2,000 SAR monthly, for two years. The program is due to launch in end of 2014 with full scale roll out in 2015.

#### *Daycare Centers*

This program has a two-fold purpose. First, it seeks to reduce a key barrier to workforce participation among working mothers, childcare provision. Second, it has a broader objective to couple this employment necessity with the development of an early childhood education infrastructure within the Kingdom. Takamol is leading this effort to establish daycare centers as key enablers for boosting the number of working women while enriching the development of young children. In doing so, daycare centers can activate the immediate beneficiaries, mothers with young children, but also can set up the Kingdom's youth for educational success, leading to a higher quality workforce in the future. After a pilot stage, the program will be rolled out across the country. The program is currently in the development phase. Pilots and policy analyses are expected to continue throughout 2015 with full roll-out envisioned for 2016.

#### *Transportation*

This initiative is currently exploring options to ease the financial burden of transportation to employees' place of employment. Because women cannot drive, this should remove an additional barrier to workforce participation. The Ministry of Labor is conducting analysis on financial awards and also on building

infrastructure; these programs are currently in the development phase. Draft policy options are expected by the first quarter of 2015 with pilots and implementation throughout the year. National roll-out is expected in 2016.

#### **Supporting regional reach of labor market measures**

An important aim of the Ministry of Labor is to ensure support is effective across the 13 diverse regions of Saudi Arabia. Consequently, the Ministry adjusts its programs to address regional variations and meet local needs. For instance, Taqat employment channels are multi-channel in order to offer people in rural areas access to job services. Taqat Online automatically matches local supply and demand, while the developing network of training programs and job placement centers is tailored to acknowledge regional specific requirements.

#### **Regulatory incentives to encourage employment of Saudi nationals**

Activating demand for the employment of Saudis in the private sector has been a key goal for the Saudi government in recent years. It is a particular priority because Saudis have traditionally played a small part in the private sector, until recently forming fewer than 10 per cent of the private sector workforce. Several measures have been introduced to support the goal of increasing this level:

##### *Nitaqat*

Nitaqat, launched 2011, aims to encourage the employment of Saudi nationals, particularly of the young population, in the private sector. Every private sector company is classified in a band depending on their compliance with nationalization requirements (i.e. the proportion of Saudis in the workforce). Companies classified in high bands are given privileges and are free to apply to work permits for new expatriates. Businesses in lower bands face constraints related to the visa processes. Nitaqat encourages companies to pay a minimum monthly salary of SR 3,000 to Saudis (Saudis receiving SR 1,500 - SR3,000 calculated as "half" workers; Saudis paid less than SR 1,500 not counted at all). This is higher than the average wage in the private sector and is the effective reservation wage for Saudis seeking employment. Adjustments to the program are made on an ongoing basis; a recent example has been new incentives to encourage the employment of the disabled. Within three years the program has doubled the number of Saudis in private sector jobs, raising their share of the sector workforce to 15 per cent. Of the 750,000 Saudis who have found work, close to 400,000 are women.

##### *Payroll Rebate*

This innovative country and industry wide subsidy program was launched in 2014 to complement the Nitaqat program and encourage private companies to increase the proportion of payroll spent of Saudi labor. The scheme subsidizes a proportion of any increase in the total compensation paid to Saudis, with the subsidy level dependent of Nitaqat band.

##### *Labor tariff for foreign workers - 200 SAR per month*

As an addition to the Nitaqat program, a labor tariff has been introduced to firms on each foreign worker (200 SAR) who is in excess of the firm's 50% maximum allowance of foreign workers. The program aims to increase the cost of foreign workers for companies and reduce the wage gap between Saudi nationals and foreign workers. It was launched in 2013.

##### *Sector specific wage subsidies and groups*

Further measures to reduce the wage gap and encourage the employment of Saudis by private companies include wage and training subsidies for specific sectors (e.g. tourism and retail). Subsidy programs have also been created for specific groups such as women, recently released prisoners and the disabled.

##### *Visa Prerequisite Program*

A program currently under development, which aims to encourage the employment of local talent and ensure that foreign workers are only brought into the Kingdom where required and the potential of the local labor market is maximized. Program B will require employers to consider local talent before resorting to seeking expatriate employees. Applications for foreign worker visas are therefore subject to a local labor market check that will be carried out predominantly via the Taqat channels.

## SKILLS DEVELOPMENT

The Ministry of Labor has a goal to enhance the skills of the Saudi workforce, especially for the youth. Indeed, the principal mechanism by which Saudi Arabia seeks to specifically address its challenge of youth unemployment. A particular focus has been driving greater job readiness for the private sector, where the majority of workers are currently foreign workers. For youth there are key skill development programs, namely Career Education, On the Job training and Colleges of Excellence, whilst there are also courses targeted at wider participation (e.g. Project Parallel, Short Courses).

### School education

The educational curriculums at Saudi schools are diverse. They include a variety of subjects such as math, science, literature, history, Arabic and Islamic studies. The Ministry of Education sets overall standards and oversees specific education for people with special needs.

The government continues to improve educational standards by offering quality training programs for teachers, improving standards for student evaluation, and increasing the use of educational technology.

### Transitions from school to work:

The Ministry of Labor supports the transition from University to Employment through a variety of measures. Once operational, the key support measures available whilst at University will be Career Education and Project Parallel (both are projects currently in development). These are complemented by job matching agencies and career fairs:

#### Career education and development

Career education aims to empower Saudis to make better educational and occupational choices through offering online and offline support. This support provides learning experiences about career opportunities and what is needed to achieve career goals. KPIs include behavior and environmental change (e.g., Measuring the mindset and behavior change of the beneficiaries) and service level KPIs. Career education is currently being implemented along two specific tracks:

- The **Strategy track** identifies the components of a comprehensive career education & development system for SA and launching the implementation of the system through issuance of RFPs, bringing in best in class international and domestic service providers. The program is currently in development and is expected to trial in 2015.
- The **Fast track** is a pilot program with KSA career education and development providers to help them grow capacity and achieve fast impact. The first contracts are to be awarded later in 2014.

#### Project parallel

Project parallel is an employment readiness program for young Saudis. It is designed to provide online pre-tests, e-learning modules and e-coaching during work experience/on-the-job trainings. The main program parts are general employability skills and specialized skills for different types of jobs. A career readiness certificate is issued by the program which gives employers the confidence that the respective person is employable and brings the right skills. The program will be launched and implemented in the first phase in September 2014, and subsequently be enhanced. KPIs will include the quality, effectiveness and size of the program. This is a new action since the St. Petersburg Summit.

#### Job Placement Centers

Job Placement Centers (JPCs) provide job seekers with evaluation, training and communication skills, and link them with suitable job opportunities. A program has been launched to create an alliance between JPCs and the Ministry of Labor's vocational training schemes. The focus of the program is to train vocational training staff to provide career guidance support to vocational training students.



**Job fairs**

A program of careers fairs (Liqaat) aims to facilitate faster job market nationalization. The format is practical traditional job fairs where graduates and other job seekers can attend and meet prospective employers. Interview-based job fairs are organized by the Ministry of Labor, where job openings of participating employers are pre-matched with Job Seekers profiles and Job Seekers are invited based on opening matches. Job Seekers have pre-scheduled set of interviews. An open day is also available for those that have not been invited. Liqaat physical job fairs are organized in Riyadh, Makkah, Jeddah, Dammam, Abha, and there are also virtual fairs online.

**Higher Education**

The Ministry of Higher Education launched a long-term plan to make sure that the Saudi educational system provided the highly skilled manpower the Kingdom needs to run its increasingly sophisticated economy. One of the plan's first objectives was to establish new institutions of higher education throughout the country and expand existing ones. As of 2014 there are more than 25 major public universities and colleges, a large number of vocational institutes, and a growing number of private colleges.

Another objective was to establish undergraduate and postgraduate programs in most disciplines at these universities and colleges. Currently, about 1 million students are enrolled at Saudi universities and colleges, over half are female. Indeed, women attend all major universities, as well as numerous all-female colleges and private women's universities.

Saudi students also have the opportunity to pursue specialized graduate and postgraduate degrees abroad. Supported by government scholarships, thousands of Saudi students enroll in universities outside the Kingdom.

**Technical and Vocational Training**

With the increased attention and demand throughout the kingdom of Saudi Arabia for greater human resources and participation in technical and vocational areas, a key priority of the Ministry of Labor has been increasing the capacity of the institutions run by the Technical and Vocational Training Corporation. A focus here has been the introduction of Colleges of Excellence, as well as the expansion of Short Courses that are available to all job seekers, especially women:

**Colleges of Excellence**

Colleges of Excellence (CoE) provide tertiary courses designed in consultation with private sector employees which combine classroom training with placements in the workplace. The mix of skills and workplace experience makes CoE graduates attractive prospective employees. The commitment is to establish 50 technical training institutes over the next 10 years, which are incentivized based on the number of college graduates that successfully move directly into employment. The first wave of CoE, with 5 world-class international training providers operating 10 new colleges, was launched in September 2013. Eight more providers will join the program in September 2014, raising the number of colleges to 37.

**Short vocational training courses**

The Ministry of Labor has established a series of "Short Courses" to support job seekers. These courses are designed to address skills gaps, a key obstacle to employment, by training high school dropouts and re-training and up-skilling adults who hold other educational qualifications. Whilst the courses are open to males and females, they are particularly attractive to female given their shorter and more flexible duration than more traditional vocational courses. The duration varies from a few hours to 1 year and focus on a wide range of different subjects, such as work readiness, basic IT, and technical and vocational skills which are in demand by employers.



## Apprenticeships

Apprenticeship programs are an increasingly important element in the transition from education to employment. Saudi Arabia currently operates two programs:

### **On the Job Training**

On-the-job training for youths and other new employees in the private sector occurs in the workplace under a contract between the employer and trainee. Instruction is provided by a professional trainer or experienced employee. After completion of the pilot, full scale roll out should begin in 2015.

### **Joint Training Program**

Joint training programs last from two month to two years, with trainees spending 75 per cent of the time in the workplace and the rest in class or theoretical training.

## Entrepreneurship

SMEs play a critical role in job creation, particularly in the less populous of Saudi Arabia's 13 regions, where large companies may be hindered by smaller potential markets. Consequently, the Ministry of Labor provides various support programs to new businesses and entrepreneurs. An example of this is the Entrepreneur Development Program:

### **Entrepreneur Development Program**

The Entrepreneurship Development Program aims at up skilling entrepreneurs to support the development of SMEs in Saudi Arabia. It supports those intending to start their own business and to create employment in a three week program. The primary focus is on helping business owners develop key business management and planning skills before starting their new business. The core elements of the program are: Feasibility Study, Financials & Accounting, Marketing, Legislation, Franchising; and Business Planning as hard skills. In addition to this the development of a personal skill set is a key element. The Ministry of Labor supports training costs for 3 to 5 weeks, not exceeding SAR 3000.



## 4. Monitoring of commitments

This section reports on the implementation of Saudi Arabia's commitments made under recent G20 presidencies, including the Los Cabos Jobs and Growth Plan and the Saint Petersburg Action Plan. It highlights the major measures Saudi Arabia has taken to address its commitments, as well as identifies the steps it has taken to follow through on strategies endorsed by G20 Labor and Employment Ministers.

### LOS CABOS AND SAINT PETERSBURG COMMITMENTS:

A number of new measures have been introduced since the Los Cabos and Saint Petersburg summits to address the two main policy commitments of Saudi Arabia:

#### Social protection package

- **Unemployment insurance:** Saudi Arabia has introduced compulsory unemployment insurance in 2014 for citizens with jobs.
- **Nitaqat Program:** New adjustments to the program are ongoing, especially for disadvantaged groups.
- **Wage Protection System:** A Wage Protection System has been introduced by the Ministry of Labor in 2013.
- **Minimum wage:** Saudi Arabia currently evaluating opportunities for minimum wage.
- **Hafiz Program:** Financial support for real job seekers during unemployment time has been extended for the age group of 35-60 year old.
- **Wafeed program:** Program to increase mobility of expatriate labor.

#### Promotion of youth employment

- **Colleges of Excellence:** Establishing 50 technical training institutes, (Colleges of Excellence), over the next 10 years.
- **On the job training:** Development of on the job training program that promotes private sector employment as well as upskilling.
- **Career education:** Development of Career education programs that aims to provide a lifelong service and is already launched.
- **Project Parallel:** Online courses that teach and promote general employability skills.

### A SKILLED WORKFORCE FOR STRONG, SUSTAINABLE AND BALANCED GROWTH: A G20 TRAINING STRATEGY

**Private Training:** it focuses on encouraging the private business sectors in investing in skills development and establishes private training centers and institutes. Also, it provides private licenses, supervision and graduates evolutions, as the following:

- There are (315) Male Training Centers, (232) Male Training Institutes and (91) Male High Training Institutes all across the KSA, with approximately (82414) Male trainees enrolled and (63460 graduates).
- In addition, there are (42) Female Training Centers, (136) Female Training Institutes and (120) Female High Training Institutes all across the KSA, with approximately (59731) Female trainees enrolled and (63460 graduates).

