



White Paper for the Human Capital Pillar

Building Kuwait's Future
Human Capital for the
Knowledge-Based Economy

2019



مركز الكويت للسياسات العامة
Kuwait Public Policy Center



*Empowered lives.
Resilient nations.*

Authored by Wafa Saad for KPPC.

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Contact Details:

Kuwait Public Policy Center

kppc@scpd.gov.kw

Tel: 22452359

The Kuwait Public Policy Center

General Secretariat of the Supreme Council for Planning and Development

State of Kuwait

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I. Introduction



Background and Objectives

Under the framework of institutional and technical support for the establishment of the Kuwait Public Policy Center (KPPC), the United Nations Development Program (UNDP) and the State of Kuwait, represented by the General Secretariat of the Supreme Council of Planning and Development (GSSCPD), strive to enhance institutional capacities at various government agencies. They aim to do so by providing these agencies with the support needed to strengthen their capacities to shape national policy-making and policy agendas.

Within this context, this paper provides policy directions and priorities to inform the human capital pillar in the next Kuwait National Development Plan (KNDP) 2020/2025. The creative human capital pillar involves reforming the education system to better prepare youth and the broader workforce to become more competitive, skilled, and productive. As such, this paper specifically addresses the education-labor market alignment and identifies policy directions and recommendations based on analysis of existing challenges and gaps.

This paper consolidates policy priorities to create a platform for a much-needed dialogue and consensus-building among the various key stakeholders (government, industry, private sector, and educational institutions). It aims to provide policy solutions on how best to develop Kuwait's national human capital policy agenda in the short- and long-term.

Approach

This paper's initial policy analysis was based on existing human capital policy objectives and targets set out in the KNDP 2015/2020. This was followed by a thorough policy-gap analysis and review of international trends and best practices in public administration reform. In addition, ongoing reforms and government priorities in Kuwait were reviewed to consolidate policy recommendations and build on existing government orientations and priorities.

As such, the proposed policy priorities in this paper are consolidated within a comprehensive multi-dimensional framework to bring the public administration ecosystem up to international standards and achieve digital government (figure 1). The overall policy directions and recommendations are grouped under the following four policy areas:

- i. transform the education and training system for the knowledge system,
- ii. create a well-balanced labour market,
- iii. build an effective education-labor alignment, and
- iv. strengthen the enabling ecosystem.

Document Structure

This paper is divided in four sections. The first section provides an overview of the human capital pillar context, key challenges, and ongoing government orientations. The second section introduces the various components of the integrated human capital framework, anchors and consolidates the proposed policies. The third section provides a set of strategic policy directions, recommendations, and proposed policy instruments on how Kuwait can transform the education and training sector to the knowledge-based economy. The fourth section concludes with key success factors and the way forward.

II. Human Capital Development in Kuwait: Context and Challenges



Kuwait National Development Plan 2015/2020 and Human Capital Pillar

The Kuwait National Development Plan, “New Kuwait 2035,” is the second Medium-Term Development Plan (2015/2016-2019/2020). It builds on the strategic directions, objectives, and achievements initiated during the first National Development Plan (2010/2011-2013/2014). Its main purpose is to provide a unified national direction for strategic planning in Kuwait. This is done by highlighting the areas that Kuwait needs to focus on, measuring performance against global indices, and identifying a set of projects that will have the highest impact on achieving the vision. The KNDP is anchored around seven key pillars. Pillar 2, Creative Human Capital involves reforming the education system to better prepare youth to become competitive and productive members of the workforce, as well as improving the efficiency of education spending. The development of Kuwait’s people through education and human capital improvement is the key driver to achieve the vision and overcome challenges.

Ongoing Government Orientations

Various government-directed reforms and investments have been under way, including those initiated in the general education segment under Kuwait's Integrated Education Reform Programme and School Education Quality Improvement Project, in collaboration with the World Bank. These are aimed at improving and enhancing the country's basic education offering. Since 2014, the government has also been more actively seeking to engage the private sector on development, primarily by offering investor-friendly policies and public-private partnerships (PPPs). The key emerging trends in the education sector include the growing preference for private schools, the increasing use of technology, and the popularity of schools offering an international curriculum. Growth opportunities are concentrated in e-learning markets, the pipeline of new schools and colleges, and PPPs under the build-operate-transfer (BOT) model.

Kuwait continues to grapple with high unemployment among youth aged 15 to 24, which currently stands at 17%. The public sector has the highest concentration of Kuwaiti nationals (85%) while the private sector has far fewer (5%). This is in the context of a volatile domestic and global economic environment, unpredictable oil prices, and unstable geopolitics.

Most labor policy measures introduced by the government in the last five years have not succeeded in curbing public sector employment or increasing the employment of nationals in the private sector. These measures include increased nationalisation quotas, new restrictive residency measures for foreign workers, activating the National Fund for SMEs (small- and medium-sized enterprises), new subsidies to increase nationalisation in the private sector, and the introduction of the Kuwaiti Professional Qualification System. Gaps in wages, benefits, and working conditions between the public and private sectors remain unaddressed. The Civil Service Commission has developed the "strategic alternative" compensation reform, which requires a complete revamp of the salary scale and composition of the civil service. Until today, the proposal has not been approved by the general assembly, which has resulted in an ongoing, uncontrolled public-sector wage bill.

The most recent "Future of Jobs" report, produced by the World Economic Forum, identifies emerging trends that will affect the future of work globally, including in Kuwait. The fourth industrial revolution is putting tremendous pressures on governments and more specifically the education and business sectors to rethink how nations can close the skills gap. "Education and training systems need to keep pace with the new demands of labor markets that are continually challenged by technological disruption, demographic change, shifting business models and the evolving nature of work. This transformation needs to address both short term [...] and long term needs in an urgent but sustainable manner."¹

Technological advancements and digital transformation in economies and societies are affecting the future of education. They provide tremendous opportunities for strategically leveraging to prepare the future Kuwaiti workforce for the challenges that lie ahead. The scope of this paper is to examine the type of policies that can be introduced to support higher education in Kuwait in order to equip future generations with the right set of skills and competencies to transition to the knowledge-based economy.

¹ The Future of Work Report, 2018. World Economic Forum.

III. Towards an Integrated Human Capital Development Framework



One of the key development objectives of Kuwait Vision 2035 is a knowledge-based economy. The government has launched two cycles of mid-term National Development Plans, the first covering 2010/2015 and the second covering 2015/2020. The human capital formation in both plans was considered a key driver of the transition to a knowledge economy. However, education and labor sector reforms and their interactions with other policy areas (e.g., social safety nets, economic diversification, public administration reform, and demographic imbalance) are mainly addressed incrementally, with little integration and coordination among stakeholders.

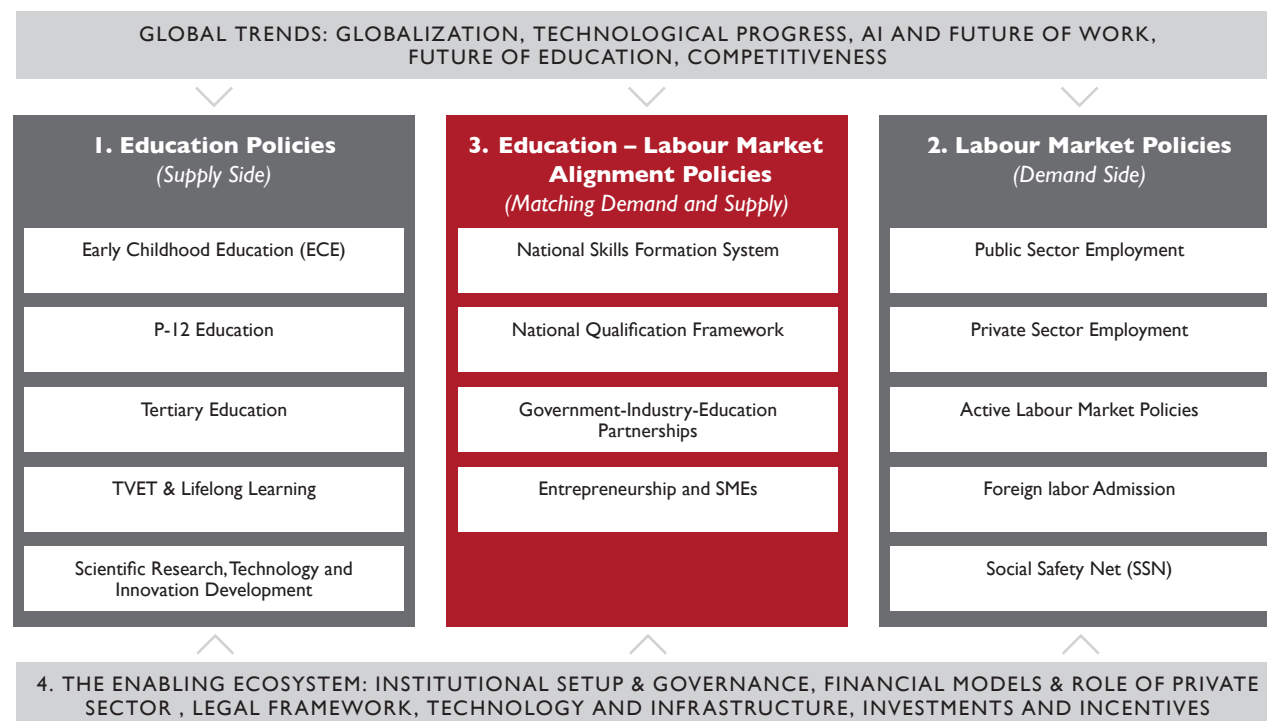
The need for an integrated framework to anchor human capital pillar policies stems from the need to adapt quickly to the existing fragmentation between the education and labor market sectors. There is an urgent need to develop an integrated approach to anchor the various policies proposed in this paper and ensure the next KNDP 2020/2025 provides comprehensive reform. This can be done by consolidating education and labor reforms (and their alignment), in addition to consolidating the enabling ecosystem in terms of institutional setup, governance, capabilities, and resources.

The proposed framework is structured around the following four components:

1. **The education and training system** component represents the supply side of the labor market. It covers all levels of the education system, starting with the early childhood education (ECE) and including P-12 education (pre-school through Grade 12), tertiary education, technical and vocational education and training, and lifelong learning, scientific research and innovation development.
2. **The labor market** component represents the demand side and includes public- and private-sector employment policies and the foreign labor admission system.
3. **The education-labor market alignment** component is an essential component of the framework. It includes the necessary coordination and partnerships between industry, government, and educational institutions; the national skills formation system; the national qualification framework; and the entrepreneurship and SME ecosystem.
4. **The enabling ecosystem**, which includes institutional setup and governance, the legal framework, technology and infrastructure, and government investments and incentives needed to better engage the private sector.

FIGURE 1

Proposed integrated human capital framework for policy analysis and recommendations



IV. Strategic Policy Directions



Policy Direction I. Restructure the organization and functions of the machinery of government

Objective

The main objective of this policy direction is to reform the overall education system and equip Kuwaiti students with the right competencies and skills for the knowledge-based economy and future jobs.

Rationale

The general education system is at the heart of Kuwait's long-term social and economic transformation to a knowledge-based and sustainable economy. Since the articulation of Kuwait's first National Development Plan in 2010, the education sector formed a central theme in achieving Vision 2035. The last KNDP 2015/2020 focused on four objectives for the education sector:

- i. enhance the relative ranking of the State of Kuwait in the index of those with higher education;
- ii. increase in the percentage of outputs with higher education;
- iii. provide a promising academic climate to the next generations; and
- iv. enhance the quality of higher education outputs.

The education sector still lacks a cohesive and comprehensive policy agenda that frames Kuwait's reforms and strategic directions and guides stakeholders on how to work together to align, consolidate, and transform all levels of education following a clear road-map. After examining the education reform outcomes in the last ten years, we are unable to measure any tangible impact and identify any significant progress.

Kuwait's K-12 education system still ranks lower than its Gulf Cooperation Council (GCC) peers and leading international practice despite making among the highest government expenditures on education in the world (figure 2). Significant issues and challenges include an outdated curriculum and teaching methods, low teacher competencies, challenges in attracting and retaining high-quality teachers, learning gaps between public and private schools (especially in STEM education), and insufficient public school capacity (meaning supply is not keeping pace with the increasing demand for quality, predominantly private, education from locals and expatriates alike). This, in return, is driving up school fees.²

FIGURE 2

Education system in Kuwait compared to GCC (international ranking out of 138 countries, 2017)

Indicators	Kuwait Rank (out of 6 GCC Countries)	Kuwait	KSA	UAE	QATAR	Bahrain	Oman
Quality of primary education	6	103	64	12	6	36	78
Primary education enrollment rate	3	88	52	100	93	47	96
Secondary education enrollment rate	5	68	24	71	19	51	37
Tertiary education enrollment rate	4	90	44	96	106	75	87
Quality of education system (higher education)	6	86	48	10	5	25	80
Quality of math and science education	6	105	65	10	5	29	89
Quality of management schools	6	92	55	16	5	34	119
Internet access in schools	6	91	65	4	11	39	84
Local availability of specialized training services	6	113	76	22	18	35	112
Extent of staff training	6	80	57	16	8	26	49

Source: Adapted from Mamore and The global Competitiveness Report 2016-2017.

² GCC Education Industry, November 2018. Alpen Capital.

The tertiary education system suffers equally from poor outcomes and misalignment with labor market needs, and is blamed for not preparing Kuwaiti youth for jobs and careers in the private sector. The main challenges include insufficient capacity affecting supply and demand. Kuwait University and existing private universities operate at full capacity, indicating excellent potential for new private universities to start operations in Kuwait. (Student enrolment in private universities has in fact increased at a good pace from 2013-15.) The trend of Kuwaiti students going abroad for tertiary education (9,569 in 2009 to 16,799 in 2013) and increasing numbers of non-Kuwaiti student enrolments in private universities in Kuwait (18,399 in 2014 to 19,140 in 2015) is a factor that could drive demand for more foreign universities or their branches to set up in Kuwait.³

The scholarship system that offers nationals studying abroad a range of curricula lacks a clear strategy to equip nationals with better skills and improved outcomes wherever they choose to study. Most importantly, it fails to prepare them for employment in the private sector.

Another major challenge is the number of high school graduates is much higher than Kuwait University has capacity to accommodate. Students who fail to get a place at Kuwait University may choose to join the Public Authority for Applied Education and Training (PAAET), which offers limited programs and majors. The number of students attending remains much greater than what the faculty can take in.⁴

The cost for poor performers and dropouts at Kuwait University reached KD 39 million in academic year 2012/2013 – 12.89 percent of the university budget. A recent study recommended to develop activities in schools, provide required materials in science laboratories, and rationalize expenditures without reducing salaries by prioritizing essential items in the budget. It also stressed the need to implement the recommendations mentioned in the report of educational experts from Singapore in 2013. These experts suggested improving the teachers' level of professionalism, tapping their creative potential, and implementing an effective mechanism for their performance evaluation.⁵

Another major issue is the low ranking of education quality despite high levels of government expenditure. The KNDP strategic objectives for education focus on providing equal access to all children and coordinating curricula so students are equipped to meet the requirements of the labour market. The leadership emphasizes the significance of education for producing sustainable employment for Kuwaitis and providing them with the tools to compete in the global market. Government spending has accelerated in recent years, growing at an annualised rate of 14.4% in the four years leading up to 2014/15, and accounting for 15% of the country's total expenditure (or KD 2.7 billion/USD \$9 billion) in 2016. While this is lower than the 17.5% average government spend in the GCC, Kuwait actually spends more per student, at roughly \$14,300, compared to \$11,000 in the rest of the GCC.

³ Source: <https://www.gfh.com/wp-content/uploads/GFH-Education-Sector-Report.pdf>

⁴ Global Investment House (Global), 2017.

⁵ <http://www.arabtimesonline.com/news/expenditure-education-kuwait-less-average-countries/>

In spite of significant public funding directed at improving the quality of education in Kuwait, the World Economic Forum's "Global Competitiveness Report 2017-2018" ranked the country 95th of 140 countries worldwide in terms of educational quality. Part of the issue is that the majority of the current budget for public education – whether for nurseries, schools, public universities or state technical colleges – goes toward paying salaries rather than enhancing the schools, improving quality, or building new educational facilities.

An internationally-benchmarked education system for the knowledge economy requires quality learning opportunities at each stage of an individual's lifecycle. Providing for each distinct stage requires a robust early childhood education strategy, a quality school infrastructure and curriculum, flexible and accessible pathways to higher education, professional learning, and lasting opportunities for adults to retrain and access new skills. The proposed policy recommendations are structured accordingly and are mainly framed to complement ongoing reforms while being geared toward the knowledge economy.

Policy Recommendations

1.1 Develop high-quality Early Childhood Education (ECE) and expand its provision

The aim of a comprehensive ECE policy is to enhance links between early childhood and primary education and promote home-school cooperation. An effective ECE policy in Kuwait will help children cultivate a positive attitude towards learning, introduce language and basic mathematics skills, create a foundation for lifelong learning, and improve children's cognitive abilities and socio-emotional development. Most importantly, such a policy will strengthen the relationship between ECE participation and later PISA school outcome results, as seen in the educational outcomes of high-performing countries. A national strategy coordinating all relevant stakeholders will ensure expansion and improvements to ECE.

Currently, the ECE is not targeted within the KNDP or Ministry of Education plans for reform. Preschool education is not compulsory in Kuwait, but is provided free to citizens aged four to six years at public schools. The entry age is usually four years, and its duration is two years. Preschool is not integrated into the education ladder. For expatriate children aged between two and four years, there are a large number of private nursery schools. Additionally, many schools for foreign children offer kindergarten for children aged four to six years. International benchmarks from UNESCO on gross enrollment rates in pre-school education for 2015 reveals that Kuwait's enrollment ratio remains lower than in Europe and Asia. Between 2011 and 2016, pre-primary schools reported a compound annual growth rate of 1.0% to reach 81,993 students. The gross enrollment rate for the segment stood at 67.9% in 2016⁶.

⁶ UNESCO.

International experience from countries with advanced knowledge economies (Singapore, South Korea, Denmark, and OECD countries) has proven the importance of early childhood education for children under age seven on later learning and social outcomes. Evidence from research suggests that high-quality early childhood education yields numerous benefits for children that last well into adulthood: better school performance, lower repetition rates, and fewer dropouts are only some examples of the full range of positive impacts. Data from PISA school outcome results show that participation in any ECE raised students' science achievements a decade later, but students who did not experience pre-primary education appeared to have a relative disadvantage. It also showed that participation in ECE is strongly associated with students' science proficiency at age 15.¹

Research from around the world suggests also that simply providing access to ECE is insufficient for improving children's developmental outcomes. Alternatively, ECE programs must reach sufficiently high levels of quality to generate meaningful changes in children's early learning and development (Britto, Yoshikawa, & Boller, 2011). A number of different dimensions of quality exist in the ECE literature. Structural quality (e.g., low student-teacher ratios, high levels of teacher training and pay) is thought to be fundamental for improving ECE programs' levels of process quality (e.g., the warmth, responsiveness, and instructional rigor provided by the teacher in the classroom context; Cryer, Tietze, Burchinal, Leal, & Palacios, 1999). In turn, it is these process dimensions that are thought to have the most meaningful impacts on children's outcomes (Howes et al., 2008).

Proposed policy instruments

- i. Conduct a baseline of the state of ECE in Kuwait supported by public consultation to involve parents, educators, experts, and key stakeholders. This is needed considering the general lack of research on ECE in general and the quality of ECE interventions in particular.
- ii. Develop a national ECE policy framework as an integral component of the overall education-sector vision for the next KNDP. Such a framework should focus on review, as well as strengthen ECE regulation and quality assurance. Special attention is needed to legislative reforms, including revisiting and defining the competence requirements for ECE staff and examining the level of professionalism and qualifications of the ECE workforce. All new policies and regulation can be consolidated under new legislation, *The Act on Early Childhood Education*.
- iii. Develop an ECE national strategy for 2020/2025 that includes a short- to medium-term strategy and implementation plan.
- iv. Integrate STEM into ECE to build early curiosity for science and technology and the importance of numeracy skills. Focus on systemic coherence between ECE and primary schooling.
- v. Establish a national program for the monitoring and evaluation of the ECE system. Such a program needs to measure effectiveness and efficiency, as well as a full range of service results and impacts in terms of inputs, outputs, and outcomes.
- vi. Establish an autonomous body (that could be overseen by the Ministry of Education) to serve as the regulator and development agency for the ECE sector in Kuwait, and which can oversee and coordinate ECE reforms across kindergartens and child care centers.

I.2 Follow through on, expand the scope of, and accelerate the pace of P-12 education reforms

The objective of this policy is to provide Kuwait with a state-of-the-art education that will allow children to acquire and develop the skills, knowledge, and understanding needed to succeed at all stages of their education, and equip them for the knowledge economy.

One of the significant issues affecting education and training institutions in Kuwait is the lack of a national education vision and strategy setting out the future direction of reforms and guiding stakeholders on how the overall education system should evolve to meet the challenges and opportunities of the knowledge economy. Since 2003, the Ministry of Education has undertaken education reforms supported by the World Bank under the umbrella of the Integrated Education Reform Program (IERP) 2011-2019. The IERP'S goals include improving educational outcomes, developing curricula, enhancing the effectiveness of teaching and school leadership, and making the system as a whole more effective and accountable. In March 2015, the Ministry of Education and the National Center for Educational Development (NCED), in partnership with the World Bank, launched a multi-year integrated modernization program. The programme addresses critical issues in Kuwait's education system: curricular reform, strengthening NCED and national assessment capacity, developing national education standards, improving school leadership, and developing professional standards.⁷ The overall objective of the program is to improve the quality of schools and education in Kuwait. Despite education reform being at the center stage of the KNDP and government priorities, reform outcomes have not been met. Ten years after the launch of the second KNDP, the Ministry of Education has yet to develop a sector-wide strategy with clear direction on how the education system will be reformed, which components, and on what timelines.

Proposed policy instruments

Previous education reforms have established the baseline and a good foundation to build on the next reforms.

- i. Follow through on, expand the scope of, and accelerate the pace of P-12 education reforms.
- ii. Develop a national education reform strategy with a clear vision and a comprehensive roadmap.
- iii. Review and update the legal and policy framework for the education sector.
- iv. Review and establish the governance and institutional setup of key stakeholders to ensure regulatory and policy functions are separated from operations and services.
- v. Make STEM education the cornerstone for the general education sector transformation: this will require a renewed and priority focus on STEM education in schools to equip Kuwaiti youth with the right skills and knowledge to succeed in the knowledge economy. Develop the STEM curriculum, including a deep engagement with computer coding.

⁷ World Bank, Kuwait Education Program Achievements, School Education Quality Improvement Program, 2014.

- vi. Leverage technology and develop the infrastructure for online learning, linked to classroom practice, to support the development of other problem-solving and reasoning skills, which are the core of mathematical thinking, scientific literacy, and coding. Establish a STEM professional learning exchange in partnerships with universities and industry to support student education in schools.

I.3 Refocus and promote science, technology, and innovation (STI) in higher education by adopting a comprehensive internationalization agenda for higher education through strategic partnerships centered on research and development (R&D)

The objectives of this policy are to enhance the overall quality of tertiary education offerings, enhance STI in higher education, develop students so they can work in an interconnected knowledge economy, and most importantly, encourage collaborative research on a global level.

The quality of education in Kuwait keeps slipping in international rankings despite heavy government investment. The Global Competitiveness Report 2017-2018 ranked Kuwait 104th for the quality of its primary education, slipping one place from the year before. It was ranked 89th for the quality of its higher education, declining from 86th the year before. Kuwait was also ranked 95th on the overall higher education and training pillar in 2017-2018, down one place from the year before.

Government-sponsored scholarships in Kuwait have been an important policy instrument providing higher education for Kuwaiti students to acquire a range of knowledge and skills and improved outcomes wherever they choose to study. The number of Kuwaiti students studying abroad has been increasing over the last 10 years, reaching 6,000 in 2008 (up from around 3,000 in 2001). The primary challenge is that existing policies are not leveraged enough to encourage specialization and programs directly linked to the knowledge economy. Currently, the scholarships policy is not fully aligned with Vision 2035. It presents various inefficiencies in terms of eligibility criteria, specialisation, and lack of support for students who complete their programs overseas and cannot find suitable jobs matching their qualifications upon their return – where they end up taking jobs in the public sector.

International experience provides various models for Kuwait on how to design and implement skills policies that encourage cross-border tertiary education to expand its stock of skills more rapidly than if it had to rely on domestic resources alone. “For certain countries whose higher education systems do not have the capacity to meet the demand to develop their national economies, international higher education can bring positive effects. In general, cross-border higher education can create benefits through mutual exchange of students, teachers, and programs. It is increasingly being used worldwide to create joint research and development programs”.⁸

⁸ The Internationalization of higher education in MENA: Policy Issues Associated with Skills Formation and Mobility, the World Bank.

International experience

Case 1. The United Arab Emirates has already successfully embarked on this approach by establishing international university partnerships; for example, the Emirate of Abu Dhabi has attracted Paris-Sorbonne, INSEAD, and New York University, thus increasing the quality of its tertiary education offerings in a relatively short period of time.

Case 2. The Education City in Qatar has been established by the Qatar Foundation to build a knowledge-based economy, produce a pool of well-trained graduates and lifelong learners, and ultimately make Qatar not only a hub for education in the region but also a knowledge-producing country with an economically sustainable system and diversified economy. The City is currently home to seven universities, including Qatar Academy, The Learning Center, Qatar Leadership Academy, Academic Bridge Program, QSTP, Sidra Medical and Research Center, RAND- Qatar Policy Institute, The Faculty of Islamic Studies, and a teaching hospital associated with Weill Cornell Medical College. Qatar's Education City had other policy objectives and motivations for internationalization, including i) enhancing the curriculum with international content; ii) improving academic standards and the quality of higher education in Qatar; and iii) encouraging collaborative research on a regional and global level.

Case 3. In Saudi Arabia, the King Abdullah University of Science and Technology has engaged world-class universities to help design the curriculum of its programs. It has also created a "Global Research Partnership" allowing its faculty and students access to top researchers and research facilities from four world-class research universities.

Proposed policy instruments

- i. Develop a comprehensive policy agenda for the internationalization of higher education in Kuwait by exploring the various models available, and design a customized model for the Kuwaiti context. Such a policy should include the internationalization of the curriculum, student mobility, international student recruitment, student support and integration, and faculty and staff. In addition, various internationalization models can further be explored in combination. These models include a) export education / distance learning; b) franchising (collaborative provision, twinning); and c) international branch campuses.
- ii. Invest in an active network of strategic partners in countries leading in the areas of science, innovation, and research in social and economic priority fields.⁹
- iii. Establish a government body dedicated to managing the internationalization agenda in tertiary education with the right capability to design and implement effective partnerships and promote STI and R&D in education.

⁹ The internationalisation of higher education: trends, motivations and models, Nigel Healy, University of Nottingham, May 2016

- iv. Restructure the international scholarship system and policies. This will require setting clear targets to increase yearly enrollment in STEM by 5% and gradually phase out programs that are not related to socioeconomic priorities. Anchor the scholarships program within a larger internationalization strategy for the higher education sector with financial incentives to encourage STEM graduates to go into teaching. Establish appropriate policies to ensure all returning graduates are fully absorbed in high-added-value jobs in the private sector. Design targeted incentives for students to enroll in degrees and programs that support the Kuwait economy and the transition to the knowledge economy. Phase out policies that are not fully aligned with KNDP and Vision 2035.

I.4 Expand and improve the quality of technical and vocational education and training (TVET)

The primary objective is to have an efficient TVET system that is able to maximize employment readiness and opportunities for students in the private sector.

Leading countries assure quality in TVET as a demand-driven system through close coordination with the private sector. This ensures TVET institutions are supporting the national economic agenda and priority economic sectors by filling needed skills. High-quality vocational education and training pathways can help engage youth who have become disaffected with academic education, improve graduation rates, and ensure smooth transitions from school to work. In Kuwait, the provision of TVET remains disconnected from the labor market and driven by supply, with limited involvement of the private sector in curriculum development.

The OECD's experience shows a good TVET system is based on three characteristics: 1) responsive to the needs of the labor market; 2) a strong core of foundational skills, and 3) strong elements of work-based learning. TVET trends from Asia can be categorized in two areas of institutional focus to begin implementing change. The first includes targeting the needs of the economy and future jobs and ensuring TVET graduates are "job-ready." The second requires institutions to integrate (not just partner with) industry, embrace the use of technology to drive pedagogical change, and adopt a smart-campus mindset.

In Singapore, 65% of the entire post-secondary cohort attend a vocational institution. Singapore has also taken an innovative approach to tackling the poor perception of TVET through campaigns such as the "Top of the Trade" television competition and "Apprenticeship of the Year" awards. The Institute of Technical Education and a handful of institutions like it are considered world-class education institutions (even when compared against universities).¹⁰

¹⁰ Agency for science, technology and research. A*Star report, 2017. Singapore.

Proposed policy instruments

- i. Conduct a comprehensive evaluation of existing policies and systems and assess the state of existing partnerships with industry to identify how curriculum content and specialization are preparing graduates for lifelong learning.
- ii. Strengthen and upgrade education policies and ensure education is demand-driven, in close coordination with the private sector. The initial stage will be to research current and future market needs for vocational professions and develop a national strategy accordingly. The research will produce a national baseline assessment of the education system to measure the skills alignment (or mismatch) within the labor market, with a view to increasing competitiveness and innovation. Key features of a successful strategy include a focus on job-readiness, internship opportunities for students, improved linkages between university and industry, involving private-sector firms in curriculum design, and ensuring the TVET system is driven by labor market needs.
- iii. Develop a communications strategy to improve the reputation and perception of TVET among students and the community at large.
- iv. Develop a set of financial incentives for the private sector to invest technically and financially in TVET training centers.

I.5 Develop Lifelong Learning Policy Framework

The primary objective of a lifelong learning policy is to support workers who are able to compete in the knowledge economy and are willing to update their skills throughout their lifetime.

The notion that one-time education provides people with a lifelong skillset is a dated concept. As today's economies become ever more knowledge-based and technology-driven, and because we do not know what the jobs of tomorrow will look like, there is a growing recognition that we have to prepare the next generation with future-ready skills and the capacity for continued lifelong learning. The existing education system in Kuwait is not adequately designed to support adult learning and is mainly tailored to youth education. The private sector has no real incentives to invest in training and up-skilling the existing workforce. The education system lacks the right incentives and policies that promote lifelong learning. There is an urgent need to design a comprehensive policy framework supported by the right set of incentives for businesses and individuals to invest in re-skilling and up-skilling the existing workforce, whose members have already completed formal schooling.

Proposed policy instruments

- i. Develop a lifelong learning policy framework for Kuwait and ensure adequate infrastructure for up-skilling and re-skilling of the existing workforce while reforming the education system for the next generation.
- ii. Develop a national lifelong stagey that is based on the following orientations: ensuring basic competences for adults; offering guidance to improve work-life balance; providing continuing education to promote employability and competitiveness; and introducing procedures for validation of non-formal and informal competencies in all educational sectors. This should be linked and reflected in the National Qualification Framework that is overseen by the Public Authority of Manpower (PAM).

- iii. Develop a menu of sustainable financing options and mechanisms that combine government, the private sector, and individual contributions to fund training, while providing second-chance education free of charge.

Policy Direction 2. Create a Well-Balanced Labor Market

Objective

The primary objective of this policy is to reduce and ultimately eliminate existing labour market distortions and inefficiencies across the public and private sectors, while ensuring that regulations and policies are aligned with modern and future work practices.

Rationale

The labor market in Kuwait is affected by multiple structural issues. These include low-quality education, misalignment of higher education outcomes with labor market needs, a weak technical and vocational training system, and a low proportion of Kuwaitis in scientific and technical occupations. In addition, existing policies are insufficient to encourage Kuwaitis to work in the private sector. Recent labor market indicators reveal that about 85% of Kuwaitis work in the public sector, compared to 5% in the private sector.

The public sector is the employer of choice for Kuwaiti nationals due to its advantages compared to the private sector (i.e., higher wages, permanent employment, and social status), as well as better working conditions (i.e., job security, shorter work hours, and longer holidays). These advantages have distorted skills development by creating a disincentive for nationals to invest in skills that are important for the private sector.

Existing policies governing public employment have had adverse effects on the labor market. Many graduates prefer to wait for a government job for as long as it takes rather than accept another job. "At the same time, there is a strong preference for fields of study that prepare students for administrative careers rather than for private sector jobs. These two effect permanently deprive Kuwait's economy from benefiting from its investment in education to achieve higher productivity, individual earnings, and economic growth".¹¹

Several initiatives to reform public employment policies focus mainly on compensation and benefits policies. To a lesser extent, they also focus on creating effective incentives for Kuwaitis to pursue jobs in the private sector, or reforming overall civil service policies that date back to 1979. None of these initiatives have been successful in curbing public-sector employment or addressing the out-of-control wage bill in the public sector.

¹¹ The World Not Travelled: Education Reforms in Middle East and Africa, The World Bank Report, 2008.

Policy Recommendations:

2.1 Adopt whole-of-government public sector employment reform

A comprehensive and coordinated reform is needed to ensure better alignment of public and private employment policies. Existing civil service employment policies are distorting the overall labor market and discouraging nationals from considering private-sector jobs. The government workforce is saturated and cannot continue to absorb an unlimited number of nationals. Gaps and distortions in wages, benefits, and working conditions between the public and private sectors remain unaddressed. The Civil Service Commission has developed “the strategic alternative” policy, a complete revamp of the salary scale and composition, has not yet been approved by the General Assembly. This has resulted in an ongoing uncontrolled public sector expansion.

Proposed policy instruments

- i. Update the Kuwait Civil Service Law #15 (1979) and its bylaws. This comprehensive reform will require completely revamping the human resources policies of government and public-sector bodies to cover the full cycle from recruitment to development and training, compensation, leadership development, promotion and career management, and most importantly the salary scale and compensation.
- ii. A human capital strategy for government employees that will address the challenges of future training and capacity-building to better support relevant functional roles.
- iii. A comprehensive civil service pay reform that simplifies and harmonizes the public-sector wage structure and centralizes wage policy decisions to control wages as part of a medium-term fiscal effort. Such a policy reform will provide more cohesive alignment across entities and introduce a new salary scale competitive with private-sector salaries. A closer examination and review of key factors that affect the scope of civil service compensation reform should include: minimum wage laws, prevailing wage laws for the private and public sectors, minimum benefits laws, maximum pay policies, competitive pay policies, merit pay policies, cost-of-living adjustments, and pay-for-performance policies.
- iv. Introduce a flexible work arrangements policy with clear guidelines for government entities on how to implement such policies, along with standard contracts and rules to apply compensation benefits and allowances, as well as how it will affect other policies such as the retirement law.
- v. Develop a tighter entry policy to the public sector that ensures the best and most talented Kuwaitis are selected with stricter entry requirements either through rigorous entry exams or more selective criteria. This will ensure the government recruits the best candidates while guaranteeing all citizens equal rights to employment in the civil service.
- vi. Establish a Civil Service College (CSC) or School of Government for public-sector employees to enhance the development of the public sector workforce. Professional development and training should focus on relevant skills and stronger functional capabilities to meet the changing requirements of public service. Without such an approach, training of employees will remain uneven, inefficient, and fragmented.
- vii. Develop a talent mobility policy framework supported by a centralized employee database to allow government entities to post needed positions and see employees who are available for rotation.

- viii. A competency framework for all levels as a key enabler to strengthen capabilities in governance, leadership, public administration, policy making, service-wide capacity-building, program and project delivery, personal development and effectiveness, and (most importantly) digital skills and competencies.

2.2 Develop a national jobs strategy in order to reorient labor-market regulations toward more active policies, and phase out passive policies that are not sustainable or meeting their objectives

Nationals participate in the private sector workforce at a low rate (4.6%). There is a high rate of transfer from the private sector to the public sector every year. The unemployment of Kuwaiti nationals stands at 6.4%, with youth unemployment (ages 15 to 24) reaching 16%. The workforce participation rate of Kuwaiti nationals is around 39.5%, compared to 82.2% for non-Kuwaitis. The World Economic Forum's "Future of Jobs" analysis estimates that about 41% of all work activities in Kuwait are susceptible to automation.

FIGURE 3

Kuwait labour force participation rate by nationality (Kuwaiti/Non Kuwaiti)

Labor Market Metrics	Kuwaiti	Non-Kuwaiti	Total
Labor Force Participation Rate	39.5%	82.2%	73.8%
Unemployment Rate	6.4%	1.7%	2.2%
Government and Public Sector Employees	89.9%	10.6%	18.6%

Source: CSB, 2016/2017.

The government has made efforts to reform the labor market and increase the employment of nationals in the private sector through various policy instruments (e.g., nationalizations policies for specific economic sectors, generous wage subsidies to support employment of Kuwaiti youth in the private sector, expenditures on training and international scholarships, interpersonal programs for government employees to redirect them to the private sector, restrictive residency visas for expatriates, etc.). Despite this, Kuwaitis employed in the private sector still account for less than 8% of the workforce. These policies have helped, but have not come close to meeting the strategic objectives set in KNDP. There is an urgent need to shift these reforms away from passive to more active policies to ensure they meet the socioeconomic goals.

Proposed policy instruments

- i. A national jobs strategy that will guide Kuwait's government, businesses, industry, and the education sector on how the labor market should evolve toward a knowledge-based economy.
- ii. Remove barriers to national workforce participation in the private sector by introducing flexible work policies that promote various types of work arrangements for nationals, such as part-time work, remote telework, internships, and shadowing programs.

- iii. Establish a state-of-the-art government employment service that is focused on sustainable employment opportunities and helping Kuwaiti youth develop careers, not just find jobs. This endeavor should begin with a complete evaluation of the impact of existing policies over the last five years, followed by developing a mix of policy instruments (minimum wage, unemployment insurance, career counselling and guidance, skills development, targeted wage subsidies based on occupation level and not on degrees, etc.). This will help create the right incentives for job seekers to take on high added value in the private sector. This government employment service will need to be supported by the right operating model and provide options to government on how these policies and employment services would be best delivered.
- iv. Review and update the nationalization system and policies after a thorough impact evaluation for the last five years. Ensure future policies create more targeted and sustainable nationalization in the private sector.

2.3 Leverage labor admission policies to attract foreign talent and highly-skilled workers to boost economic growth and aid the transition toward the knowledge economy

Existing labour admission policies in Kuwait are mostly centered around the Kafala (sponsorship) system to regulate the relationship between employers (the sponsors) and employees. The Kafala system has emerged as an economic mechanism to provide temporary and rotating labor; and hence has contributed to segregation of the labor market. It “provides the large-scale supply of low-cost labour originating mainly from Asia. The effect has been a downward pressure on unskilled, semi-skilled and even skilled pay levels.”¹²

There were 30,6937 more foreign residents in Kuwait in 2017 than in 2014, an increase from 2.10% in 2014 to 5.03% in 2017.¹³ The distribution of the expatriate workforce by education level demonstrates how labor admission policies are not geared towards attracting a highly and talented workforce. The percentage of expatriates who have an education level below high school reached 59.5%, compared to 10.5% with university degree and above.

International experience from OECD countries shows that labor admission and immigration systems can be designed primarily to admit workers with high human-capital and earnings potential, for whom employer demand is most clear and who are considered least likely to affect the job prospects of local workers. These employer-driven selection mechanisms also ensure that foreign workers/immigrants cannot enter where there is no demand for their individual skills and abilities.

¹² Winckler, O., 2009b. Labor and Liberalization: The Decline of the GCC Rentier System, in J. Teitelbaum (ed.), Political Liberalization in the Persian Gulf. New York: Columbia University Press.

¹³ Migration Statistics Bulletin, 2017. Central Bureau of Statistics, Kuwait

Some GCC countries began introducing policy changes to attract and retain highly skilled expatriate workers:

- In 2019, the UAE announced the long-term residency visas for expatriates from five select categories has come into force. This permits people in these categories to stay in the UAE for up to 10 years. It targets investors, real estate investors, entrepreneurs, highly-skilled talent like doctors, researchers, and innovators, and outstanding students.
- In 2017, Qatar said it plans to introduce permanent residency to attract investors and some categories of skilled workers.
- In 2016, Saudi Arabia announced a plan for a green-card like program in to be implemented over five years to help reduce the kingdom's reliance on oil. That program will allow employers to pay to hire foreign workers beyond the official quota.

As Kuwait develops its economic growth and diversification agenda within the KNDP framework, a review of how it will adapt to these recent trends in terms of aligning labor and residency policies will be essential and will certainly affect its competitiveness ranking.

Proposed policy instruments

- i. Review and update labour admission policies and selection mechanisms to attract and retain highly-skilled and specialized expatriates needed in emerging sectors like technology and science by relaxing residency policies.
- ii. Develop selection mechanisms that link labor-market policies with admissions policies and ensure alignment with the diversification agenda. Address issues of recruiting foreign talent and its subsequent utilization in the labor market.

Policy Direction 3. Build an Effective Higher Education-Labour Market Alignment

Objective

The main policy objective for this policy is to address the skills mismatch and the need to engage the private sector in skills formation policies.

Rationale

Current policies and the two previous National Development Plans (since 2010) have failed to address education-labor alignment as a policy priority. So far, education sector reforms and labour market policies have been pursued separately with little integration or engagement of the private sector. The lack of definition of priority economic sectors in Kuwait has not helped to direct and inform the education sector in terms of the skills and competencies needed in the private sector. The lack of effective government-industry-education partnerships and long-term coordination mechanisms is not helping to bridge the education-labor market gap.

The OECD Education Outlook for 2018 reveals that most countries are facing two sets of policy challenges when preparing students for the future: those that are persistent and those that are emerging. Persistent policy challenges include reducing skills mismatch, increasing employer engagement in TVET, facilitating the school-to-work transition for stu-

dents, increasing equal access to tertiary education, reducing high school dropout rates, and decreasing levels of youth unemployment. The emerging policy priorities are about increasing the quality of tertiary education and internationalizing the higher education sector.¹⁴

Policy Recommendations:

3.1 Develop Kuwait's National Skills Formation Policy framework as the foundation for a skills-based education system

A skills mismatch in Kuwait is due to a lack of information and transparency. The underuse of skills is often related to field-of-study mismatch, whereby individuals work in an area that is unrelated to their field of study, and in which their qualifications or diplomas are not fully valued.

The mismatch varies significantly across occupations, underscoring the importance of up-to-date and quality information on labor market outcomes across economic sectors. In Kuwait, there is a surplus in student enrolment and graduation in fields where labor is not in great demand, mostly in humanities, law, administration, and sciences. In contrast, enrolment in the field of medicine is very low, although demand is high.

There is a critical need to establish a state-of-the-art career guidance and counseling system in order to raise awareness among Kuwaiti nationals of the need to study different disciplines more suited to the requirements of the labor market.

In today's knowledge-based global economy, there can be no sustainable economic and social progress without adequate investment in skills and technological advancement. People with poor skills have a higher risk of experiencing economic disadvantage and are more likely to be unemployed and dependent on government social benefits. Conversely, the higher their skills, the better are their earnings, their chances of being employed, and the likelihood of being engaged in their society.

The ESCO (European Skills, Competences, Qualifications and Occupations) is the multi-lingual classification of skills, competences, qualifications, and occupations. ESCO works like a dictionary, describing, identifying, and classifying professional occupations, skills, and qualifications relevant to the EU labor market. Those concepts and the relationships between them can be understood by electronic systems, allowing different online platforms to use ESCO to match job seekers to jobs on the basis of their skills or suggest training to people who want to re-skill or up-skill. ESCO provides descriptions of 2,942 occupations and 13,485 skills linked to these occupations, translated into 27 languages (including Arabic). Over time, it will also display the qualifications awarded in the education and training systems of member states, as well as by private bodies. The aim of ESCO is to support job mobility across Europe, and therefore a more integrated and efficient labor market, by offering a "common language" on occupations and skills that can be used by different stakeholders on employment and education and training topics.¹⁵

¹⁴ OECD Education Outlook for 2018.

¹⁵ ESCO.

Proposed policy instruments

- i. Establish a comprehensive National Skills Formation System for Kuwait and examine which model would be most suited for Kuwait. The ESCO framework would be a good model to examine further, considering it is free and that it has been translated to Arabic and can be easily adapted with the existing system at the Public Authority for Manpower.
- ii. Initial national skills survey in the labor market to cover the Kuwaiti context in terms of skills needs and gaps.
- iii. Complete the development and dissemination of the Kuwait National Qualification Framework as an integral part of the wider National Skills Formation policy.
- iv. Establish a dedicated government body to oversee and manage the National Skills Formation System and ensure representatives from business, industry, government, and the tertiary education system are fully engaged.
- v. Leverage technology and ICT to provide higher-education institutes the opportunity to expand credential offerings using the experiences of lecturers and teachers. This can be done by combining the strength of traditional higher education with the increasing trend of Massive Open Online Courses (MOOCs), which are a potentially disruptive innovation and represent an opportunity to scale quality education. This should be supported by an enhanced accreditation policy.
- vi. Establish a state-of-the-art career guidance and counseling system to raise awareness among nationals of the need to study different disciplines more suited to the needs of the labor market.

3.2 Align macroeconomic policies with higher-education outcomes as a mechanism to strengthen industry-government-education sector collaboration

Currently, the KNDP 2015/2020 does not prioritize economic sectors that target the education system to realize a knowledge-based economy. A recent study by KFAS and Marmore analyzed a broad swath of evidence on which economic sectors could greater contribute to Kuwait's future economic development (sustainability) and employment generation needs, and recommends a list of priority sectors that should be focused on.¹⁶ International experience reveals the importance of identifying priority sectors that will fuel economic growth and employment, to allow the education system to provide the needed supply.

¹⁶ KFAS, identifying Priority Sectors in Kuwait, August 2017, Kuwait.

FIGURE 4

Forecast of Employment contribution by Sector

Sectors	2015			2030				Total	
				Non Kuwaiti		Kuwaiti			
	Non Kuwaiti	Kuwaiti	Total	Do Nothing	Desired	Do Nothing	Desired	Do Nothing	Desired
Oil & Gas	2,423	5,823	8,246	2,061	2,167	6,184	6,543	8,246	8,710
Agriculture & Fishing	47,912	488	48,399	49,493	77,397	754	1,580	50,247	78,977
Manufacturing	151,730	8,166	159,895	177,389	328,777	13,352	46,968	190,741	375,745
Electricity, Gas and Water	2,348	14,825	17,172	940	2,887	17,858	25,987	18,798	28,874
Construction	278,087	13,251	291,338	295,607	422,530	18,869	60,361	314,475	482,892
Wholesale and Retail Trade	350,506	14,666	365,172	355,269	437,666	26,741	62,524	382,010	500,190
Restaurants and Hotels	87,682	2,223	89,905	100,012	107,658	4,167	18,998	104,179	126,656
Transport, Storage & Communications	75,878	8,441	84,319	90,604	130,305	12,355	32,576	102,959	162,882
Financial Institutions	17,069	9,849	26,918	17,194	19,730	14,068	20,535	31,261	40,265
Real Estate	121,102	14,136	135,238	140,505	175,510	20,072	43,877	160,577	219,387
Community, Social and Personal Services	305,178	291,288	596,466	273,603	347,479	410,404	645,318	684,007	992,797
Total	1,439,914	383,154	1,823,068	1,502,676	2,052,106	544,823	965,268	2,047,499	3,017,375

Source: Marmore Research.

Proposed policy instruments

Define and agree on national priority economic sectors that will drive the economic growth and diversification agenda in Kuwait. Integrate these sectors into the next KNDP to guide and engage higher education institutions by establishing joint industry-sector boards to define the skills and competencies needed and the type of degrees and programs needed. This effort will consolidate government policy orientations for the human capital pillar.

3.3 Strengthen the SMEs ecosystem as a driver for jobs creation for the Kuwaiti youth through incorporation of entrepreneurship skills in education curricula

With innovation considered key to economic growth, governments are increasingly investing in developing skills such as creativity and entrepreneurship. They are integrating them into their national curricula, with teaching in schools, TVET, and universities becoming more common. In a number of OECD countries (e.g., Denmark, Estonia, the Netherlands, Sweden, Norway, and Belgium), specific strategies have been introduced to promote entrepreneurship education. In Ireland, a strategy for the further education and training sector developed by SOLAS includes entrepreneurship skills. The Higher Education Authority (HEA) developed an enterprise engagement strategy, within which entrepreneurial education will be an important part. This strategy sets out performance indicators and measures to benchmark entrepreneurial activity in Irish higher education. A range of modules in commercialization is now being offered across Higher Education Institutes (HEIs) at the undergraduate and postgraduate levels. Structured PhDs have commercialization, innovation, and entrepreneurship embedded in the programs.¹⁷

Kuwait has embarked on a path of entrepreneurship and SME development since 2010, when the Supreme Council for Planning and Development presented the government's goals in the Strategic Vision of Kuwait 2035. This plan encouraged private-sector success independent of government oil rents, and a diversified private sector. The creation of SMEs was seen as a way to create an independent private sector by allowing smaller players into the market. "The National Fund for SME Development was launched in 2013 as an independent public corporation with 2 billion Kuwaiti dinars (US\$7 billion) in capital. It aims to help create productive jobs for Kuwaiti professionals, increasing private participation in the economy, as well as income diversification".¹⁸

The number of SMEs in Kuwait is high, particularly in retail and non-financial services. Despite efforts to boost their growth, however, they account for only 3% of Kuwait's GDP and employ 23% of the workforce. In high-income and emerging economies, SMEs make up 40% of private-sector activity.¹⁹ Key barriers to SME business growth in Kuwait, as per a survey conducted in 2014 by the World Bank, are business licensing and permits, labor regulations, regulatory uncertainty, administrative corruption, and the lack of an adequately educated workforce.

¹⁷ <https://www.localenterprise.ie/Documents-and-Publications/Entrepreneurship-in-Ireland-2014.pdf>

¹⁸ Building Kuwait's Future, One Small Enterprise at a Time, World Bank, March 1, 2016.

¹⁹ Building Kuwait's Future, One Small Enterprise at a Time, World Bank, March 1, 2016.

Proposed policy instruments

- i. Incorporate entrepreneurship skills in education curricula across all levels starting from the primary through the tertiary levels.
- ii. Increase start-up funding to entrepreneurship programs in universities and support the co-operative projects with the private sector.
- iii. Strengthen the existing SME ecosystem by improving the business environment and removing regulatory barriers.
- iv. Build the pipeline and increase the number entrepreneurs among Kuwaiti students; nurture entrepreneurial thinking and talent by incorporating entrepreneurship into the curriculum.
- v. Improve the capacity and capability of start-ups to grow and scale.

3.4 Establish labor market intermediaries and bring industry-government-education partnerships closer for active workforce development and job creation strategies

A successful system relies upon a large number of individual actors and entities, particularly on the side of private employers, but also with respect to educational and training institutions. With one side reflecting the demand-side of the labor market and the other being focused on the supply-side, intermediaries have emerged. These entities act as go-betweens, while also aggregating information and its flow. Examples of intermediaries include:

- **Industry or sector councils:** organizations that represent employers in a particular industry or in a particular geography, where the input of employers regarding skill needs and training requirements can be collected. Such councils may undertake to communicate more broadly regarding human resources issues, not only to government or the education sector, but also to employers in their sector, by standardizing occupational descriptions and competency requirements.
- **Business-education councils:** organizations that facilitate information flow between employers and educational institutions on such issues as curriculum requirements and updates, but also which familiarize educators and students with the world of work.
- **Workforce development boards:** local bodies that seek solutions to local labor market dysfunctions by undertaking studies, generating data, convening stakeholders, and acting as catalysts for labor-market interventions through projects or programs.

Proposed policy instruments

Establish a number of Industry Sector Boards as pilots oriented to support agreed-upon economic priority sectors for Kuwait (e.g., health, information and communication technologies, and tourism). Policies can be piloted for two to three years and results then assessed to see what would be the most efficient operating model for Kuwait.

Policy Direction 4. Strengthen the Enabling Ecosystem

Objective

The objective of this policy direction is to create synergies and ensure strong coordination among stakeholders, most importantly positioning human capital within one coordinated policy agenda to avoid the scattered and fragmented approach in the past.

Policy Recommendations

4.1 Restructure the human capital pillar governance and institutional setup

Restructuring the institutional setup and governance of the human capital pillar will require a thorough analysis of the existing governance structure of the education sector, the labor market, and the various supporting government bodies that are directly and indirectly influencing human capital in Kuwait. A review of key stakeholder mandates and functions is needed to assess the level of overlap, duplication, and areas of potential coordination, in addition to identifying new and emerging functions that are not currently performed (e.g., industry-sector boards, skills formation framework governance, special committees, etc.). There is a need to rethink institutional setup in terms of best operating model to engage the business-government-education sector and establish effective partnerships to drive the transition to skills-based education. The main question here that requires further consultation is whether the human capital reform agenda should be managed separately by sector or consolidated under one umbrella. A related question is whether there should be a new government body that oversees and steers the reform, or whether each stakeholder should drive their own initiatives in their respective sector.

4.2 Rethink funding models

The scope and reach of the human capital policy agenda is quite diversified and will require considerable financial resources. Considering Kuwait, like most GCC economies, is currently challenged by increases in public spending and high reliance on government spending to fill gaps in education and employment, current models are neither sustainable nor efficient. Each proposed policy recommendation should be evaluated (once endorsed and adopted) for financial impact and cost-benefits to prioritize and harmonize future incentives and funding models.

4.3 Expand the role of the private sector

The successful transition towards the knowledge economy cannot take place without engaging and building effective partnerships with the private sector. Each of the proposed policy directions and recommendations needs to be examined further. Each must be assessed and evaluated thoroughly in terms of how the private sector's role can be maximized, through which policy mechanisms, and what level of investment will be needed.

V. Conclusion and Way Forward



The ambitious New Kuwait Vision 2035 and the next medium-range National Development Plan present a unique opportunity to build on the achievements and progress made since the first KNDP in 2010. It is an opportunity to learn from previous mistakes and re-position Kuwait to transform its human capital toward the knowledge-based economy.

The proposed policy directions, recommendations, and specific implementation instruments are expected to inform and feed into the next Kuwait National Development Plan 2020/2025. The successful modernisation and transformation of the human capital pillar will require an integrated whole-of-government approach to reforms. It will also require consensus on the way forward to avoid a piecemeal development approach.

The expectation is that this paper will be used to consolidate the various policy areas and build consensus among key stakeholders. This will help establish a clear roadmap for the human capital pillar both in the short-and long-term.

In conclusion, it is worth highlighting some critical success factors for the implementation of this policy agenda:

- A national economic growth agenda that identifies priority economic sectors that will drive the diversification agenda in Kuwait to support human capital transformation. Without this in place, the education sector and industry cannot engage effectively.
- The social safety net reform agenda has to go hand in hand with this. Considering the direct impact and effect it has on labor market and education policies, it could begin as soon as possible to avoid conflicting policies;
- A cultural and change-management strategy is needed throughout the KNPD to support and promote the new policy directions and inform Kuwaiti youth and the community at large of the reforms on an ongoing basis.
- An integrated approach to reforms to ensure political continuity, support, and buy-in over the duration of the next KNDP. Otherwise, reforms will stall, deviate, and lose momentum.

APPENDIX A

Summary of Policy Directions and Recommendations

Policy Directions	Policy Recommendations
Transform the education and training system for the knowledge economy	Develop and expand the availability of high-quality early childhood education (ECE)
	Follow through with, expand the reach of, and accelerate the pace of P-12 education reforms
	Refocus and promote science, technology, and innovation (STI) in higher education by adopting a comprehensive internationalization policy agenda for higher education
	Align higher education outcomes with national socio-economic objectives
	Expand and improve the quality of vocational education and training to maximize employment readiness and opportunities in the private sector
	Develop lifelong learning strategies
Create a well-balanced labour market	Adopt whole-of-government public-sector employment reforms
	Develop a national jobs strategy to reorient labor market regulations toward more active policies and phase out passive policies that are not sustainable or meeting their objectives
	Leverage admissions policies to attract foreign talent and highly-skilled workers to boost economic growth and the transition toward the knowledge economy
Build an effective higher education-labor alignment	Develop Kuwait's National Skills Formation Policy framework as the foundation for skills-based education
	Align macroeconomic policies with higher-education outcomes as a mechanism to strengthen industry-government-education sector collaboration
	Strengthen the SME ecosystem as a driver for job creation for Kuwaiti youth by incorporating entrepreneurship skills in the education curriculum
	Establish labor market intermediaries and bring industry-government-education partnerships closer in active workforce development and job creation strategies
Strengthen the enabling ecosystem	Restructure the human capital governance and institutional setup
	Rethink funding models
	Expand the role of the private sector



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