



Addressing the Refugee Crisis in Central Europe

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Background

An estimated 800,000 refugees arrived in Europe in 2015. The scale of the refugee crisis was unprecedented, with the European Union unable to cope with the implications and unable to develop a response. Central Europe has been particularly affected by the crisis. Whereas in the past refugees arrived in Italy and traveled to Western European countries, refugees now arrive in the South and East and travel through Central Europe, where governments are not prepared—or willing—to accept refugees. The result has been a massive humanitarian crisis across the region.

PROJECT'S OBJECTIVE

In 2016 and early 2017, NESsT performed research with the support of a development grant from Rutgers Presbyterian Church, to examine the opportunities for labor-force integration of refugees in Central Europe, in line with its mission to provide dignified work for those facing the greatest barriers to work in emerging market countries.

Through the research, NESsT aimed to understand the nature of the crisis and the medium and long-term development needs of the refugees, identifying opportunities to prepare them for dignified employment through social enterprise. Having a stable, dignified job is the premise for building a new life and for settling in a new location, as it not only provides the income needed to ultimately become self-sufficient, but it also creates values, connections, the feeling of belonging and contributing to society.

The research sought to answer the following questions:

- What are the employment prospects for refugees and their job training needs?
- What programs exist at the EU and national levels to create employment for refugees?
- What is the capacity of implementing partners (nonprofit organizations and social entrepreneurs) to adapt their programs to the employment needs of refugees?
- What funding opportunities exist in the donor community to support refugee jobs creation?

A description of the research methodology used as well as a listing of both primary and secondary sources can be found in Appendix 2.

¹ Human Rights Watch, Europe's Refugee Crisis: An Agenda for Action. (2015, November 16). Retrieved February 1, 2016, from https://www.hrw.org/report/2015/11/16/europes-refugee-crisis/agenda-action



Research Outcomes

The outcome of the project is an assessment about the employment prospects of refugees in Central Europe and a roadmap for NESsT to facilitate their labor insertion.

NESsT examined the possibilities for labor-force integration of refugees in Central Europe through social enterprises and the policy implications of this phenomena. NESsT is aware of the fact that currently Europe faces a humanitarian crisis, and the situation is very volatile, and will continue to be so for the medium term, at least. Therefore, the findings of the research and their implications will also be influenced by future trends and policies.

NUMBER AND SITUATION OF REFUGEES IN CEE: TRANSITIONAL VERSUS PERMANENT

One million refugees and migrants have made the perilous journey across the Mediterranean into Europe in 2015; more than 350,000 in 2016 (4800 people drowned in 2016, a record number so far, with 25% higher than in 2015). The deal between EU and Turkey reduced the number of refugees coming from the East (to approx. 180,000), while migration from Northern Africa rose by 30%. The majority of the refugees use the Eastern Mediterranean and Western Balkans route into Europe. Three million migrants are likely to arrive in Europe in 2017 as the record influx via the Mediterranean continues, the European Commission says. The EU's executive arm said the influx would have a "small but positive" effect on EU economic output, raising GDP by 0.2-0.3%. The influx will raise the EU population by

² Ibid

0.4%, the Commission forecasts, taking into account the number of failed asylum claims.³

As per the Regional Refugee and Migrant Response Plan for Europe 2017 (UN High Commissioner for Refugees, 23 December 2016), the majority of the refugees are in search of safety and protection, as almost 60 per cent of those arriving in Europe in 2016 come from the world's top 10 refugee-producing countries, primarily from the Syrian Arab Republic (Syria), Afghanistan and Iraq.

So far, refugees and migrants have mainly been transiting through CEE, but the countries in the region need to be prepared to accommodate refugees and migrants for longer periods as it becomes harder for them to enter Western Europe. However, for the moment, the attention of the donors and support organizations focuses on origin countries, first point of entry in Europe countries and final destination countries. Transition countries are not yet on the radar screen, as they are unlikely to receive significant numbers of new arrivals.

The majority of refugees are Syrians; 62% men; 22% children; 16% women (mostly housewives, homemakers); 87% are Muslim. In Syria, 35% of the workforce is self-employed, while only 13% of women are employed. 97% of children are enrolled in primary schools; most of them speak English, German, and French. One United Nations survey on refugees confirms that many are young, educated, seeking safety & opportunity in a new country (mainly Germany and Sweden).

Due to poor hosting programs and public policies, many people want to leave the CEE region; even if protection is granted, they have no accommodation, no social support, no medical insurance, no access to education, no vocational/language trainings, and face discriminatory

attitudes (there is a huge divide between the theory and reality of reception standards, and even when positive legal provisions exists, their implementation falls behind).

There are reception centers for new arrivals, but they can stay there for up to 2-3 months only, with some benefits (training, allowances, limited rights to work & only under specific conditions, education). These centers are few and overcrowded, do not provide appropriate reception (i.e. non-heated tents). The countries in the region do not have systems prepared to manage the massive inflow of people.

The refugees, once arrived in a safe place, need durable solutions. They do not want to be further displaced, they need to start building a new life. Therefore, they do not want to settle (and do not have the possibility to do so) in a region not equipped to provide them with the support needed. As a result, they tend to move to a new country, in the Western part of Europe, with better support systems. This is reflected in the Eurostat chart, showing the distribution of the asylum demands across Europe.

The CEE countries tend to be poorer, to face structural long-term unemployment, to still function under undeclared labor agreements (due to high taxes). They face a lot of social and inclusion related challenges: Roma labor force integration, poor school-to-work transition programs, few attractive unemployment benefits, poor salaries in low skilled jobs and unfavorable working conditions, inconvenient working hours, not accustomed to flexible employment arrangements, limited capabilities to include vulnerable groups in the labor market. All these hinder progress and make the society at large reluctant with regard to accepting refugees.

³ http://www.bbc.com/news/world-europe-34732415

Table 1: Number of Refugees and Asylum Applicants by CEE Transition Countries

Country	Transit 2015	Applied for asylum	Right to stay / protected status, citizenship	Countries of origin
Macedonia	700,000			Syria, Iraq, Afghanistan
Serbia	815,000	583	16	Syria, Iraq, Afghanistan
Croatia	550,000	140	15	Syria, Kosovo, Afghanistan, Turkey, Nigeria, Azerbaijan
Slovenia	380,000	144	40	Syria, Iran, Iraq, Afghanistan
Hungary	54,000	170,000 8,800 minors	340	Syria, Afghanistan, Kosovo, Somalia
Poland		10,000	500	Syria, Iraq, Russia, Ukraine, Tajikistan
Slovakia		270	40	Syria, Iraq, Afghanistan, Ukraine
Romania		1,225	430	Syria, Iraq, Afghanistan
Bulgaria		20,000	5,600	Syria, Iraq, Afghanistan
Czech Republic		1,235	355	Syria, Ukraine, Cuba

Source: NESsT

The situation does highlight that if refugee transition periods were created and normalized in CEE, there could be a role for social enterprises that provide temporary dignified employment. These would need to be based on business models that could sustain significant worker fluctuations and able to respond to their other specific challenges faced by the refugees (i.e. language, legal, cultural, etc.).

EU AND NATIONAL POLICIES & REGULATIONS WITH REGARDS TO THE REFUGEES

Relocation to accepting countries depends on the size of the economy and population, and the average number of asylum applications. There is a financial penalty of 0.002% of GDP for those member countries refusing to accept relocated migrants. Table 2 (see right) shows the number of asylum applicants that are initially screened in Greece, Hungary and Italy and transition in Central and Eastern Europe countries. For example, 201 asylum applicants are processed in Italy to transition in Bulgaria. Syrians, Eritreans, Iraqis are prioritized

Hungary, the Czech Republic, Romania and Slovakia all voted against the plan to share the intake of refugees.⁴ Along with Slovakia, Hungary has launched a court challenge against that plan, which sets quotas for each EU country to host a share of the refugees over two years. Besides this, Hungary held in October 2016 a referendum regarding admitting refugees into their country. The referendum was not valid, as not enough Hungarian voters expressed their opinion (less than 45% of the electorate, while the minimum required to validate the referendum is 505). Nevertheless, 98% of the participants voted against the admission of the refugees.

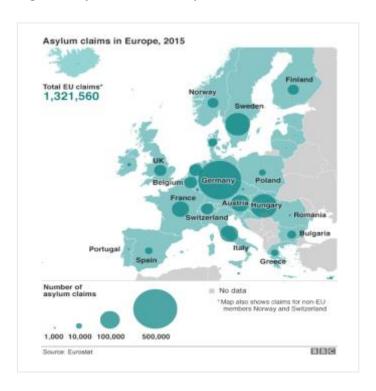
⁴ http://www.aljazeera.com/news/2016/05/hungary-hold-referendum-refugee-guotas-160503111830237.html

Table 2: Asylum Applicants

Allocations per Country	From Italy	From Greece
Bulgaria	201	651
Croatia	134	434
Czech Republic	376	1215
Hungary	306	988
Poland	1201	3881
Romania	585	1890
Slovakia	190	612
Slovenia	80	257

Source: NESsT

Figure 1: Asylum Claims in Europe in 2015



As Western countries put a cap on numbers of asylum seekers, CEE countries started implementing actions forbidding refugees crossing their borders from Greece, which lead to an outburst of violence. People's main goal, out of desperation and lack of information and predictability, is to get out of CEE and arrive no matter where in Western Europe. The only effect of these type of disconnected policies (West – East) lead to an increase in the activity of the smuggling businesses. The recent developments in Turkey and the volatility of the EU-Turkey treaty, add challenges to the whole situation.

In general, there is a hostile environment in CEE towards refugees, both at public and private levels. There are very small, disconnected initiatives, usually community based and not coordinated, not able to influence a genuine public debate. NESsT would recommend that policymakers take into account, when drafting and presenting the quotas policies, the degree to which their country needs refugees to fill important labor gaps (brought about by shifts in needed skills, aging population, brain drain and emigration, declining native demographics etc.). This approach – focused on solving issues for the hosting countries – could make the integration of refugees a lot easier.

BARRIERS TO EMPLOYMENT

The initial intervention that is currently being provided to the refuges is focused on humanitarian aid (including very basic material aid, less than 30 Euros/month), counselling and information provision (in many cases, it is challenging to provide it in a language that refugees understand). Taking into account the unstable situation and the limited amount of time an individual spends in CEE, long-term support is not in place there yet (i.e. people need to wait for approximately one year before being allowed to work; employment agencies are not equipped to provide them with adequate services). But, considering the fact that people end up spending quite some time in these transition countries (even longer than the 2-3 months' period, as the refugee centers are overwhelmed), the more integration measures are postponed, the more problems arise. NGOs try to

supplement the public measures, but these efforts are very short-term oriented and often on ad hoc basis, responding to specific emergencies.

Employment is key to integration. The employment agencies are supposed to offer vocational training in reception centers. But they do it only in the local languages and in practice, it often does not really happen. The authorities also offer local language trainings (basic levels, usually low quality, limited in time), but the participation rate is low. No job search activities take place and there are no procedures for recognizing existing studies, diplomas or work experience. Even if they were, the refugees' insecure legal status and their temporary presence in the region makes them unattractive to employers.

In the overall outlook of the region, the economic crisis had a significant impact in society – GDP dropped, the labor market declined, job security weakened. All this is reflected in the lack of services provided to existing at risk groups. Budgetary cuts affected all marginalized groups in the countries, which lead to increased overall poverty and negative attitudes towards refugees, perceived as foreigners wanting to take advantage of the already not sufficient social services.

Refugee studies scholar Keller describes various stages of the refugee experience, such as "the period of extreme danger and flight" and then "the early and late stages of resettlement." While overly broad, these stages are useful to consider the various transitions and adjustments refugees must make. During the initial stage of exile, refugees "will confront the loss of their culture – their identity, their habits" and "loss of patterns of conduct is intensified by the uncertainty of what kind of behavior is acceptable or non-acceptable in their new environment," further illustrating the challenges for refugees. Stein summarizes these points in noting that while integrating, the refugee is "searching his (her) way through a strange and frightening society". These

scholars only skim the surface of the challenges that refugees face in their journey and upon arrival.⁵

Once specific challenges are overcome (trafficking, abuse, violence, smuggling, shelter, nutrition, cloth, education, paper loss, asylum seeking, basic human right violations), the refugees face specific barriers to employment:

- Work permits and access to vocational training based on status and local legislation (i.e. can attend vocational trainings only if under international protection)
- Limited rights to work for asylum seekers (i.e. only in agriculture temporary work, tourism seasonal work, only for a limited period of time, not allowed to be self-employed, a certain number of hours per month, cannot work in the first 6-8 months in the country)
- Unable to get their studies/previous work experience recognized in the host country
- Not familiar with training and recruitment opportunities
- Do not understand the recruitment process in the host country
- Do not speak the local language complicated in CEE
- Special treatment for specific nationalities in reception
- Lack of job opportunities (i.e. in one reception center that can accommodate 225 persons in Hungary, there were 6 jobs available for its residents; these centers are located usually in remote areas, with no regular companies around. Employers not willing to employ people for short period of time)
- Ethnic discrimination from the employer side

In final destination countries, beneficiaries of international protection and asylum-seekers are mostly

engaged in gender specific lower-skilled, low wage labor in several industries: retail (small shops and markets for clothes and food), food service (fast food restaurants), car repair services, construction, hairdressing and sewing. These jobs tend to be concentrated in the capital cities, in specific neighborhoods. Also, men are more likely to get a job (more active, more adjustable) than women (who tend to stay with children, skip vocational/language classes).

IS THERE A ROLE FOR SOCIAL ENTERPRISES?

There are successful social enterprise examples in Western Europe – the final destination countries – that are helping the refugees overcome the above barriers and be employable in the host counties. They tend to be grouped in specific industries, like food (11eleven, EthnoCatering, cooking lessons), hospitality (magdas Hotel), cultures/crafts & design (Familiar Facades, Cucula), IT (ReBootKamp).

Also, they are closer to their beneficiaries, and they are willing to and invest in adapting their programs to the employment needs of the refugees, like Swan's Route in Finland or to organize new programs, specific for their needs (Refugees Welcome).

The support measures provided by social enterprises consider the various stages of the refugee experience, accompanying them throughout the journey. Social enterprises can recruit refugees and organize training seminars and learning of the mother tongue of the host country. They can get involved in measures for the reception and integration of refugees. In some countries social impact bonds were created, as a way to respond in a more efficient way to the integration challenges, leading to employment and long-term stability. Impact investing can have a significant impact on both the refugees' quality of life and on the overall local community.

http://dukespace.lib.duke.edu/dspace/bitstream/handle/10161/11864 /Smith Emma ICS Honors Thesis1.pdf?sequence=1

⁶ http://ied.eu/social-economy-can-help-refugees/

Refugees be employed in social enterprises, can create their own social enterprises (helping next cohorts of refugees, producing goods /services, informing the host community on their culture and traditions) or get involved in the sharing economy. One example is ReBoot Kamp that teaches Syrian refugees competitive coding skills. After a refugee completes the course, and begins working in a technology company using his or her skills, he or she pays for the next class of refugees to move through the coding program. This is a sustainable form of P2P lending that not only finances the coding school, but also encourages refugees to give back and help one another to become financially self-sufficient.⁷

Co-working spaces can have an impact as well. The Migration Hub is a co-working space for like-minded start-up businesses and individuals who are using social innovation and entrepreneurship to tackle the refugee situation. Time banking is another way individuals can get involved and contribute to the inclusion of refugees. Since refugees do not have financial resources to pay for a translation, a local person provides it, within one hour. In return, the refugees have to allocate one hour, leveraging on his/her own skills, to benefit another person. Examples include teaching a local person in a particular skill, running errands, child or elderly care. Time banking and sharing economy could replace, for a limited period, the currency paid transactions, as refugees tend not to have enough resources to manage their life in a new location. Also, initiatives in the sharing economy such as time banking could be used as shortterm solutions before refugees are legally permitted to work. 8

http://dukespace.lib.duke.edu/dspace/bitstream/handle/10161/11864 /Smith_Emma_ICS_Honors_Thesis1.pdf?sequence=1

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WHAT CAN BE DONE IN CEE?

The UNHCR Regional Representation for Central Europe has a high level <u>agenda</u>:

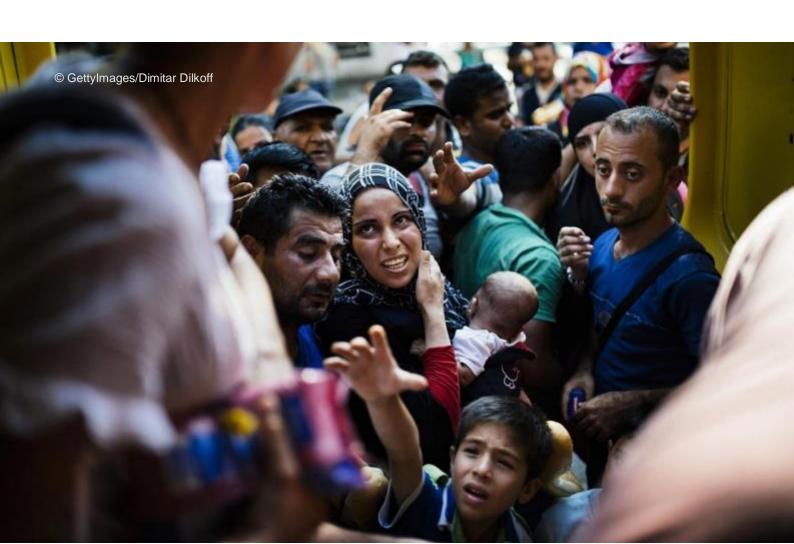
- Strengthening Partnerships among Key Stakeholders
- Needs-Based Assessment and Targeted Integration Measures
- Fostering Participation and Building Bridges with Local Communities
- Acknowledging the Links between the Reception and Integration Phases
- Securing Legal Status and Equal Access to Rights
- Providing Access to Safe, Secure and Affordable Housing
- Active Participation in the Economic Life of the Receiving Country
- Participating in the Education System
- Language Learning as a Path to Independence and Self-Reliance
- Monitoring and Evaluation of Integration Policies and Programs

In developing strategies or programs to facilitate refugee self-reliance and access to meaningful employment that is commensurate to refugees' skills, knowledge and aspirations, UNHCR notes the importance of partnership development and capacity building involving a range of employment actors including employment agencies, individual employers, employer associations, training providers and local community networks. The Office further underlines the need for closely monitoring the implementation of legal provisions aimed at preventing discrimination and racism in the workplace. It supports the development of community level, targeted legal advice and employment counseling services that enable refugees to effectively exercise their rights to work and at work.

As EU Member States, the CEE countries are eligible to receive support from the Migration, Asylum and Integration Fund (replacing the European Refugee Fund), assuming they respect the EU provisions on migration (including integration, asylum, emergency assistance and return policies) – which is not often the case. All policy documents identify employment as being crucial to integration, including labor counselling, development of vocational training, education, and qualification recognition. UNHCR also provides some funding for NGOs involved in advocacy. In Poland, the European Integration Fund sponsors integration for people with tolerated status who do not qualify for refugee support.

But projects in most of the countries are often short-term (no more than 18 months), which limits their sustainability, scope, and effectiveness. Also, the fund's priorities change, as a symptom of the dynamic asylum processes, which effects the continuity of services in areas like language training, legal counselling. In the same time, the reimbursement funding mechanism and the reporting and bureaucratic burdens make the fund unattractive to NGOs.

In Western Europe there are national funding opportunities (like the German matching fund for the integration of refugees through entrepreneurship) as well as private donors (like foundations, corporations) — actors missing completely from the CEE landscape.



Next Steps for NESsT

PHASE 1: SHORT TERM

- Identify and support 1-2 social enterprises providing short term employment or entrepreneurial opportunities to refugees in transition (like <u>Mighelp</u> from Hungary). Work with successful social enterprises in the Western Countries and try to replicate their models.
- Join existing EU networks in order to learn and understand more about policies and trends, while also trying to influence policies (to lobby CEE governments to begin to open up to higher numbers of asylum seekers as a way to solve their own employment gaps).
 - EU think tanks on the topic, like <u>Vision Europe</u>, a
 partnership between seven leading think tanks
 and foundations in Europe providing practical
 solutions to the current refugee crisis and its root
 causes. The partners are working together to
 advance new ideas, frame an informed debate
 and emphasize the benefits of common
 European solutions to Europe-wide problems.
 - The <u>Central European Forum for Migration and Population Research</u>, Warsaw

- Engage with the <u>European Programme for</u> <u>Integration and Migration and the European</u> Migration Network
- Engage with <u>EVPA's</u> efforts on refugees and migration and OECD
- <u>European Stability Initiative</u> focused on policy, to find out more about their work for/in CEE
- Engage with <u>Vienna Business Agency</u>, the department of Migrant Enterprises
- Engage with Anja Nadine Koening as a key German contact and further research the refugees SIBs in UK and Finland; get from Jane Newman Social Finance UK the outcomes of their own report that mapped the refugees' itinerary

PHASE 2: MEDIUM TERM

- Assuming such macro environment changes occur, NESsT could launch a NESsT Empowers specifically for refugees that could also exist migrants. NESsT Empowers is a program that supports social enterprises that are unique prepared to train and prepare at-risk communities for formal employment in high-growth industries. In Poland, NESsT is working with the IT and BPO industry to empower social enterprises to train at-risk youth and women for the thousands of jobs needed by the industry. In Brazil, the program is being implemented with the hospitality industry.
- Assess opportunities to raise a special refugees/migrants fund (could it be through SE or SME programs)

Appendix 1: Further Resources

<u>Bertelsmann Stiftung:</u> carries out its own project work, does not make grants or provide funding to third parties.

<u>EPIM</u> - European Program for Integration and Migration: an Initiative by Network of European Foundation.

EU Newsletter

European Social Innovation Competition 2016: semifinalists and jury members

<u>European Stability Initiative</u>: focuses on policy issues rather than civil society initiative, but can be relevant for CEE.

The Expert Council of German Foundations on Integration and Migration is based on an initiative of the Stiftung Mercator and the Volkswagen Foundation. The initiative includes seven member foundations. In addition to the Stiftung Mercator and the Volkswagen Foundation, the member foundations are: Bertelsmann Stiftung, Freudenberg Foundation, Robert Bosch Stiftung, Stifterverband für die Deutsche Wissenschaft and Vodafone Foundation Germany.

<u>The Foundation for Population, Migration and Environment</u> (PME), Switzerland: could be a further research partner

<u>King Baudouin Foundation:</u> Belgium focused, but funds also research activities and gets involved in reception centers.

<u>Mercator Foundation:</u> Germany focused, but funding projects impacting Europe at large and integration of migrants / refugees.

Network Migration

Open Society Institute

Social Innovation Europe

<u>Robert Bosch Foundation</u>: provides funding under Migration and Inclusion, but not in CEE.

Slovenian Government: its representatives presented their solution at GECES meeting in November 2015 (Slovenian paper on Impact investing and Social Economy Concept in Case of Migrant Policy)

<u>UNRISD</u> - United Nations Research Institute for Social Development: join forces for further possible research.

<u>Volkswagen Foundation</u>: funds research, and refugees is hot topic for them, but not in CEE.

Appendix 2: Methodology

With the support of the Rutgers Presbyterian Church Giving Circle, NESsT was able to dedicate its own staff time to implement a research examining the labor- force integration of refugees in CEE. Andreja Rosandic (Croatia), Roxana Damaschin-Tecu (Romania), Anna Horvath (Hungary), Rasmus Dillingen (Denmark), and Nicole Etchart (USA) contributed to the research. To carry it out, NESsT methodology included extensive secondary research in order to identify trends, opportunities and challenges in CEE and overall Europe with regard to refugees' inclusion. It mapped the successful 13 social enterprises and inclusion programs from Western Europe, in order to identify models that could be, eventually, replicated in CEE. It also surveyed a vast number of institutional websites, including:

- AIDA
- Bertelsmann Stiftung
- Central European Forum for Migration and Population Research
- European Commission
- Expert Council of German Foundations on Integration and Migration
- European Council on Refugees and Exiles
- European Court of Justice
- European Migration Network
- European Program for Integration and Migration
- European Stability Initiative
- Eurostat
- EVPA

- Foundation for Population, Migration and Environment (PME)
- Institute of Entrepreneurship Development
- Hamburg Institute for International Economics
- Human Rights Watch
- Mercator Foundation
- Network Migration
- Open Society Institute
- Robert Bosch Foundation
- Social Innovation Europe
- UNHCR
- UNRISD
- Vienna Business Agency
- Vision Europe
- Volkswagen Foundation

NESsT also monitored key media outlets' reporting on the topic, like Al Jazeera, BBC, *The Guardian* and *The Wall Street Journal*.

In its second phase, NESsT approached – face to face, during various events in Europe, or via emails and on line communication tools – experts from Belgium (King Baudoin, EVPA), Finland (Sintra), Germany (Finance in Motion), the Netherlands (Stichting De Verre Bergen), UK (Finance in Motion) and the United States (Demeter Foundation) in order to understand the policies targeting refugees and get an insight into the real-life challenges, as faced by practitioners.

ABOUT NESST

NESsT has been working for 20 years to provide dignified employment to lift people out of poverty in emerging markets. NESsT achieves its mission by raising philanthropic capital to invest in and develop social enterprises that create employment and viable income opportunities for the poorest communities facing isolation, discrimination, lack of job skills and poor education. To date, NESsT has invited 170 social enterprises to enter its portfolio providing them with an average of four years of support and investing more than US\$14 million in capacity building and direct funding. Though this investment, NESsT has contributed to creating more than 49,000 dignified employment and sustainable income opportunities.