

Policy Report

Special Issue

*Highly Skilled Migration to the Gulf States:
How Do GCC Countries Fare in the Global
Competition for Talent?*

No.3

Attracting and Retaining Highly Skilled Migrants in Saudi Arabia's Transformation Journey

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Executive Summary

This policy report examines Saudi Arabia's transformation in attracting and retaining highly skilled migrants as part of its Vision 2030 economic diversification strategy. Saudi Arabia is executing a fundamental shift from an oil-dependent economy to a knowledge-based powerhouse, with the digital economy now contributing 14 percent to Saudi GDP as of 2022. Recent labour market data demonstrates improving employment trends, with Saudi unemployment at 7.1 percent and non-Saudi unemployment at 1.1 percent, indicating the effectiveness of current economic policies and labour market reforms. Saudi Arabia has implemented several groundbreaking initiatives to facilitate this transformation. The introduction of the Premium Residency scheme in 2019, followed by the Labour Reform Initiative in 2021, has created new pathways for skilled migrants to work and settle in Saudi Arabia. Specialised programmes through the Digital Government Authority and Saudi Data and AI Authority have further enhanced Saudi Arabia's ability to attract and retain technical talent. These technical initiatives are complemented by comprehensive social and cultural reforms that have significantly enhanced the quality of life for residents.

The impact of these initiatives has been substantial and measurable. Sectors employing skilled migrants now contribute approximately 28 percent to non-oil GDP as of 2022. Companies with higher concentrations of highly skilled migrants demonstrate remarkable performance metrics, showing 35 percent higher innovation activity, 42 percent higher international expansion rates, and 27 percent higher new technology adoption rates. The healthcare sector particularly exemplifies this success, with institutions employing international professionals showing 67.4 percent higher technology integration rates.

Despite these achievements, several challenges remain that require targeted policy responses. The Kingdom needs to implement further visa reforms to provide clearer pathways to permanent residency and enhance work-life balance policies to align with global standards. Strengthening research and development infrastructure is crucial for attracting researchers and scientists. Additionally, maintaining an effective balance between highly skilled migration and local talent development, while improving knowledge transfer mechanisms between international and local professionals, remains a priority. Looking ahead, the Ministry of Economy and Planning projects a 30 percent increase in highly skilled migrant workers by 2030, with significant growth expected in artificial intelligence, renewable energy, healthcare, and biotechnology sectors. The success of Saudi Arabia's transformation will largely depend on its ability to effectively balance the attraction and retention of international talent with the development of local capabilities.

This policy report concludes that highly skilled migrants are not just temporary solutions to workforce shortages but are vital contributors to Saudi Arabia's technology and healthcare sectors and broader economic development goals. Their impact extends far beyond filling immediate workforce needs to include significant contributions to knowledge transfer, healthcare quality, and economic development. As Saudi Arabia continues its journey of digital transformation, the role of highly skilled migrants remains crucial in achieving its ambitious vision for the future.

Economic Framework

Labour Market Transformation 2016-2024

The process of actively attracting and retaining high-skilled migrants started in 2016 as part of Vision 2030 with the announcement of Vision 2030 which established a framework for economic diversification. Moreover, initial labour market reforms were introduced, and a Premium Residency Centre was established.

In the years that followed, particularly from 2019 until 2021, Saudi Arabia advanced on some of the goals introduced in Vision 2030. The Premium Residency scheme was launched, and the temporary work visit visa was introduced and the government also enhanced mobility reforms. From 2021 onwards, the Saudi government implemented major labour reforms and introduced sector-specific initiatives through specialised institutions. Visa reforms and sector-specific programmes were also enhanced.

Saudi Arabia's current economic structure demonstrates the urgent need for transformation with the oil sector constitutes to 42 percent of the Gross Domestic Product (GDP) and 87 percent of budget revenues. The digital economy currently constitutes 14 percent of the GDP and is growing.

According to the Digital Economy Statistics (2022) data, there has been significant digital adoption across establishments and sectors, with 60 percent now utilising internet-connected devices. Computing services have been implemented by 48 percent of establishments, while 20 percent have expanded into offering digital public services to their customers and stakeholders.

Sector-Specific Progress

1. Healthcare Sector

The healthcare sector demonstrates a notable technology adoption rate of 67.4 percent, reflecting significant digital progress. The workforce structure reveals a heavy reliance on international talent, with expatriate professionals comprising 60 percent of physicians and 70 percent of nurses. The sector's digital transformation efforts are centred on two key areas: the implementation of smart health systems and the development of telemedicine infrastructure. Additionally, the integration of digital health records is playing a crucial role in modernising healthcare delivery and improving patient care coordination.

2. Technology Sector

The ICT sector showcases a robust cloud computing adoption rate of 68.3 percent, demonstrating significant digital maturity. Looking ahead, ambitious strategic targets have been set, including the goal of recruiting 20,000 data and AI specialists by 2030. This workforce development initiative is complemented by plans for expanding innovation hubs and establishing specialised research centres, creating a comprehensive ecosystem for technological advancement and expertise development.

Key Policy Developments

The Premium Residency Scheme, launched in 2019, introduced comprehensive benefits for qualifying residents, offering an attractive package of rights and privileges. The scheme grants property ownership rights alongside business ownership opportunities, enabling participants to establish and maintain commercial ventures. It also extends family sponsorship privileges, allowing residents to sponsor their family members. Additionally, the scheme features long-term residency options, creating a stable path for extended stays and establishing roots in the country.

The Premium Residency application process is managed through the dedicated Premium Residency Centre, with a structured fee system in place. The cost framework includes a substantial investment of SAR 800,000 for permanent residency status, while those opting for temporary residency face an annual fee of SAR 100,000. Additionally, applicants must account for dependent fees, which are set at SAR 4,800 per dependent annually, making it essential for families to carefully consider the financial commitments involved in their residency planning.

Labour Reform Initiative (2021)

According to Ministry of Human Resources and Social Development, the labour market has experienced significant improvements in mobility, marked by a 14.2 percent increase in workforce mobility. This transformation is evidenced by the successful facilitation of over 200,000 employer transfers during the initial year of implementation. The process has been further enhanced through streamlined exit visa procedures accessible via the Absher platform, while workers now benefit from strengthened contractual protections. After issuance of the worker visa in Saudi Arabia, the work contract must be certified by an e-government portal. In October 2024, Saudi Arabia further enhanced labour market protections by introducing an insurance product that covers expatriate workers' entitlements in cases where private sector establishments default on wage payments, demonstrating continued commitment to strengthening worker protections. These changes help in creating a more dynamic and secure employment environment.

Sector-Specific Initiatives

1. Healthcare

The healthcare sector has implemented comprehensive development initiatives centred around professional advancement and technological innovation. Clinical Fellowship Programs form a cornerstone of these efforts, complemented by the establishment of specialised training centres to enhance medical expertise. The sector has also fostered international medical partnerships to facilitate knowledge exchange and best practices. Additionally, digital health transformation projects are being rolled out to modernise healthcare delivery and improve patient care outcomes.

2. Technology

The technology sector is undergoing significant advancement through a multi-faceted approach to digital innovation. AI development programs are being established to build expertise in artificial intelligence, while cloud computing initiatives are enhancing digital infrastructure capabilities. The development of innovation hubs such as the King Abdullah University of Science and Technology (KAUST) is creating collaborative spaces for technological growth, and comprehensive research collaboration frameworks are being implemented to foster partnerships between industry and academic institutions.

Impact Assessment

Economic impact data published by the Saudi Central Bank reveals skilled migration contributing 28 percent to non-oil GDP, with private sector improvements including 35 percent increased innovation activity, 42 percent international expansion growth, and 27 percent technology adoption improvement. Productivity rates show 30 percent growth, while export capabilities have increased by 25 percent and R&D investment by 40 percent.

Knowledge transfer achievements in healthcare show Saudi specialists increasing from 15 percent to 25 percent between 2020-2023, driven by Clinical Fellowship Programmes and international partnerships.

The technology sector, led by KAUST's 150+ collaborative initiatives, demonstrates 40 percent increased research output and 68.3 percent cloud services adoption, enhanced by the Tech Mentorship Initiative.

Challenges and Opportunities

The analysis of regional competition reveals both challenges and distinct advantages in Saudi Arabia's position. While facing competition from established GCC destinations, particularly the UAE with its mature expatriate ecosystems and Qatar's comprehensive permanent residency programmes, both offering freehold property rights in designated areas, Saudi Arabia maintains significant competitive advantages. These include attractive financial incentives such as a tax-free environment and earning potential 20-30 percent higher than European markets. The Kingdom's position is further strengthened by transformative megaprojects, including the \$500 billion NEOM development, the \$100 billion Red Sea Project, and the strategic King Abdullah Financial District, which collectively create unique opportunities for skilled professionals and investors.

The data highlights significant retention challenges, with Saudi Arabia's 45 percent retention rate after five years falling notably below the EU's benchmark of 68 percent. Several key factors contribute to this retention gap, including bureaucratic hurdles in residency renewal processes and the substantial financial burden of the Premium Residency scheme. Career progression limitations, combined with restrictions on spouse employment opportunities, create additional barriers for long-term settlement. Furthermore, families face integration challenges that impact their decision to remain in the country, suggesting a need for more comprehensive support systems and policy adjustments to improve retention rates.

Infrastructure Development

Based on the infrastructure development data, significant progress has been observed across professional sectors. In the technology sector, there has been notable advancement with 48 percent of organisations adopting cloud computing solutions and 60.1 percent implementing internet-connected systems, indicating a strong digital infrastructure foundation. The healthcare sector demonstrates even more robust modernisation, achieving a 67.4 percent technology adoption rate and featuring advanced medical facilities. This digital health transformation suggests a comprehensive shift toward modern healthcare delivery systems. Both sectors show promising development in their technological infrastructure, with healthcare slightly leading in terms of digital adoption rates.

Social Infrastructure Gaps

The social infrastructure assessment reveals significant gaps across housing, education, and community services. In the housing sector, residents face considerable barriers including restricted zones for property ownership, coupled with complex and bureaucratic purchasing procedures. The situation is compounded by limited mortgage financing options and prohibitively high down payments and initial costs, creating significant barriers to homeownership. On the education front, international schools face capacity constraints and are predominantly concentrated in urban centres, while high tuition costs create accessibility issues for many families. The curriculum offerings need diversification to meet varied educational needs. Community infrastructure shows notable deficiencies, particularly in healthcare accessibility, with specialised medical services largely limited to major cities. There's an evident shortage

of multilingual support services, which affects daily life for non-native speakers. Insurance coverage limitations pose additional challenges for accessing healthcare services. The community's cultural and recreational infrastructure remains underdeveloped, with insufficient facilities to support diverse leisure and cultural activities, impacting quality of life and community engagement opportunities.

Institutional Limitations

The documentation and professional development landscape reveal substantial systemic challenges across multiple domains. Documentation processes suffer from a lack of standardised systems and insufficient digital repository infrastructure, leading to inefficient knowledge classification and inadequate information-sharing mechanisms. This fragmentation hampers organisational knowledge retention and transfer. In the realm of professional development, mentorship programmes operate primarily through informal arrangements, lacking structured evaluation systems and proper monitoring mechanisms. The absence of meaningful incentives has resulted in reduced participation and engagement in these programmes. Research infrastructure faces significant resource constraints, characterised by inadequate laboratory facilities and persistent equipment shortages. The situation is exacerbated by limited research support services and insufficient funding mechanisms, which collectively impede research capabilities and scientific advancement. These challenges create a cycle where inadequate documentation affects knowledge transfer, limited professional development impacts skill enhancement, and research constraints hinder innovation and progress.

Recommendations

Comprehensive recommendations emphasise three core areas, namely: Visa reform, knowledge transfer, and infrastructure development. For the visa and residency framework, immediate actions (1-2 years) should focus on streamlining Premium Residency with digital applications, reduced documentation, and fast-track options, alongside cost structure review of permanent residency (SAR 800,000), temporary residency (SAR 100,000 annually), and dependent fees (SAR 4,800 per dependent). Medium-term plans (2-5 years) should introduce sector-specific visas for healthcare, technology, and research, plus enhanced family support.

Knowledge Transfer Enhancement targets in the healthcare sector should be enhanced through clinical fellowships and international partnerships, while the technology sector should focus on mentorship, technology transfer offices, and AI research centres. Infrastructure Development should combine professional aspects (research facilities, innovation hubs) with social elements (international schools, healthcare access).

The Monitoring Framework tracks progress through:

- Economic Metrics: GDP contributions, technology adoption, innovation output
- Knowledge Transfer: Skills transfer (targeting 15-25 percent increase), research output (building on 40 percent growth)
- Retention: Improving five-year retention from 45 percent to 68 percent
- Implementation should prioritise visa optimisation and knowledge transfer programmes in years 1-2, advancing to residency pathways and research infrastructure in years 2-5.

Conclusion

Saudi Arabia's journey toward becoming a global hub for highly skilled migrants represents a critical component of its Vision 2030 transformation. The evidence presented demonstrates both significant progress and the following areas requiring strategic attention:

The path forward requires sustained commitment to both immediate needs and long-term objectives. Success in this transformation will position Saudi Arabia not only as a regional leader but as a global competitor in the knowledge economy, supporting its broader economic diversification goals and establishing a sustainable model for development in the region.

Through strategic implementation of comprehensive policies, continued investment in infrastructure, and sustained focus on both professional and social development, Saudi Arabia can create a uniquely attractive environment for global talent. The success of this transformation will not only benefit the Kingdom's economic development but also contribute to its emergence as a global leader in innovation and knowledge-based industries.

The path forward requires sustained commitment, strategic patience, and continuous adaptation to changing global conditions. By maintaining focus on both immediate needs and long-term objectives, Saudi Arabia can build a sustainable ecosystem that attracts, retains, and develops the talent necessary for its continued economic transformation and future prosperity.

This transformation represents more than an economic shift; it represents the creation of a new model for sustainable development in the region, combining economic opportunity with social development and cultural evolution. The success of this model will have implications not only for Saudi Arabia but for the broader region and the global knowledge economy.

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Imprint

Published by Konrad-Adenauer-Stiftung, 2025,
Berlin, Federal Republic of Germany

This publication was published with financial support of
the Federal Republic of Germany.

This policy report is part of a collaborative project with the Gulf Labour Markets, Migration and Population (GLMM) Programme of the Gulf Research Centre. It has been extracted from a chapter in our comprehensive publication, "Highly Skilled Migration to the Gulf States: How do GCC Countries Fare in the Global Competition for Talent." This report is one of several policy reports derived from individual chapters from the publication, each authored by different experts. All related policy reports are available separately on the Konrad-Adenauer-Stiftung (KAS) website [here](#).

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