

Integrating refugees into the labour market: How can the EU better support employers?

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Table of contents

Executive summary	3
Introduction	3
1. The European context of refugee integration policies	4
1.1 The scope of the challenge across Europe	4
1.2 The European framework	5
2. Assessing the impact of current policies	5
2.1 A collective failure	5
2.2 Main obstacles faced by employers	6
3. Making the most of the European Union's added value	7
3.1 Addressing fragmentation	7
3.2 Offer policy guidance	8
3.3 Leveraging the EU's financial support	9
4. Conclusion	10
Endnotes	11

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Executive summary

Despite the enormous benefits refugees can bring to European economies and societies, their integration remains a long and arduous process that requires improvement. Refugee integration has become even more challenging with the increased number of arrivals in the past few years. It has, in certain countries, put national services dealing with the reception and integration of refugees under strain and contributed to the rise of anti-migration forces in European societies. While integration policies do not fall under the core competences of the European Union (EU), the importance of the issue and its possible collateral effects on EU migration policies, the Common European Asylum System (CEAS), and, in general, the future of Europe, leaves the EU with no choice but to act.

The EU should start with ensuring and facilitating the access to the labour markets in the member states, which is a crucial element of refugee integration. As well as being a source of income, jobs serve as a vehicle for social inclusion. More specifically, the EU needs to prioritise the dialogue with employers, who play a pivotal role in bridging the gap between the initial reception of refugees and their sustainable inclusion into the host society.

Several EU initiatives have already sought to promote the integration and fair treatment of refugees. They consist of financial support, legislation, and policy actions to, for example, promote mutual learning and sharing of best practices. However, despite a growing number of EU actions, there has been a collective failure to prioritise integration and to adapt the implementation of integration policies. National politics and outdated practices still shape how integration is managed and assessed, and coordination between and within countries is lacking.

Introduction

The number of arrivals and asylum applications in the European Union (EU) have decreased significantly since peaking in 2015, falling by 83 and 45 percentage points respectively.¹ However, this does not mean that the issue deserves any less attention. In total, over three million migrants have applied for asylum since 2015.² Enabling them to contribute to Europe's economy and fully integrate into European societies still requires a significant amount of work.

Bringing the different levels of governance together to work on refugees' integration in a comprehensive manner has proved to be a difficult task. First, because integration policies are mainly considered to be the primary competence of member states. Second, because refugee integration was, in the midst of the so-called refugee crisis, the last of EU leaders' priorities. Instead,

According to the European employers who participated in the EPC project and responded to a questionnaire, the barriers to hiring refugees remain high. Three obstacles were identified as being particularly problematic: the complex process of qualification recognition (i), legal restrictions on working during the asylum-seeking process, together with a lack of job-specific training opportunities (ii), and inadequate and uncoordinated support from local, regional and national public authorities (iii).

The current political mood in national capitals is clearly not conducive to expanding EU competencies in the area of integration policies, and there is a high risk that the integration of refugees remains the weak link in the upcoming reform of EU migration policies. Despite such constraints and limited room for action, the EU has, however, the possibility to maximise its impact on refugee integration on the ground, by acting as the interface between national authorities and employers. It should create an enabling environment that allows for the obstacles faced by employers to be (better) addressed at the local level. If the EU succeeds in doing this, it will also be able to position itself strategically to offer a counter-narrative to anti-migration forces.

Three key principles need to lie at the core of an effective EU strategy on refugee integration. They consist of addressing fragmentation (i); offering policy guidance to member states to move towards sustainable integration policies (ii); and leveraging financial support (iii). With the current politico-institutional cycle coming to an end, it is the right time for the EU to ensure that the ongoing negotiations on the financial and policy framework that will shape the next cycle take into account the recommendations presented in this discussion paper.

EU leaders not only had to deal with the large influx of migrants arriving on European shores, but also with the unprecedented tensions the influx brought about in and among member states. What followed was an intense discussion on how the EU should manage its external borders and ensure a fair 'distribution' of refugees across EU countries. In this context, the external dimension of the so-called refugee crisis effectively pushed the integration question to the background.

Even though the burning question of border management has still not been resolved, this paper aims to approach the question of migration from another perspective. It further builds on the well-documented evidence that European societies and economies will require immigrants' contributions. First, the old age dependency ratio, i.e. the ratio between the number of people aged 65 and above

and the number of working age persons (15-64 years) will exceed 50% by 2050, up from 28.8% in 2015. Given the solidarity mechanisms that govern European welfare models and pension systems, the financial costs related to this demographic shift will be impossible to bear without immigration. An expected labour shortage constitutes the second argument. The significant scale of unfilled vacancies is becoming a real issue. This is particularly the case in low- and medium-skill sectors³ and in Central and Eastern European countries.⁴ Several member states, most notably Germany, have responded by attracting foreign workers, as well as supporting the economic activation and empowerment of refugees and other migrants of those already within the EU. This strategy will become increasingly necessary for European states.

Based on this evidence, the authors of this discussion paper explore how to maximise the EU's added value

in refugee integration, while arguing that targeted EU actions would have the double benefit of making EU migration policies more sustainable in the long run and, at the same time, offering a counter-narrative to anti-migration forces. The analysis and recommendations put forward in this paper are the result of an EPC project on how the EU can boost the employment rate of refugees and facilitate the role of employers in that respect.

This paper is structured as follows: it first outlines the challenge of refugee integration and the scope of current EU responses. Section 2 highlights the limitations of past efforts and the resulting obstacles faced by employers and local actors. Finally, section 3 presents recommendations to capitalise on the EU's added value and improve prospects for refugees on the ground, while taking the Union's current political context and policy environment into account.

1. The European context of refugee integration policies

Access to the labour market is a crucial element of integration. As well as being a source of income, jobs serve as a vehicle for social inclusion. Through employment, refugees learn new skills, acquire a command of the local language, develop relationships, and build up their self-esteem. That is why employers are pivotal in the integration process: they can help bridge the gap between the initial reception of refugees and their sustainable and long-term inclusion into the host society.

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1.1 THE SCOPE OF THE CHALLENGE ACROSS EUROPE

Among the newly arrived migrants, asylum seekers and refugees are faced with a particular employment disadvantage. In addition to the challenges that all newcomers to the labour market have to deal with, they are burdened by difficulties linked to their legal status or their motivations for migrating. These complications can include interrupted employment or education trajectories, psychological trauma resulting from long and dangerous journeys, and lengthy status determination processes.

As a result, the employment rate of refugees is far below the average. In 2014, the employment rate of refugees hovered at 27% in the first five years after arrival, compared to 65% for the native-born population.⁵ The rate is expected to be even lower for more recent arrivals, due to the renewed pressure on asylum and integration systems in recent years. In the Netherlands, for example, 4% of adults who had received a refugee status in 2014 were in employment one and a half year later, rising to 11% after two and a half years.⁶ Many refugees are also over-qualified for their job and suffer discrimination in terms of wages, employment protection, and career prospects.

The employment rate of refugees also varies widely across member states, ranging from 40.6% in Spain to 61.3% in Italy (these rates represent all individuals who arrived having a refugee status, including those who have been in the host country for prolonged periods of time).⁷ Integration levels also differ between groups. For instance, the employment rate of refugee women is 17% lower than that of men.⁸ Tailor-made policies are required to address these different challenges and the specific needs of the most vulnerable individuals.

Designing the right policies is even more important as evidence shows that it has a significant impact on citizens' perceptions. In fact, the latest Eurobarometer on the issue reveals that people tend to support integration policies when they see integration as successful in their local area or country.⁹ The differentiated success of labour market integration across the EU also indicates that policies matter and that refugees' relative low level of employment is not inevitable. In this respect, the EU has launched several initiatives over the past decade to improve refugee integration, comprising legislation, policy commitments, and financial support. Before we assess their impact, we

will have a closer look at how they were developed and implemented.

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1.2 THE EUROPEAN FRAMEWORK

On the legislative side, several directives promote the integration and fair treatment of refugees. For example, the Reception Conditions Directive (2013/33/EU) requires member states to grant labour market access to refugees and asylum seekers within nine months of lodging an application for asylum. The Qualification Directive (2011/95/EU) guarantees the fair treatment of refugees as well as support measures for their labour market integration. The Commission is currently revising both directives, as part of the broader reform of the Common European Asylum System (CEAS), which seeks to harmonise standards between member states to reduce incentives for secondary movements.

Furthermore, the European Commission has intensified its policy actions since 2015, not least in response to the

increased pressure on the asylum system. In June 2016, the Commission presented its Action Plan on the Integration of Third Country Nationals. One of its five priorities addresses labour market integration (its other priorities are education, pre-arrival measures, social inclusion, and access to basic services), with some initiatives specifically targeting refugees. The action plan foresees the training of the staff at the reception centres to accelerate qualification recognition procedures. Several other measures encourage mutual learning and the sharing of best practices, such as the creation of an online repository of good practices on refugee integration into the labour market, and the development of the European Integration Network aimed at promoting learning and cooperation opportunities across civil society and both national and EU authorities. Other efforts focus on early skill identification. The EU has established an EU Skills Profile Tool for third country nationals that helps migrants get a first assessment of their skills, and supports national services in providing appropriate guidance on employment, training and/or further education. Furthermore, the European Qualifications Framework was recently revised to help national services understand degrees and qualifications issued in third countries.

Finally, the EU provides financial support to the labour market integration of refugees. The Asylum, Migration and Integration Fund (AMIF) is the most relevant instrument. 20% of the EUR 2.39 billion that the EU has granted as 'basic allocations'¹⁰ to states for the period 2014-2020 were earmarked for integration policies.¹¹

2. Assessing the impact of current policies

Despite a range of EU initiatives to support refugee integration, the following part explains why there has been a collective failure in the delivery of integration policies so far, which has a knock-on effect on the level of refugee labour market participation.

2.1 A COLLECTIVE FAILURE

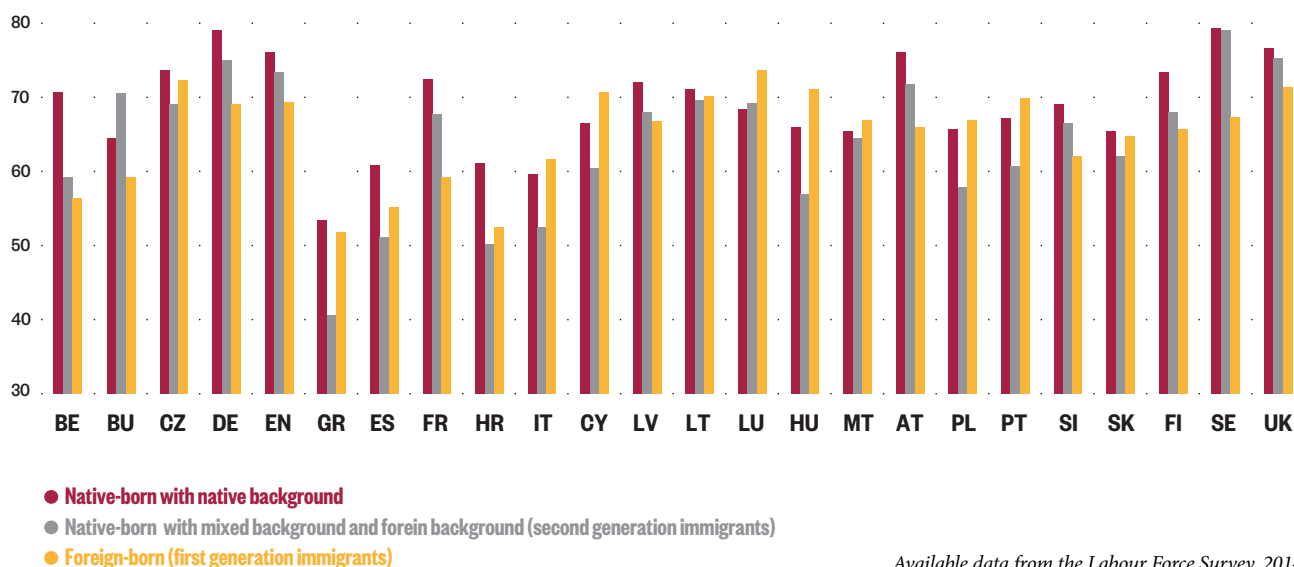
The conclusions of the latest European summits have highlighted, once again, the high political sensitivity of migration issues, the political divisions on how to make the CEAS more efficient, and the inability of the EU27 to agree on or implement solidarity mechanisms that could guarantee a fairer distribution of responsibilities across member states. The lack of consensus reveals the discrepancy of views on migration in the member states. Some see migrants mainly as a burden rather than an opportunity, be it economic, social, or cultural.¹² The absence of well-thought-out integration policies and the failure to deal successfully with diversity will only further strengthen this perception, making structural progress on the reform of the CEAS even more difficult. The two policies are in reality closely intertwined. The successful integration of migrants could make the host country population more accepting of newcomers,

allowing for a fairer distribution of refugees across member states and ensuring the overall sustainability of the asylum system.

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The relative failure of integration policies is also notable when one looks at immigrant labour market participation rates in the long run. The graph compares the employment rate of native-born citizens with that of first- and second-generation immigrants. On average in the EU, the employment rate of second-generation immigrants is 4.8 percentage points lower than that of natives, showing that there is a need for policy improvement.

EMPLOYMENT RATES OF 20-64-YEAR-OLDS BASED ON CITIZENSHIP



Available data from the Labour Force Survey, 2014

Because the main competencies to act on integration policies lie with the member states, they should, of course, be held responsible for the results. However, there is also a number of factors that limit the possible positive impact of EU actions. First, data collection at both the national and EU level is limited. In addition, there has been no systemic evaluation of the effect of EU tools and programmes.¹³ For instance, the Action Plan on Third Country Nationals is currently undergoing evaluation, but it is not expected to continue beyond 2018, excluding therefore possible improvements.¹⁴

Second, the bureaucracy and inflexibility of EU funding deter relevant organisations from applying. The multilevel governance structure of integration support adds confusion since different funds are allocated to regional or national levels.¹⁵ Lastly, while AMIF includes a mandatory allocation of 20% of its budget for integration activities in the member states, it does not set a minimum for overall spending. As a result, several member states only spend what they consider to be necessary on integration programmes, while others such as Greece, Portugal, and Poland spend even less.¹⁶

Third, the newly created information-sharing networks have not all proved to be sufficient. They need a thorough promotion for officials, employers, and asylum seekers to be aware of their existence. Besides, there is little indication that refugees are meaningfully involved or represented in these networks, which predominantly target senior civil servants.¹⁷ Relevant experiences and personal needs could therefore be side-lined when drafting integration programmes. The large number of new initiatives may also prove counterproductive. It increases the risk of duplicating efforts and withheld information in competing networks.

Lastly, integration practices and spending still vary widely across countries due to a lack of legislative enforcement.¹⁸ For instance, the timeframe for granting refugees and asylum seekers access to labour markets still differs considerably, despite EU efforts to harmonise it at nine months. Whereas Sweden grants the access early on, immediately after an asylum application is lodged, France and the UK delay it up to nine and twelve months respectively.¹⁹

2.2 MAIN OBSTACLES FACED BY EMPLOYERS

The responses to a questionnaire sent to European employers in the context of the EPC project indicate that they face common challenges when trying to hire refugees.²⁰ A lack of knowledge surrounding refugees' right to work, uncertainty resulting from the length of their residence permit, and a real or perceived inability to cater to refugees' needs are important reasons why employers struggle to hire them. Besides, the results of the EPC questionnaire indicate that three obstacles are particularly problematic for employers:

- ▶ the lengthy and cumbersome process of qualification recognition;
- ▶ the insufficient number of language and job-specific training opportunities; and
- ▶ the lack of coordination with public authorities.

Recognition procedures

Many refugees have acquired competencies and skills in their home countries. Upon arrival in the host country, they seek to continue their studies or join the labour market. However, the lack of effective recognition

procedures prevents them from putting their previously acquired skills to use. The existence of various recognition paths and the lack of clarity about who is responsible for delivering them adds complexity to the process. There are also no systems in place that allow for the recognition of qualifications without documented evidence or for the validation of refugees' non-formal learning, such as the acquired in the workplace.

Three obstacles are particularly problematic for employers: the lengthy and cumbersome process of qualification recognition; the insufficient number of language and job-specific training opportunities; the lack of coordination with public authorities.

In addition, employers might be bound by legal hiring requirements concerning technical skills, references, or security background checks, which makes the recruitment of refugees who cannot provide the necessary documented evidence of their qualifications very difficult. Some countries (e.g. Germany, Denmark, and Norway) have established fast-tracked and systematic procedures for skills assessment, but they are the exception, not the rule in the EU. In Spain, for example, the recognition process for formal qualifications can take up to two or four years and requires a fee (EUR 160) on top of the translation and mailing costs.²¹

3. Making the most of the European Union's added value

Academic researchers, civil society organisations, and some member states have identified various good practice examples of the successful labour market integration of refugees. They include the need for early intervention,²³ personalised integration programmes,²⁴ addressing physical and mental health issues,²⁵ matching refugees' talent to employers' needs,²⁶ and strengthening the employers' awareness of refugees' legal status.²⁷ Many of these recommendations – most of which concern national or regional authorities – have already been discussed at length.

In this discussion paper, the authors instead focus on how to maximise the impact of EU action on the three critical obstacles mentioned above (i.e. qualification recognition, training opportunities, and coordination of support measures). Rather than tackling each obstacle to integration in an isolated way, this section explains how to make the most of the European Union's added value. Our

Language skills

Access to training opportunities, especially language courses, is crucial for the successful integration of refugees. Research shows that the level of proficiency in the local language has a direct positive impact on refugees' employment prospects.²² It is even more relevant in the current economic context where manufacturing jobs tend to disappear and most employment growth is in the service sector, for which language skills are essential. Some refugees may have never worked before and need more support to secure employment. Legal restrictions on working and a lack of training opportunities during the lengthy asylum process are important contributing factors to refugees taking longer than other third country nationals to integrate into the labour market.

Uncoordinated support

Finally, many employers believe that they receive inadequate support from local, regional, or national authorities when hiring refugees. They often underline the lack of coordination in the provision of support measures. Multiple public and private actors take initiatives and intervene at the local, regional, and national levels without a coherent strategy or exchange of information. As a result, it can be difficult to find correct and up-to-date information, particularly for small and medium-sized enterprises, which have more limited resources than multinational corporations and rely even more on external support. For example, a lot of employers that responded to our questionnaire reported having to turn to a variety of different organisations for help, including NGOs, employment agencies, private firms, ministries, and international organisations.

main argument is that the EU is able to create an enabling environment for local and regional authorities to develop integration policies that are better suited to address the obstacles mentioned above.

3.1 ADDRESSING FRAGMENTATION

Many local initiatives, mostly led by social entrepreneurs, have emerged during the so-called refugee crisis to improve refugee integration. There are mentorship programmes, entrepreneurship trainings or upskilling, and networking programmes that connect refugees with employers. Locally, they have had a significant impact and helped refugees enormously.²⁸

So there is no shortage of good ideas and initiatives, but their reach and visibility must be scaled up. In fact, much of this social innovation happens in a fragmented

way and lacks sustainable funding. Overall, their large number and limited size makes identifying, supporting and scaling up successful pilot projects rather challenging. In that respect, increasing EU financial support to unlock the full potential of social innovation and make it more sustainable in the long run is vital (see later section on ‘Leveraging EU financial support’).

Furthermore, the impact of certain EU instruments remains limited when it comes to providing refugees with a first work experience in the European labour market. The EU Skills Profile Tool for Third Country Nationals, which offers guidance to organisations aiming to help third country nationals map their skills, qualifications and work experience, is a case in point: it is not considered to be an official skill recognition and authentication tool. Despite the usefulness of the instrument to give refugees options regarding their future personal education and training path, it fails to simplify the process of qualification recognition, which remains a discretionary power of the member states. In fact, cross-country recognition is often defined in bilateral agreements with third countries. In other words, each member state has a different list of third countries, and the scope of the bilateral agreements varies widely depending on various factors, including the shared ‘migration history’ between the two countries.

The creation of standardised EU tools that would be valid in multiple member states would lead to tremendous efficiency gains.

Recommendations for EU actions

Going beyond the limited EU competencies in this area while maximising the EU’s added value is, however, possible. To do so, the EU should encourage and facilitate closer cooperation between member states on qualification recognition (on a voluntary basis). The creation of standardised EU tools that would be valid in multiple member states would lead to tremendous efficiency gains. Given that refugees might move to another EU country once they obtain long-term resident status, the EU should deliver a certificate recognising their qualifications, which would be valid in any country that is willing to use it.²⁹ It would help save time and money as refugees, employers, and public authorities would not have to start the recognition process from scratch. This certificate could also be made available on a digital platform, accessible to all employment agencies with translation options. The digital platform would allow refugees to further increase their mobility across Europe while optimising the distribution of skills according to demand, and provide member states that are less advanced in this area with an easy-to-use tool.

3.2 OFFER POLICY GUIDANCE

The implementation of integration programmes comes with a set of complex policy trade-offs. Unfortunately, policymakers are often guided by short-term interests and immediate political considerations rather than the long-term benefits. This, in turn, can lead to even less effective and more burdensome integration procedures. Two of these trade-offs are explained below.

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Trade-off 1: Investing in all asylum seekers vs a limited number of refugees

Member states are faced with a dilemma: either invest in all asylum seekers as early as possible to maximise their chances of integration once they receive refugee status, but thereby run the risk of spending much-needed integration funds on individuals who will have no use for it, or invest solely in those documented refugees that have a secure status and are sure to stay in the host country for a longer period of time. Usually, only individuals with a refugee status can access the labour market and training courses. The main issue is that asylum procedures can be extremely lengthy and last up to 21 months.³⁰ This means that asylum seekers cannot start looking for work while they wait for their refugee application to be processed. This delays their effective integration into the labour market.

Trade-off 2: Promoting swift labour market integration vs further education

The second trade-off is the speed with which to get refugees into employment. If swiftness is prioritised, the pressure on support systems can be reduced. However, this does not necessarily offer the best pathway to sustainable self-reliance and professional development. As with other segments of the population, entering employment too soon can trap refugees in low-skilled and low-wage jobs. It is likely to push refugees into underemployment or casual employment, which would not, in the long run, decrease their dependency on state support.

One way to deal with these trade-offs is to encourage and support language and skill training, and sometimes additional education in the early stages of integration, even if it delays the entry into the labour market. An alternative solution, which could mitigate the impact on national budgets, is to promote on-the-job training

or part-time work that allows migrants to seek an education simultaneously.

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Recommendations for EU actions

The EU has several tools at its disposal to address these policy dilemmas, guide national policies, and incentivise early investment:

First, the EU can initiate a paradigm shift in how integration policies are assessed, not least by introducing qualitative criteria in the evaluation of EU-funded projects. Such indicators could tell, for instance, whether a refugee has a job corresponding with his or her level of qualification and experience. Such practices would apply to each citizen and not only to refugees, to avoid stigmatisation. It is also of the utmost importance that the Regulation on the European Social Fund Plus (ESF+) asks member states to use qualitative indicators to monitor refugee labour market integration and the sustainability of their labour market policies. Furthermore, the EU should consider adding indicators on refugees to the evaluation of other programmes co-financed by the EU, such as the Youth Guarantee, Erasmus+ or ESF-funded projects. To date, it is unclear how these EU funds target refugees.

The EU can initiate a paradigm shift in how integration policies are assessed, not least by introducing qualitative criteria in the evaluation of EU-funded projects.

Second, the EU should incentivise investments in asylum seekers and refugees in the context of the ongoing CEAS reform. Negotiations suggest that the recast Reception Conditions Directive will grant migrants access to language courses as soon as they submit their asylum application – and to the labour market within six months.³¹ While reducing the maximum delay for accessing the labour market is positive, most member states already permit it within six months, so there is still room for more ambitious reform. In addition, the principle of early investment should be extended to job-specific training opportunities. It is also important to ensure that such training is financially attainable.

Third, the transformation of the Qualification Directive into a Regulation must not become a missed opportunity for reform. Despite calls to increase the minimum length of the initial residence permits granted to the beneficiaries of subsidiary protection and refugees, negotiations suggest that they will remain at one and three years respectively, with a mandatory review of their status upon renewal.³² The legal uncertainty that such a cut-off threshold creates may lead employers to be discouraged from investing in the training and hiring of refugees, thereby rendering all other integration efforts less effective. A five-year initial, renewable residence permit for both refugees and beneficiaries of subsidiary protection, with support for prolonging their residence if they find employment or training, could significantly increase the effectiveness of integration policies.

Fourth, the EU should monitor how member states implement anti-discrimination legislation concerning refugees' access to education, training, and employment programmes. More information on the legal instruments available to fight discrimination should be disseminated to social services, trade unions, and refugees themselves. Specific EU funding should support trade unions across the EU to work in that direction.

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3.3 LEVERAGING THE EU'S FINANCIAL SUPPORT

The European Commission's proposal on the Multiannual Financial Framework (MFF) for the 2021-2027 period provides a good opportunity to rethink how EU financial instruments can foster long-term integration and the social inclusion of refugees. The proposal integrates the long-term integration priority under the ESF+, whereas the new Asylum and Migration Fund (AMF, previously AMIF) will focus primarily on immediate asylum needs and the external dimension of migration. These two funds would have budgets of EUR 101.2 billion and EUR 10.4 billion, respectively, at their disposal.

Recommendations for EU actions

Including integration policies in the ESF+ would have numerous benefits. It would help promote a holistic approach towards integration, whereby employment would be supported alongside other essential integration policies, such as education, housing, or social services. Moreover, it would further reduce silo-policymaking and avoid unnecessary competition for funding between two

equally important objectives, i.e. the immediate needs of migrants and the more long-term difficulties refugees face in host countries. However, policymakers should be careful about the possible risk of policy fragmentation. When organisations seek to offer continuous support throughout someone's integration journey, they will now need to apply to two different funds and instruments. It might increase the probability of discontinuity and lead to gaps in integration support and overlapping efforts. In response, policymakers at EU and national level should monitor this risk, and develop strong systems of dialogue and coordination between the managements of both funds.

Policymakers at EU and national level should monitor this risk, and develop strong systems of dialogue and coordination between the managements of both funds.

Concerning the amount of funding, it is encouraging to see that the EU will earmark at least 25% of ESF+ resources under shared management to socio-economic integration. However, there is no specific target for how much should go to third country nationals and refugees in particular. As a result, national authorities may continue to concentrate the funding on other segments of the population, especially if refugee integration is not a priority shared by local and regional policymakers. That is why, together with the introduction of appropriate indicators concerning refugees mentioned earlier in this paper, EU-funded programmes must establish specific allocation targets for refugees and asylum seekers.

4. Conclusion

There is no sign of political appeasement on EU migration policies in the near future. Divisions in the European Council have grown wider in the past few months, leaving several vital proposals, such as the Dublin Regulation recast, at a standstill. EU actions in this field have been particularly challenging as anti-migration forces have recently entered several national governments. The situation is likely to get worse after the European elections in May 2019, which are expected to result in a surge of right-wing populists in the Parliament. Illiberal voices could join forces to further politicise and polarise the debate on migration and integration and oppose any joint actions at the European level.

This paper has shown the links between the long-term sustainability of the CEAS and the success of integration policies. Failure in one of the two areas has detrimental effects on the other and on how migration issues are

Finally, other instruments of the MFF, such as InvestEU, could also support the integration of refugees and provide funding to projects where the return on investment is less immediate and tangible than the ones usually backed by commercial banks. Introducing the concept of social investment into integration policies and practices is essential to guarantee their sustainability and positive impact in the long run.

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The Commission has announced its intention to earmark a share of InvestEU to social investment and skills. It must now put forward a robust methodology to identify social investment needs across the EU (while not overlooking those of refugees) and measure the medium to long-term benefits of current integration policies. Such an approach would help build evidence of the return on investment of integration policies, which is needed to convince the most sceptical voices. Furthermore, a high concentration of refugees and asylum seekers, such as on the Italian and Greek shores, needs to become a primary allocation criteria of InvestEU. With that as a guiding principle, the EU budget would demonstrate that the EU can provide concrete solutions to the migration crisis and give tangible support to local authorities affected by it.

perceived and debated at national level. Continuing to disentangle both aspects would, therefore, be a mistake. It would reinforce citizens' support for national solutions and not only make future negotiations on the CEAS even more difficult, but also increase the risk of the CEAS imploding. It is, therefore, essential for the EU to deliver on integration policies and show how it can provide suitable alternatives to national practices.

However, the current distribution of competences on integration policies limits the EU's room for manoeuvre. Although the current political mood does not allow any questioning of where and how integration policies are designed best, the EU still has the possibility to enhance its added value in this area. The most viable option is to engage in a serious dialogue with European employers. In fact, designing policies that address their concerns, and enhancing their positive perception of how the EU can help in this field is crucial. By

addressing the needs of employers, the EU would be in the position to become part of the solution, act as a legitimate interface between employers and national authorities and offer a credible counter-narrative to the anti-migration discourse.

This paper has shown the links between the long-term sustainability of the CEAS and the success of integration policies.

In the end, delivering on refugee integration is more than a question of competences and protecting the future of the CEAS. It is, even if indirectly, about the future of our European societies, the performance of our economies

and the ability of member states to address common challenges, which lies at the core of the European project's *raison d'être*. With the current politico-institutional cycle coming to an end, it is the right time for the EU to ensure that ongoing negotiations on the financial and policy framework that will shape the next cycle reflect the recommendations presented in this paper.

By addressing the needs of employers, the EU would be in the position to become part of the solution, act as a legitimate interface between employers and national authorities and offer a credible counter-narrative to the anti-migration discourse.

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- ¹ The estimated number of entrants across the Mediterranean was 172,301 in 2017 compared to 1,015,078 in 2015. See: Mediterranean Situation, UNHCR Operational Portal. The number of asylum applications was 200,620 in 2017, compared to 368,005 in 2015. See: Asylum and first-time asylum applicants by citizenship, age and sex, Eurostat. Data up to 2017.
 - ² Ibid.
 - ³ Determining labour shortages and the need for labour migration from third countries in the EU, Synthesis Report for the EMN Focussed Study 2015 (2015), European Commission.
 - ⁴ Zolt Darvas and Ines Goncalves Raposo (2018), The ever-rising labour shortages in Europe, Bruegel, Blogpost.
 - ⁵ European Commission (2016), Employment and Social Development in Europe, Annual Review 2016, Luxembourg: Publications Office of the European Union, p.119. This is based on data from the migration and labour market ad hoc module of Eurostat's Labour Force Survey of 2014. More recent data is unavailable pending the next publication of the module in 2021. These figures also include data from Switzerland and Norway.
 - ⁶ Out of the starting blocks: Cohort study on recent asylum migration (2018), The Hague: Statistics Netherlands, p.4.
 - ⁷ The employment rate of first-generation of immigrants by sex, age, years of residence and reason for migration, Eurostat Labour Force Survey 2014. Information was lacking for several states, particularly in Eastern Europe.
 - ⁸ How are refugees faring on the labour market in Europe? (2016), European Commission and OECD, Working Paper 1/2016.
 - ⁹ Special Eurobarometer 469: Integration of immigrants in the European Union (2018), European Commission.
 - ¹⁰ The 'basic allocation' is the bulk of allocated AMIF funds (87% in 2014-2020) given to national programmes based on average past allocations over the previous three years.
 - ¹¹ Regulation (EU) No 516/2014 establishing the Asylum, Migration and Integration Fund.
 - ¹² Op. cit. Special Eurobarometer 469.
 - ¹³ Zolt Darvas et al. (2018), EU funds for migration, asylum and integration policies, Study, Brussels: European Parliament.
 - ¹⁴ Forging a common path: A European approach to the integration of refugees and asylum seekers (2018), International Rescue Committee.
 - ¹⁵ Elizabeth Collett, Helen McCarthy and Meghan Benton, Immigrant Integration Mainstreaming at the EU Level, in Scholten, Peter and Ilona van Breugel (2018), *Mainstreaming Integration Governance: New Trends in Migrant Integration Policies in Europe*.
 - ¹⁶ Op. cit. Zolt Darvas et al. (2018).
 - ¹⁷ Op. cit. Elizabeth Collett, Helen McCarthy and Meghan Benton (2018).
 - ¹⁸ Follow the Money: Assessing the use of EU Asylum, Migration and Integration Fund (AMIF) funding at the national level (2018), UNHCR and European Council on Refugees and Exiles.
 - ¹⁹ Ivan Martin et al. (2016), From Refugees to Workers: Mapping Labour-Market Integration Support Measures for Asylum Seekers and Refugees in the EU Member States, Volume II: Literature Review and Country Case Studies, Bertelsmann Stiftung.
 - ²⁰ This questionnaire was filled in by around 20 companies of different size, which have tried to be active on the labour market integration of refugees. Their answers to the questionnaire were complemented by interviews when necessary.
 - ²¹ Op. cit. Ivan Martin et al. (2016).
 - ²² Labour Market Integration of Refugees (2016), Paris: OECD.
 - ²³ Making Integration Work: Refugees and others in need of protection (2016), Paris: OECD.
 - ²⁴ Mutual Learning Programme Thematic Event on 'Measures to support the integration of asylum seekers and refugees' (2016), European Commission.
 - ²⁵ Op. cit. Making Integration Work: Refugees and others in need of protection (2016).
 - ²⁶ Engaging with employers in the hiring of refugees (2018), Paris: OECD and United Nations High Commissioner for Refugees.
 - ²⁷ Ibid.
 - ²⁸ Op. cit. Engaging with employers in the hiring of refugees (2018).
 - ²⁹ The Long-term Residents Directive (2003/109/EC) allows third-country nationals to obtain long-term resident status in a member state after five years' legal residence. This status provides, among others, a right to greater mobility across countries. Refugees were excluded from the remit of the directive until April 2011.
 - ³⁰ The length of asylum procedures in Europe (2016), European Council on Refugees and Exiles.
 - ³¹ Press Release: Reception conditions for asylum-seekers agreed between MEPs and Council (2018), European Parliament.
 - ³² Ibid.

MISSION STATEMENT

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