Working Together

Skills and Labour Market Integration of Immigrants and their Children in Sweden

OECD

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Foreword

This review of the skills and labour market integration of immigrants and their children in Sweden is the first in a new series conducted by the International Migration Division in the OECD Directorate for Employment, Labour and Social Affairs (DELSA). It builds on previous country-specific reports by the OECD in the series *Jobs for Immigrants* (Vols. 1, 2 and 3).

With 16% of its population born abroad, Sweden has one of the larger immigrant populations among the European OECD countries. Estimates suggest that about half of the foreign-born population originally came to Sweden as refugees or as the family of refugees and in recent years, among all OECD countries, Sweden has had by far the largest inflows of asylum seekers relative to its population. In all OECD countries, humanitarian migrants and their families face greater challenges to integrate into the labour market than other groups. It is thus not surprising that immigrant versus native-born differences are larger than elsewhere, which also must be seen in the context of high skills and labour market participation among the native-born.

2015 was a record year as 163 000 asylum seekers arrived in Sweden to seek shelter, the highest per-capita inflow ever registered in an OECD country. A significant share of these asylum seekers are expected to receive international protection. Favourable labour market conditions and highly-developed and longstanding integration policies ensured that Sweden was well prepared to deal with this sudden increase. Existing integration measures have been scaled up and several new initiatives launched – including a fast-track initiative to integrate skilled refugees into shortage occupations.

This review examines the skills and labour market situation of immigrants and their children in the context outlined above. The remainder of the report is structured as follows: The report starts with an assessment and recommendations. Chapter 1 presents an overview of context in which integration in Sweden takes place – the labour market context and the background and composition of Sweden's foreign-born population. Chapter 2 sets out the framework for the settlement of newly-arrived refugees in Sweden and outlines the core policies at the heart of early

integration efforts. Chapter 3 examines the routes through which migrants can acquire and build the skills that are necessary in Swedish society and on Swedish labour markets before Chapter 4 turns to the employer demand for these skills and how policy is working to strengthen this demand. Finally Chapter 5 looks at the mechanisms through which skills supply is matched to skill demand in order to ensure that migrants are able to find employment that makes appropriate use of the skills, qualifications and experience.

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Table of contents

Figures

Tables

Acronyms and abbreviations

ADB	Local Anti-Discrimination Bureau
DO	Equality Ombudsman
EEA	European Economic Area
EEP	Equal Employment Policy
EFTA	European Free Trade Area
ICT	Information and communication technology
IFAU	Institute for Evaluation of Labour Market and Education Policy
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
NAO	National Audit Office
NEET	Neither in education nor in training
PES	Public Employment Service
PIAAC	OECD Survey of Adult Skills
PISA	OECD Programme for International Student Assessment
RPL	Recognition of prior learning
SEK	Swedish krona
SFI	Swedish for Immigrants
SoS	National Board for Health and Welfare
UHR	Swedish Council for Higher Education
VET	Vocational Education and Training

Executive summary

With 16% of its population born abroad, Sweden has one of the larger immigrant populations among the European OECD countries. About half of the foreign-born population originally came to Sweden as refugees or as the family of refugees. Furthermore, among all OECD countries for which comparable data are available, Sweden has had by far the largest share of humanitarian migrants in total migration inflows over the period 2005-14.

In 2015, 163 000 asylum seekers arrived in Sweden to seek shelter, the highest per capita inflow ever registered in an OECD country. A significant share of these asylum seekers are expected to receive international protection. Relatively favourable labour market conditions and highly developed, longstanding integration policies ensured that Sweden was well prepared to deal with this sudden increase. Existing integration measures have been scaled up and several new initiatives launched – including a fast-track initiative to integrate skilled refugees into shortage occupations.

At the moment, however, the challenges arising from these flows are felt most immediately in the housing system. The resultant long delays in the settlement process postpone the commencement of introduction activities such as in-depth language and other training. In the absence of a structural solution to Sweden's housing problems, integration activities must start prior to permanent settlement for migrant groups who do not come from countries with high return rates. First steps in this direction have been taken and it is important to continue along that route.

In all OECD countries, humanitarian migrants and their families face greater challenges to integrate into the labour market than other groups. Employment rates reach 78% among native-born Swedes, one of the highest in the OECD. The gap between that and the employment rate of immigrants (that is, of those born outside Sweden) is, alongside the Netherlands, the largest in the OECD. This is partially explained by the high share of immigrants who arrived for humanitarian reasons and partially by the existing high employment rates among the native-born population, particularly among women.

Employment disparities are particularly pronounced among the low-educated, among whom immigrants are heavily overrepresented. Almost one-third of immigrants hold, at most, a lower secondary education. This is twice the proportion of the low educated among the native-born. High, collectively bargained entry wages and relatively knowledge-intensive production have meant that few jobs require less than an upper-secondary education (*gymnasieskola*), and the share of low-skilled employment in Sweden – accounting for less than 5% of total employment in 2013 – is among the lowest in the OECD.

The cornerstone of Swedish integration policy is a two-year introduction programme for newly-arrived humanitarian migrants and their families. The programme consists of Swedish language training, civic orientation and a range of activities aimed at labour market integration. This programme is co-ordinated under the aegis of the Public Employment Service (PES), with municipalities in charge of the provision of language training and civic orientation. Following the two-year introduction programme, however, a large number of immigrants – particularly the low-educated – are neither working nor studying when the programme ends. One year following the end of the introduction programme, only 22% and 8% of low-educated participant men and women, respectively, were in employment, the majority of which was subsidised employment. Individuals with little education often have a longer integration process, and adequate integration measures (in which education plays an important role) will require stronger co-ordination between municipalities and the PES. Municipalities are also financially responsible for persons claiming social assistance. Given the number of low-educated refugees who are neither working nor studying in the years following the introduction programme, the financing for integration may need to be re-considered, to reflect the extent to which long-term costs vary with participants' characteristics. Alongside this, efforts must be stepped up in reaching out to women and ensuring that there is a follow-up after the end of the programme.

It is not only low-educated immigrants who face challenges in integrating into the labour market: the gaps in labour market outcomes vis-à-vis the native-born are also large for immigrants with a high level of education, particularly for the 60% of the highly-educated who received their training outside Sweden. Evidence from Sweden and other countries suggests that assessment and recognition of foreign qualifications, linked with bridging programmes to get a host-country qualification, is highly effective. In this respect, the Swedish system for assessment and recognition of foreign qualifications has recently undergone significant changes to streamline the process and enhance transparency. But waiting and processing times for recognition of foreign qualifications remain long,

especially in the health sector, and there is no systematic alternative for migrants without proof of their formal qualifications.

In addition to upskilling and certification of existing skills, policy has also tried to lower the cost of hiring, and a range of wage-subsidies are available. The available evidence suggests that these wage subsidy programmes, when used in combination to provide a gradual phasing out of the subsidy, can be an effective tool in rising the post-programme employment prospects of participants, but the numbers involved are small. This is due in part to the limited awareness and low take-up among employers and in part due to the administrative burden that limits the number of referrals made by the PES. The PES is increasingly marketing the different wage subsidies as a package of measures, enabling subsidised workers to move gradually toward unsupported employment. This is an important step in the right direction. However, if such a package is to be effectively used on a meaningful scale, subsidies will need to be harmonised and streamlined in order to reduce the administrative burden they impose both on employers and PES caseworkers, and to enable a gradual phasing out of the wage subsidy over time. In addition, alternatives to wage subsidies, such as temporary training contracts and internships, are currently rarely used and should be developed further in co-operation with social partners, particularly in those sectors in which they are currently underdeveloped. Such programmes should be continued beyond the introduction programme.

Integration efforts in Sweden that aim to tackle the low employment rates among immigrants have thus mainly been a mix of two broad policy tools: upskilling and enhancing transparency on migrants' skills on the one hand and temporarily lowering the cost of hiring on the other. While past policies put a stronger emphasis on lowering the cost of employing migrants, more recent policy initiatives have focused on activating and enhancing the skills of immigrants.

Framing the available instruments in this way has tended to obscure the fact that these are not the only hurdles faced by immigrants. Discrimination is a further obstacle to immigrants' integration. Testing studies of recruitment in Sweden, using CVs in which applicants only differ by name, have revealed a high incidence of discrimination against candidates with an "immigrant-sounding" name, especially in small and medium-sizes enterprises. The heavy reliance of recruitment on informal contacts and networks, which are more limited among immigrants, can further impede access to jobs. At the same time, immigrants' awareness of discrimination is lower in Sweden than in most other countries. This, coupled with a relative strong and longstanding legal anti-discrimination framework, suggests that most discrimination is somewhat hidden. Such discrimination is hard to

tackle through legal anti-discrimination measures, but more pro-active diversity tools are less well developed in Sweden than in other OECD countries such as Belgium and France. Among such tools, the introduction, in co-operation with social partners, of diversity consultants to support smaller enterprises in using the potential of immigrants, should be considered.

More generally, the social partners and other civil society stakeholders should be more actively involved in the integration process. Many civil society initiatives have arisen in Sweden in response to large inflows of asylum seekers. It is important to build on this momentum, including through large-scale mentorship programmes. Given the challenges ahead, integration must be seen as the responsibility of the whole of society

Immigrant youth who arrive at the end of obligatory schooling or shortly thereafter have particularly poor outcomes, both in international comparison and compared with those who arrived at a younger age or are native-born. In 2013, among immigrant youth aged 15-24 who arrived after the age of 15, 38% are low-educated and not in school or training – the largest share among all OECD countries for which this information is available. This group needs special attention, and incentives to pursue further education need to be strengthened, along with more targeted counselling. The proposal to extend, by one year, the age of compulsory school attendance for those who have not achieved eligibility for upper-secondary education is an important step. However, those who arrived late into the Swedish education system may need still more time to gain eligibility.

A specific challenge is the integration of unaccompanied minors, of whom more than 35 000 arrived in 2015 alone (an increase from 7 000 in 2014). While evidence suggests that their outcomes are better than those of comparable youth who arrived with their parents, the current resource-intensive system for this group needs to be revisited, and support based on needs rather than on status as an unaccompanied minor.

Assessment and recommendations

Sweden has a large immigrant population, and many arrived for humanitarian reasons

With 16% of its population born abroad, Sweden has a large immigrant population. This is partly a result of Sweden's longstanding humanitarian tradition, which throughout its recent history has brought Sweden to the forefront of the provision of international protection. Indeed, about half of the country's foreign-born population originally arrived either as refugees or their families. And in spite of a reform in 2008 which introduced the most liberal labour immigration system in the OECD, individuals seeking international protection, and those who arrive to join family, remain much more important in relative terms than in most other OECD countries.

The large number of asylum seekers who arrived in 2015 brings new challenges…

In 2015, more than 160 000 asylum seekers came to Sweden in search of shelter – close to double the number who arrived the previous year. Relative to its population, this is the highest yearly inflow of asylum seekers ever experienced in an OECD country. This has put the reception of asylum seekers and settlement of refugees under pressure, as the migration agency struggles to find sufficient lodgings to accommodate the new arrivals and the education system has to tackle the arrival of 71 000 asylum seekers under the age of 18, equivalent to 3% of Sweden's youth population.

…although Sweden is better positioned to tackle these challenges than in the past

A large proportion of the new arrivals will likely gain international protection and effective integration is therefore critical. While the associated challenge is substantial, Sweden is well prepared. The Swedish economy and labour market are performing well, and the country already has a strong integration system in place. The system has seen significant improvements since the early 1990s, when a large wave of asylum seekers arrived at a time

when unemployment was relatively high and the integration system ill-prepared, with lasting negative consequences.

Integration must begin soon after arrival, and activities need to be tracked

A key lesson from the experience of the early 1990s has been that early integration is critical to long-term outcomes. In the face of the record number of asylum seekers, the handling time for asylum applications has increased, from approximately 140 days in 2014 to 250 days in 2015. Housing shortages have led to even longer settlement delays for those whose claim has been accepted. With these growing delays, the importance of early integration measures prior to permanent settlement also grows. For those whose asylum claim has been accepted but who are waiting to be permanently settled, integration activities are currently limited and should be extended. In addition, integration activities, such as language tuition, should systematically begin during the asylum process for those applicants with high prospects of remaining in Sweden. Such early intervention is already underway in other OECD countries such as Germany and Norway. In Sweden, some basic language training is available, but the provision could be strengthened, including by use of online technologies. To ensure that early investments in integration translate into more successful integration outcomes, it is vital that activities are tracked. Compiling such information in a centralised database, to which municipalities and the government agencies have access, would streamline the process, avoid duplication and ensure that integration activities build upon previous investments.

Settlement delays have exposed structural issues in the Swedish housing market

During the asylum-seeking and settlement process, migrants have the choice between requesting assistance in finding housing, or searching for their own accommodation. Those who request assistance are allocated housing across the country while those who decide to search for their own housing are able to choose where to settle. While dispersing newly-arrived refugees across the country may limit the risk of overcrowding and segregation, in recent years the PES – which is in charge of the settlement of refugees – has struggled to find sufficient accommodation places for those migrants who seek housing support. This has led to substantial settlement delays. As a result, alongside the need to begin integration activities prior to permanent settlement, efforts will need to focus on speeding up the settlement process. Recent reforms to the process stipulate that newly-arrived refugees will, in the future, be allocated across the country, and

municipalities will no longer have a decisive role in this allocation. This will, to some extent, address the settlement delays that have resulted from the negotiations between the PES and the municipalities regarding the numbers of refugees that the municipalities are willing to accommodate. However, the housing shortage that remains the root of the lack of accommodation will not be resolved by this measure. At the same time, Sweden is unique among OECD countries in the lack of provision of public housing. This is a longstanding issue with repercussions extending well beyond the settlement of newly-arrived refugees. However, the augmented number of new arrivals has highlighted the need for reform in this area. As a result, along with other measures to tackle the structural housing shortage, Sweden will need to consider investment in public housing.

Given the large share of refugees, it is not surprising that employment rates of immigrants lag behind those of the native-born

Refugees face additional hurdles to enter the labour market and in all OECD countries, they need more time to find work than other migrant groups. Sweden is no exception in this respect. Employment rates reach 78% among native-born Swedes, one the highest figures in the OECD area. Given the high proportion of refugees and their families among the total immigrant population, it is not particularly surprising that, even prior to the current crisis, the disparities in employment rates between the foreign- and native-born populations were large in international comparison. In 2013-14, they stood at 14 percentage points which is, alongside the Netherlands, the largest difference in the OECD. Gaps in employment rates between immigrants and the native-born are even larger among women. However, this must be seen in the context of the high female employment rates of the native-born. In absolute terms, employment rates of immigrant women in Sweden are higher than in the OECD on average.

A significant share of immigrants has low education levels…

Almost one third of immigrants hold, at most, a lower secondary education. This is twice the share among the native-born. What is more, over the decade preceding the current humanitarian crisis, the share of refugees arriving in Sweden with a low level of education has been increasing. Of those refugees and their accompanying family aged 20-64 who arrived between 2004 and 2014, 40% held just a primary or lower-secondary education – almost twice the share observed in the previous decade. However, the inflows registered in 2014 had a higher qualification profile on average than earlier arrivals, and there is uncertainty about how the qualification composition changed with the large increase in 2015.

…and integration challenges for this group are exacerbated by structural features of the labour market

In contrast to patterns observed elsewhere in the OECD, the disparities in employment rates between the foreign- and native-born populations with the same formal qualification level are most pronounced among the low-educated. High entry wages (due to collective agreements) and relatively knowledge-intensive production processes have meant that few jobs require less than an upper-secondary education in Sweden. As a result, the share of low-skilled employment – accounting for less than 5% of total employment in 2013 – is among the lowest in the OECD.

Sweden's integration policy is highly developed, including a structured two-year integration programme that focuses on early labour market entry…

To help immigrants to integrate into the labour market and the society at large, Sweden has strong and longstanding policies that are among the most developed in the OECD. The cornerstone of these efforts is a two-year personalised introduction programme for newly-arrived refugees and their families. In 2010, in order to increase the labour market focus of integration activities, overall responsibility for the programme – which combines language training and civic orientation, (provided by the municipalities), with labour market activities – was assigned to the PES.

…but there are also disparities in the measures offered

In addition to strengthening the labour market focus, the move to entrust the PES with the introduction programme was also motivated by a desire to have a more standardised approach across the country. Indeed, there is a large concentration of immigrants in the major cities, which are also better positioned to provide more comprehensive integration activities. Ensuring similar standards across the country is thus important to avoid that moves by migrants are motivated by better integration offers, thereby reinforcing concentration of immigrants even further. However, there are significant differences in the implementation of the introduction programme across the country, and neither the inputs nor the outcomes of the programme are systematically monitored. This limited monitoring should be addressed so that the most effective tools are systematically offered to new arrivals across the country.

Few immigrants have regular employment once the introduction programme ends

Following the introduction programme, new arrivals are expected to be able to function in Swedish society and search for employment alongside native-born Swedes. After this point, new arrivals receive no further targeted support. The rationale behind the end to targeted measures is the belief that after two years, migrants should be integrated in the Swedish society and further targeting would discriminate them unnecessarily from native-born individuals in need of support. However, the actual integration pathway for new arrivals is frequently much longer than two to three years, and many refugees continue to have specific needs even after this period. Indeed, in 2015, among those who ended the introduction programme one year earlier, only 11% of men and 5% of women were in unsubsidised regular employment. The figures are even lower for the low-educated. A further 25% of men and 10% of women were working in some sort of subsidised employment, and about a third were involved in labour market programmes – in particular the Job and Development Guarantee – which ensure that long-term unemployed do not fall into inactivity. Overall, less than 10% were in education – with the tertiary-educated having slightly higher shares. Despite their considerable needs, few among the low-educated receive formal education when the introduction period comes to an end.

The introduction programme would thus benefit from a more flexible duration, along with more co-ordination between municipalities and the PES…

Longer-term and more flexible integration pathways are therefore needed, especially for the low-educated, who often require – in addition to language training – remedial education to build the basic skills necessary to function in Swedish society. These pathways will require stronger and more structured co-ordination between the PES and the municipalities. The latter are not only in charge of language training and adult education – including during the introduction period – but also of social assistance, upon which many migrants rely when the introduction programme comes to an end. Currently, this co-operation often falls short of what is necessary, and indeed in only 30% of municipalities do municipal representatives systematically participate in the meeting at which the introduction plan is drawn up.

Given the low education levels of many new arrivals and the paucity of low-skilled employment, adult education is central to integration efforts…

Despite the need for intensive remedial education, the majority of newly-arrived adult migrants with a low education level are currently directed to language courses rather than adult education. Additional support, provided through a range of adult education courses run by the PES, is largely confined to short-term employment-oriented training. The result is that unemployed migrants lacking basic skills are often channelled into courses whose short duration is rarely appropriate to their large learning needs. Although intensive remedial education is provided in many municipalities, this is generally done on an ad hoc basis.

…and needs to be embedded into more flexible training pathways

While the organisation of Sweden's adult education system along parallel lines to the schooling system enables adults to top-up courses for which they failed to qualify in school, it remains largely independent from the labour market. Creating stronger links between adult education and the labour market will be important in facilitating flexible training pathways between education and employment. A recently-initiated education contract, targeted at youth between 20 and 24, offers increased flexibility to combine studies with work experience and labour market initiatives. As such, it may be a good example for the creation of similar opportunities among the adult migrant population. Likewise, the PES offers a range of internships and temporary employment schemes that could usefully be combined with adult education to create more flexible training pathways.

Restructuring the funding for municipalities, to account for the characteristics of migrants, would render financing more reflective of expected costs

For municipalities, the short-term costs of refugee integration essentially involve financing Swedish language training. But if integration is not fully successful, long-term costs can be substantial – especially for the low-educated who may have a longer pathway to integration. Indeed evidence suggests that on average low-educated refugees take eight years to reach employment levels comparable to those that tertiary educated refugees reach in just four years. Furthermore, the educational composition of settled refugees varies considerably across the country. The budgetary implications of settlement can thus vary substantially. However, the funding transferred

to municipalities for refugee settlement is independent both of local cost considerations and of the educational characteristics of those refugees settled. Recent reforms removing the autonomy of municipalities over settlement decisions are an important step toward addressing the settlement delays that result from municipal reluctance to find homes for new migrants, but could be complemented by a funding mechanism that better reflects actual costs.

Specific attention should be paid to reach out to immigrant women

Women in particular have specific problems in the transition from targeted to mainstream labour market support and become increasingly distant from the labour market. Ninety days following the end of the introduction programme, 11% of women are neither employed, in training or education, nor are they registered with the PES. By the time one year has elapsed, this figure has almost doubled to 19% and grows further as time goes by. Efforts to ensure that women keep in touch with mainstream services and are continually engaged on a systematic basis will need to be stepped up.

Swedish language skills are key to integration…

Language training in Sweden is relatively developed, provided free of charge, and a central component of the introduction programme. Alongside functional skills, host-country language skills are critical to labour market success and integration at large. This is true everywhere, but evidence suggests that the importance of language is particularly strong in Sweden. For example, the impact of literacy in the host-country language on the employment probability of the foreign-born in Sweden is both higher than for the native-born, and higher than in most other countries surveyed by the OECD Survey of Adult Skills.

…yet the quality of language tuition varies across the country, and common minimum standards should be considered

Given that the responsibility for language tuition lies with the municipality, the quality of language training tends to vary across municipalities. Some of them – in particular the larger ones – offer highly-developed programmes, including language training tailored to particular professions. Elsewhere, the provision of language training is more limited. And results vary substantially across the country. While on average 22% of the participants in the most basic Swedish language course interrupt their studies, in some municipalities this figure reaches up to 55%. Similarly,

while the average number of hours needed to complete the course was 276, the number of hours in some municipalities was twice this figure. Efforts to ensure that the quality of language tuition reaches certain minimum standards across the country may thus be worth considering. This will require better monitoring of the results of language tuition. The information could then also be used to modify funding mechanisms to ensure that language tuition is provided in a cost-effective manner.

Temporarily lower productivity has been tackled through wage subsidies, which appear relatively efficient…

In Sweden, collectively-bargained minimum wages act as wage floors. This means that employers are unable to adapt wages to the lower productivity of immigrants related inter alia to their lower language skills. To overcome this obstacle, employers hiring immigrants in Sweden are able to benefit from a number of subsidised employment schemes. These include "Step-in Jobs", a wage subsidy specifically targeted at recent arrivals that combines heavily subsidised wage costs with the requirement to undertake language studies alongside work. This subsidy appears to have a positive impact on the probability of future employment – particularly when combined with other (lower) wage subsidies targeted towards those who are closer to the labour market, to allow for a gradual phasing out.

…but need streamlining to function as a coherent package

However, while the PES has recently began to propose these wage subsidies programmes as a package, to ease the worker into unsubsidised employment, complex and disparate rules governing separate subsidy programmes undermine the coherence of such a package. These inconsistencies should be addressed so that measures can be combined in a coherent package under which the wage subsidies decline with tenure.

More focus should be placed on other instruments which allow employers to test immigrants' skills

Alternatives to wage subsidies which allow employers to "test" the skills of migrants at a low cost, such as temporary training contracts and internships, are currently rarely used. The reasons for this are not entirely clear. Yet, such tools can be an important stepping stone into more stable and better-paid employment. They should therefore be developed further and strongly expanded.

Highly-educated immigrants with foreign education see their qualifications largely discounted, and further improvements in the process of foreign credential recognition are needed

Not only low-educated immigrants face challenges in integrating into the Swedish labour market. The gaps in outcomes vis-à-vis the native-born are also large for highly-educated immigrants. The poor results for this group as a whole are largely explained by the 60% of them who undertook their training outside Sweden. These individuals find their higher qualifications largely discounted in the labour market, as employers have difficulties in assessing their actual competencies. Indeed, employment rates of tertiary-educated refugees and their families are almost identical to those of refugees with upper secondary education who have been resident in Sweden for the same number of years. This pattern has been stable over many years. Evidence from Sweden and other countries suggests that assessment and recognition of foreign qualifications can be highly effective. The Swedish system in this respect has undergone significant improvement over the past couple of years, by streamlining the process and enhancing transparency. But waiting and processing times for recognition of foreign qualifications are long, especially in the health sector. Increased resources have contributed to progress in bringing down waiting times, however, in addition a reorganisation of tasks may help to enhance efficiency in health professions. Such a reorganisation may take the form of moving responsibility for the assessment of educational credentials in health professions to the Swedish Council for Higher Education. Furthermore, unlike other OECD countries, Sweden has no systematic alternative in place for migrants who have no proof of a completed degree. This issue will need to be addressed.

Bridging courses should be further developed to allow for more flexible pathways into skilled employment

Not every foreign degree will be equivalent to a domestic one, and bridging courses can help to fill the gap. It is important to continue to increase the scale and scope of these programmes. In response to the large increase in refugees who often have good vocational skills which were nevertheless acquired in a very different environment, the authorities have developed fast-track assessments in occupations which have a shortage of workers. These are combined with bridging courses and work placements, in co-operation with employers. A potential complement to this innovative tool could be to adopt a career pathway approach similar to the "alternative pathways" pursued in Canada. The idea behind this is that an individual with a qualification obtained abroad begin employment in a position that requires

little or no additional training but that relates to the profession in which they have experience and training. Such temporary employment in a related field can allow the immigrant to acquire vocational-specific language, build contacts and strengthen their understanding of the local labour market. However, it is vital that recognition and bridging are pursued in tandem with early employment in order to facilitate quick career progression, and ensure that the individual does not remain stuck in a job for which he or she is overqualified.

Many vacancies in Sweden are filled through informal networks, which puts immigrants at a disadvantage as they rely more heavily on the PES

In Sweden, contacts made through informal networks – including friends, relatives and previous employers – are an important source of labour market information and a central component of job search. Studies suggest that up to two thirds of filled vacancies involve some form of informal contacts. Migrants, especially recent arrivals, tend to have fewer of these contacts. As a result, the PES is often the main resource for migrants in their job search. Indeed, the difference in the extent to which immigrants and the native-born rely on the PES for job-search support is larger in Sweden than anywhere else in the OECD. It is thus particularly important for immigrants that the PES maintain strong links with employers. However, Sweden is among the OECD countries in which the PES has not traditionally had a staff dedicated to working predominantly with employers. Changes implemented in 2015, providing for a new role within the PES of staff tasked with working with employers may represent an important change to help the PES to fill the network gap.

Discrimination is an important obstacle to labour market integration, and existing instruments fall short of tackling it effectively

Discrimination is a further obstacle to immigrants' integration. Testing studies of hiring practices have revealed a high incidence of discrimination in Sweden, especially in small and medium-sized enterprises. At the same time, immigrants' awareness of discrimination, as measured by the percentage of those who feel discriminated against, is lower than in most other countries. Given Sweden's relatively strong and longstanding legal anti-discrimination framework, this suggests that most discrimination is hidden and implicit. Indeed, each year, only a handful of cases of ethnic discrimination in the labour market are brought before the Equality Ombudsman, which is the guardian of anti-discrimination legislation. While anti-discrimination legislation can have some effect on levels of

discrimination, more proactive measures to promote diversity are also necessary, and these are less well developed in Sweden than they are elsewhere.

Integration needs to be seen as a whole-of-society task, and both the civil society and social partners need to engage more strongly…

One potential avenue to address discrimination is through the use of diversity consultants. Such consultants work closely with employers to advise them on how to make best use of the potential of immigrants for their company, for example by changing hiring practices which may be implicitly discriminatory. Ideally, such consultants work in co-operation with the social partners. More generally, given the significant challenges facing Sweden in terms of integration, it is important that the social partners become more actively engaged in the integration process. Integration must be seen as a responsibility for the whole of society.

…including through mentorship, which is not well developed

With the large wave of asylum seeker inflows, many civil society initiatives in Sweden have arisen to meet the basic humanitarian needs of these new arrivals. Moving beyond the crisis, it will be important to build on this momentum, to harness the involvement of civil society, including through large-scale mentorship programmes. These are relatively poorly developed in Sweden despite having proven rather cost-effective means of integration. In countries where such programmes have been implemented on a large scale, finding mentors has not been an issue.

Overall, children of immigrants fare relatively well in Sweden. This is a good indicator of successful integration in the long term

On many indicators, children of immigrants, particularly those who are native-born, fare better in Sweden than in other European OECD countries. This is particularly noteworthy when considering the challenges faced by immigrant adults, which are larger than those found elsewhere. Within one generation, a substantial part of this disadvantage is eradicated. The outcomes of the native-born children of immigrants are, in many respects, the "benchmark" of the long-term success in integration policy.

Yet, there has been a recent decline in schooling results…

This overall positive assessment must, however, be qualified in two important ways. First, there has been a recent increase in the gaps in

schooling results of native-born children of immigrants compared with children of native-born, for reasons which are not entirely clear and need further investigation. One element of response may be in the lack of additional funding to schools with disadvantaged students, which is subject to municipal discretion and thus not systematically ensured. Beyond financial resources, however, a shortage of teachers has arisen in Sweden in recent years. The large number of retirements and increasing number of pupils has combined with the implementation of the requirement that uncertified teachers be replaced with certified teachers to create a shortfall that is expected to reach close to 50 000 teachers over the coming five years.

…and those who arrive around the end of obligatory schooling have poor outcomes

In addition, immigrant youth who arrive at the end of obligatory schooling or shortly thereafter have particularly poor outcomes, both in international comparison and also compared with those who arrived at earlier ages or are native-born. In 2013, among immigrant youth aged 15-24 who arrived after the age of 15, 38% were low-educated and not in school or training. This is the highest figure among all OECD countries for which this information is available. A particular hurdle facing many students with a foreign background is the transition between compulsory and upper-secondary school, and only one in two of those young migrants who arrive after the start of compulsory school manage to transition to upper secondary. Those who do not qualify for upper-secondary school often find themselves trapped in courses alongside weakly motivated native-born students.

Incentives to pursue education need to be strengthened

Many of these young migrants are keen to enter the labour force immediately, and indeed, inactivity rates among the foreign-born who arrived after the age of 15 are lower both than those among native-born Swedes and those who arrived at a younger age. This group needs special attention, and incentives to pursue further education need to be strengthened, along with more targeted counselling. The prolongation of the age at which schooling is compulsory by one year, could prove important for young migrants who arrive late to the Swedish education system and who fail, by the age of 15/16, to qualify for upper secondary education. However, those who arrive late into the Swedish education system may need still more time to gain eligibility to upper secondary education. For these late arrivals it may be necessary to extend the age limit before which eligibility for upper secondary must be achieved beyond the current age of 20. Young people who are no longer in education and have been unemployed for three months

are eligible for the Job Guarantee for Youth. However, this programme is untargeted and fails to address the specific needs of young migrants that continue to hamper their prospects on the labour force. For example, the PES cannot offer language training as part of the youth guarantee. And while it is possible to undertake Job Guarantee for Youth activities on a part-time basis, such that language training can be undertaken concurrently, the majority of municipalities offer SFI only on a full time basis.

Sweden hosts many unaccompanied minors, which implies specific challenges...

Among the 71 000 young migrants who arrived in 2015, 35 000 came to Sweden without parents or a guardian. These unaccompanied minors are particularly vulnerable and frequently arrive beyond the age of compulsory schooling, with little education. At the same time, they are often resourceful and keen to work immediately. Indeed, unaccompanied minors have higher employment rates than their peers who arrived with parents – although it is not clear to which degree this is due to higher motivation or to more intensive support. Yet, their often low education puts long-term employability at risk. With this in mind, policies that reinforce the incentives of these young arrivals to drop-out of school early – for example by paying an introduction benefit that is above the level given to those who pursue schooling – should be reconsidered. Unaccompanied minors may be better served in the long run by programmes such as the new education contract which facilitates continued education alongside work experience.

…but support should be based according to needs, rather than status as unaccompanied minor

Unaccompanied minors need a solid support structure to compensate for lack of parental support and help them to focus on educational goals. Since 2006, when the current regulations for unaccompanied minors were designed, the numbers arriving in Sweden have increased 15 fold with significant budget implications. In Sweden, all unaccompanied minors, irrespective of whether they have applied for asylum or have been granted a resident permit, are appointed a guardian and offered housing. These housing units are operated with a staff-to-minor ratio that is among the highest in the OECD and thus rather costly. Differentiating the treatment of unaccompanied minors according to their needs rather according to their status as unaccompanied minor may be one avenue to lowering these costs.

Summary of the main policy recommendations

Smooth the transition from targeted to mainstream support for those who are most distant from the labour market

- Acknowledge that the integration pathway for new arrivals lacking basic skills frequently exceeds two years, and structure integration measures accordingly to allow for a coherent and integrated approach including adult education, in combination with labour market introduction.
- Continue to reach out to women in a systematic way when the introduction programme ends, to assess and address their additional needs.

Strengthen efforts to boost demand for migrant skills

- Streamline the requirements of wage subsidy programmes to enable them to be used as a package in which subsidy gradually declines as tenure increases.
- Further develop and promote alternative instruments to allow employers to temporarily "test" the performance of migrants on the job at a low cost, including via internships and temporary training contracts at a reduced wage which should be available beyond the introduction programme.
- Complement anti-discrimination legislation with more pro-active diversity policies, including through the use of diversity consultants working directly with small and medium-sized enterprises.

Enhance early integration efforts and improve co-ordination

- Make sure that the integration process starts during the asylum process, for those with a high probability of being granted international protection. This could include inter alia more opportunities for language learning online.
- Systematically track and exchange information between the stakeholders on integration activities undertaken throughout the settlement process.
- Involve municipalities more systematically in the design of the introduction programmes, especially for the low-educated.
- In light of the increasing settlement delays, invest in public housing.

Ensure minimum standards in the quality of integration activities across the country and disseminate effective practices

- Modify the current lump-sum funding for municipalities to account for the varying characteristics of the new arrivals and local conditions.
- Systematically monitor the instruments used by the local PES under the integration programme and the resulting outcomes; use the results obtained to make sure that the most effective tools are systematically used across the country.
- Collect standardised information on the results of language training and use it to incentivise the provision of quality language training.

Summary of the main policy recommendations *(cont.)*

Ensure that the skills of high-qualified migrants are appropriately recognised and valued

- Systematically provide for alternative ways of assessing the qualifications of migrants lacking documentation of their credentials.
- Continue to extend the scale and scope of bridging courses that enable immigrants with foreign degrees and work experience to get the equivalent of a domestic qualification.

Focus efforts on immigrant youth at risk

- Incorporate language training into the activities available under the Job Guarantee for Youth for unemployed youth.
- Provide more guidance on the extent to which school funding depends upon the socio-economic characteristics of its student population, and monitor how municipalities implement the requirement to redistribute resources.
- Provide targeted career counselling to young immigrants who arrive at the end of obligatory schooling.
- Ensure that early access to the introduction benefit does not hinder incentives for unaccompanied minors to remain in education.
- Base support for unaccompanied minors on an assessment of the individual challenges they face rather than on their formal status as unaccompanied minors.

Perceive integration as a whole-of-society responsibility

- Implement mentorship programmes on a larger scale.
- Engage with the social partners to encourage employers to diversity their hiring practices, and to strengthen inclusion of migrants by fellow co-workers.

Chapter 1

Migration in Sweden and the context of integration policy

Sweden has a long history of providing a home for migrants and offering shelter to those seeking international protection. As a result the country has a large immigrant population and advanced integration policies. Sustained output growth, robust productivity, and a sound fiscal position have ensured that Sweden is in a strong position to accommodate new immigrants. And Sweden invests heavily in integrating immigrants knowing that, in the context of an ageing population, if well integrated in society and on the labour market, immigrants can help alleviate the ageing-related challenges the country expects in the coming years. This chapter provides the context for the report outlining i) the labour market context, and the strengths and challenges this presents, ii) the integration context, and the characteristics and composition of Sweden's foreign-born population that influence their integration outcomes, and finally iii) the recent developments in integration policy within this context.

Among OECD countries, Sweden stands at the frontier of policy development in the field of integration. The country has a large immigrant population and longstanding and advanced policies. In recent years, much thought has gone into improving the effectiveness of immigrant integration policies. Sweden invests heavily in integrating immigrants knowing that, in the context of an ageing population, if well integrated in society and on the labour market, immigrants can help alleviate some of the ageing-related challenges. The country has a longstanding tradition of providing a home for migrants seeking international protection, and a significant part of the population – more than 7% – is made up of refugees and their families (Ruist, 2015). In all OECD countries these groups face substantial integration challenges, and refugees in Sweden are no exception.[1]

A first OECD review of the Swedish system for labour market integration of migrants, conducted in 2004, found migrant outcomes to be unfavourable in an international context and recommended measures such as enhancing language and vocational training and giving a clearer labour market focus to integration policy (Lemaître, 2007; OECD, 2007). Since then, there have been many changes in Swedish integration policy. In December 2010, a dedicated introduction programme was created and resources are heavily targeted to the first two years following the issuance of a residence permit. Alongside this, in order to increase the labour market focus of the integration of newly-arrived refugees and their families, primary responsibility for the co-ordination of integration activities was moved to the PES (*Arbetsförmedlingen*).

These changes have ensured that policies are oriented towards the labour market and that Sweden's integration policy is well advanced relative to other OECD countries. However, the current arrival of an unprecedented number of asylum seekers is testing the system; testing its ability to assess the asylum requests and to meet the basic humanitarian needs of those who arrive, settle those who are granted international protection quickly and efficiently; to assess their competences and needs, and to channel them into productive work. The large numbers of recent arrivals are also testing, and will continue to test, the co-ordination between different stakeholders – in government and beyond.

Already in the decade prior to the current humanitarian migration crisis, on a per capita basis, Sweden accepted the highest number of asylum seekers of all countries in the OECD. In 2015, close to 163 000 asylum seekers arrived and sought shelter, by far the largest number of asylum seekers arriving in Sweden has strongly accelerated. This is almost double the number that came in 1992 during the war in the former Yugoslavia, and compares with 81 300 recorded in 2014. In the short term, these large numbers are putting pressure on housing (the Migration Board expects to need to find temporary accommodation for 150 000 asylum seekers), on processing

(processing times are expected to rise to a full year), and on care for unaccompanied minors, whose number totalled over 35 300 in 2015. Ensuring that the integration system is able to respond to this challenge in a coherent and cohesive manner is an urgent imperative in Sweden, while rapid and effective integration into the labour market and society will be crucial for long-term success.

Given the composition of Sweden's foreign-born population, a simplistic inspection of immigrant outcomes is unlikely to get at the true implications of integration policy and policy developments. A thorough appraisal of the integration system, and an examination of how the efficiency of investments might be enhanced, must be closely tailored to the Swedish context. To this end, this report has benefited from the insights of Swedish practitioners, and is the result of a process that convened stakeholders from across the Swedish integration system – drawn from government ministries and agencies, social partners, regional actors and private sector employers. In the spring of 2014, a joint workshop, hosted by the OECD and the Swedish Ministries of Labour and Finance, brought together these stakeholders to work together on identifying the co-ordination challenges and bottlenecks in the Swedish integration system (see Box 1.1).

Box 1.1. Workshop on migrant integration, Stockholm April 2014

In April 2014 the OECD, together with the Swedish Ministry of Finance and the Swedish Ministry of Employment, hosted the first migrant integration workshop "Finding the way: A discussion of the Swedish Migrant Integration System" in Stockholm. The workshop, opened by the Minister for Integration and the State Secretary in the Ministry of Finance brought together participants from across government ministries and government agencies as well as social partners and regional and local actors.

Building on the in-depth knowledge and expertise of each participant, the workshop worked towards identifying the bottlenecks and shortcomings in the design and implementation of integration policy in Sweden. Supported by expert peer reviewers from other OECD countries, participants discussed the challenges facing immigrants along various integration paths – from school to work, from unemployment into work, and from arrival into high-skilled work – examining the support they could access, and the co-ordination of this support, during their transitions through the system, from agency to agency, and into the labour market.

The workshop focused on seven themes identified by the OECD and the Swedish authorities as critical issues facing migrants in their integration into the Swedish labour market:

1. Basic skills and Swedish language for adults
2. Validation and recognition of foreign credentials
3. Employer demand
4. Discrimination
5. Networks and job search
6. School-to-work transitions
7. Co-ordination among actors

Each of these seven thematic areas was discussed in small groups and the findings synthesised into a short note (see OECD, 2014).

In light of the current crisis, and the large number of refugees in total permanent inflows to Sweden, this report provides an in-depth analysis of some of the key issues that were identified during the workshop. To investigate the weaknesses of the Swedish integration system in more depth, the report is focussed primarily on the integration of refugees and their families and is structured as follows. It begins, in Chapter 2 with a discussion of settlement policy and introduction activities, and of the co-ordination issues these two policy domains inevitably involve. Chapter 3 proceeds with an analysis of the supply of skills among Sweden's immigrant population – examining the challenges facing Sweden's young immigrants and those who arrive as adults as they build new skills and learn the Swedish language. Chapter 4 then turns to the demand side and investigates how private employers can be galvanised into working more closely with migrants – how incentives can be strengthened and discrimination tackled. Finally Chapter 5 examines the challenges in matching supply and demand and smoothing transitions into work among the low-skilled migrants, and among those who bring existing skills and qualifications with them. Before turning to the specifics of policy, however, it is important to put these policy questions into context.

The labour market context

Employment has proven resilient to the financial crisis but large disparities exist

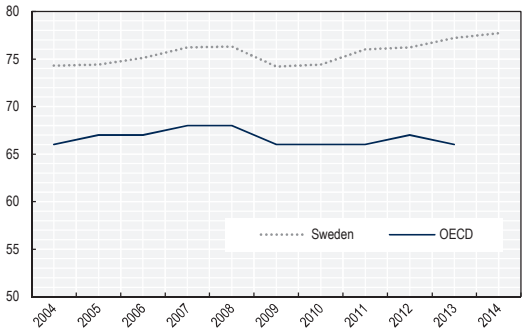
Sustained output growth, robust productivity, and a sound fiscal position ensured that Sweden entered the financial crisis in a strong position. And, in part due to structural reforms to the labour market that followed the recession of the 1990s, the labour market has proven largely resilient to the crisis and, following an initial shock in 2009, employment has since recovered to levels beyond those seen in 2008. Indeed, in 2015 unemployment rates in Sweden fell to levels not seen since the end of 2008.[2]

Alongside this, low wage dispersion, combined with strong safety nets, has kept inequality low relative to the OECD average. However, while employment levels among the native-born population have remained consistently above the OECD average – and have extended this gap in recent years – this pattern has not been seen in the employment levels of the foreign-born (see Figure 1.1). Sweden's foreign-born population has not experienced much improvement in employment since 2008 and levels remain substantially lower than those seen among Sweden's native-born population, and below even the OECD average. This underperformance, however, is partially reflective of the composition of Sweden's foreign-born population, as discussed below.

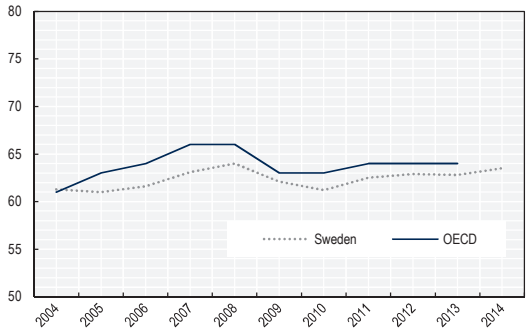
Figure 1.1. Employment and unemployment among native- and foreign-born individuals, 2004-14

Percentage of the working-age population, 15-64

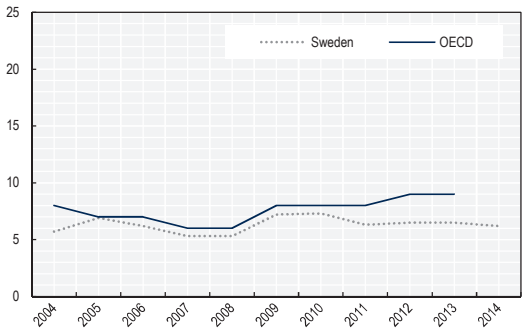
Panel A. Employment rate of native population



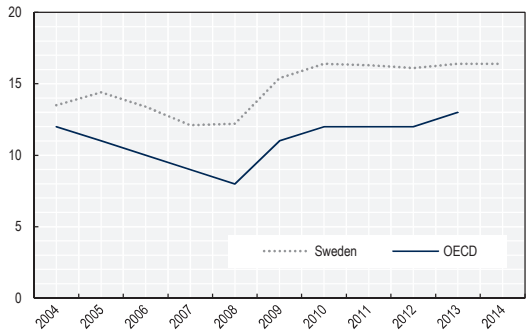
Panel B. Employment rate of foreign-born



Panel C. Unemployment rate of native population



Panel D. Unemployment rate of foreign-born



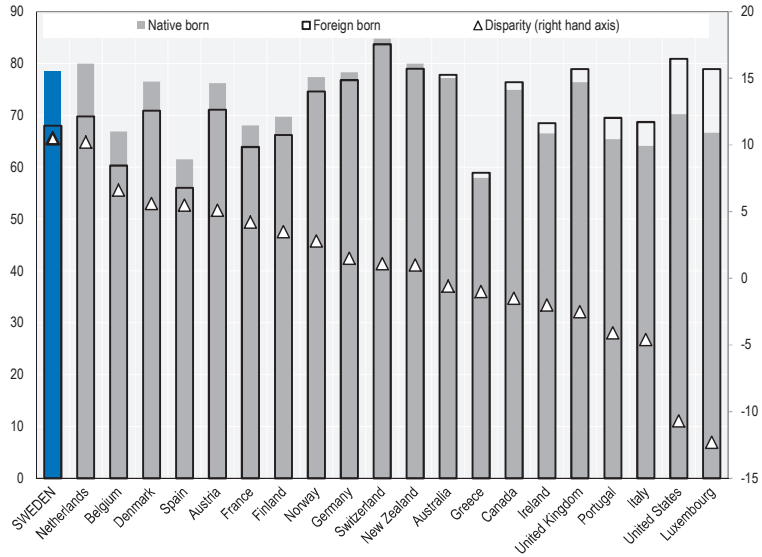
Source: OECD International Migration Database.

Women are particularly struggling to enter employment. Figure 1.2 highlights the extent to which Sweden stands out in this regard, with fewer than 60% of foreign-born women in employment, the 17 percentage point disparity between native- and foreign-born women is the largest in the OECD. While this disparity is driven partially by the high employment levels of Swedish-born women, there is clearly much room for improvement on this front.

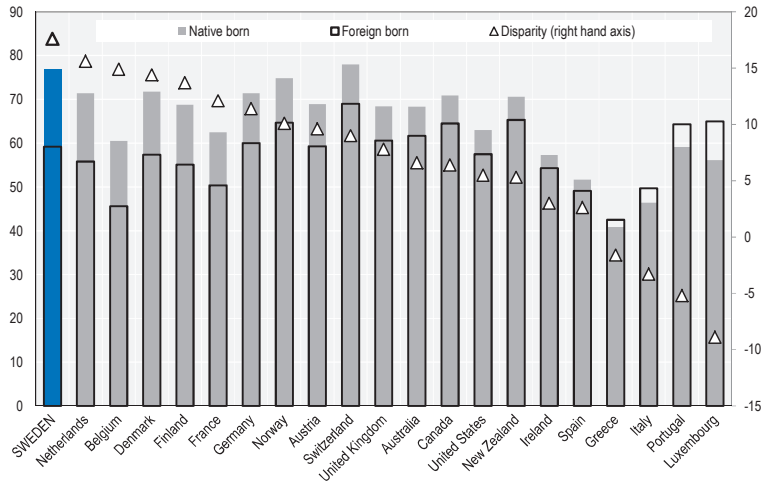
Figure 1.2. Employment disparities between native- and foreign-born individuals, 2014

Percentage of the working-age population 15-64 (left axis)
and percentage point disparity (right axis)

Men



Women



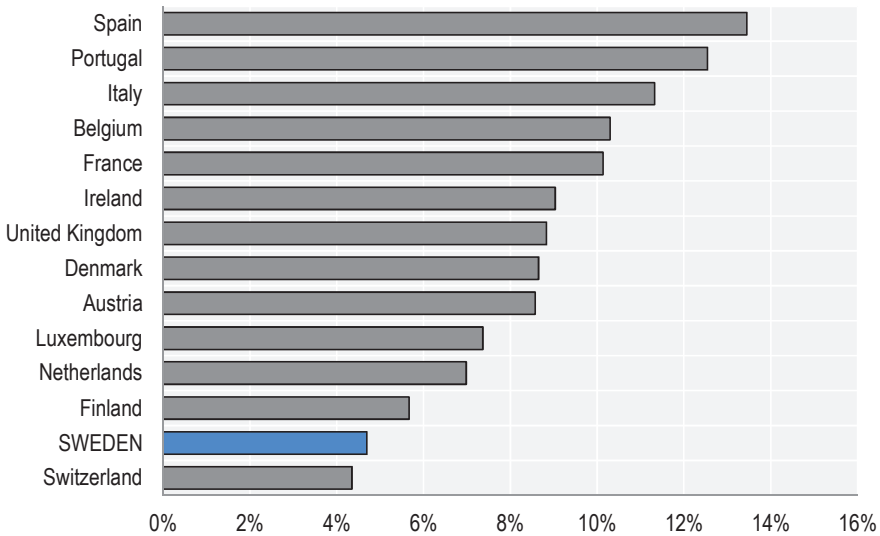
Source: OECD Employment Database.

High entry level wages and limited low-skilled employment mean some groups struggle to find work

Collectively-bargained minimum wages are high in Sweden and, due to the high coverage of collective agreements, they effectively act as minimum wage floors (see Chapter 4 for a more complete discussion). As a result, production is relatively knowledge intensive and low-skilled employment is limited. The result is that very few native-born Swedes work in low-skilled employment – just 4% of women and under 3% of men. Indeed, alongside Switzerland and Norway, the proportion of employment that requires compulsory schooling only is the lowest in the OECD (see Figure 1.3). Among the foreign-born population the picture is somewhat different, and close to 14% of foreign-born women are working in low-skilled jobs.

Figure 1.3. Low-skilled employment, 2013

Percentage of the working-age population, 15-64



Note: The International Standard Classification of Occupations (ISCO) drawn up by the International Labour Organization (ILO) describes the tasks and duties undertaken in some 400 jobs divided into families of jobs. ISCO enables jobs to be grouped by the levels of skills and qualifications required. This figure relates to those classed as low skilled (ISCO 1-3); those who work in elementary occupations. This definition of skill level draws upon respondents' self-reported ratings of their jobs and may therefore be over or underestimated.

Source: European Union Labour Force Survey 2013.

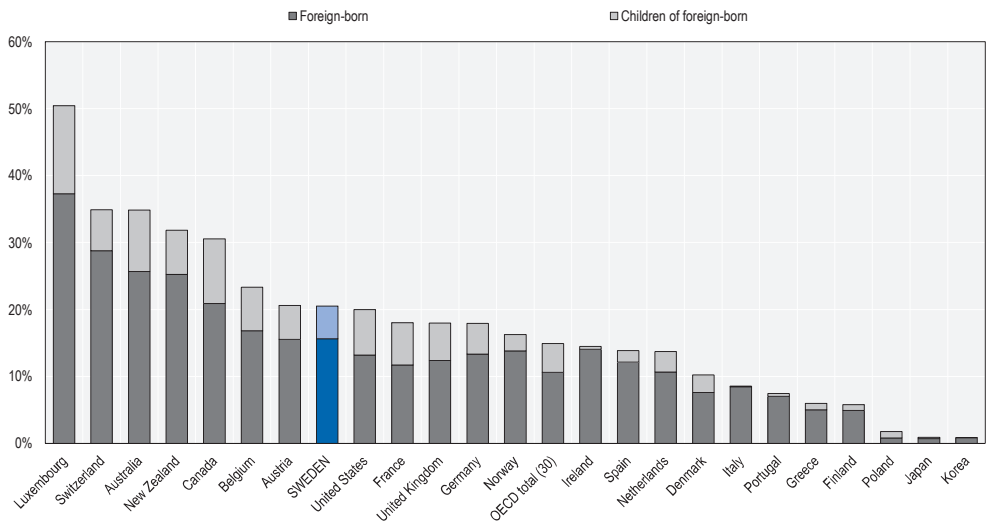
The integration context

Sweden has a large foreign-born population, many of whom arrived on humanitarian grounds

Sweden's large foreign-born population has been growing for many decades. In 2013, close to 16% of the Swedish population were born abroad and a further 5% of native-born Swedes had two foreign-born parents; both these figures are well above the OECD average (see Figure 1.4). The same year, close to 90 000 new permanent migrants settled in Sweden – accounting for an additional 0.9% of the Swedish population.

Figure 1.4. Immigrants and native-born offspring of immigrants, 2013 or most recent year

Percentage of the total population



Source: OECD and European Commission (2015), *Indicators of Immigrant Integration 2015: Settling In*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264234024-en.

Sweden has a long history of migration (see Box 1.2 for more details) and as a result the foreign-born population is rather heterogeneous. While the most common country of birth remains Finland, a large proportion of Sweden's immigrants arrived for international protection. Between 2004 and 2013, over 20% of permanent migrant inflows into Sweden were made up of humanitarian migrants – by far the largest share of all OECD countries (Figure 1.5). A further 40% of migrants to Sweden over this period arrived to reunite with family members, many of whom themselves arrived as

humanitarian migrants in the past. In 2014, refugees and their family represented one quarter of permanent migrants to Sweden, and 2015 is likely to see this figure substantially increased.

Box 1.2. History of migration in Sweden

Sweden has not always been a destination country for migrants. Prior to the 1930s many Swedes left for the possibility of a better life in North America, and Sweden was an emigrant country. Between 1860 and 1930 approximately 1.4 million individuals left Sweden.

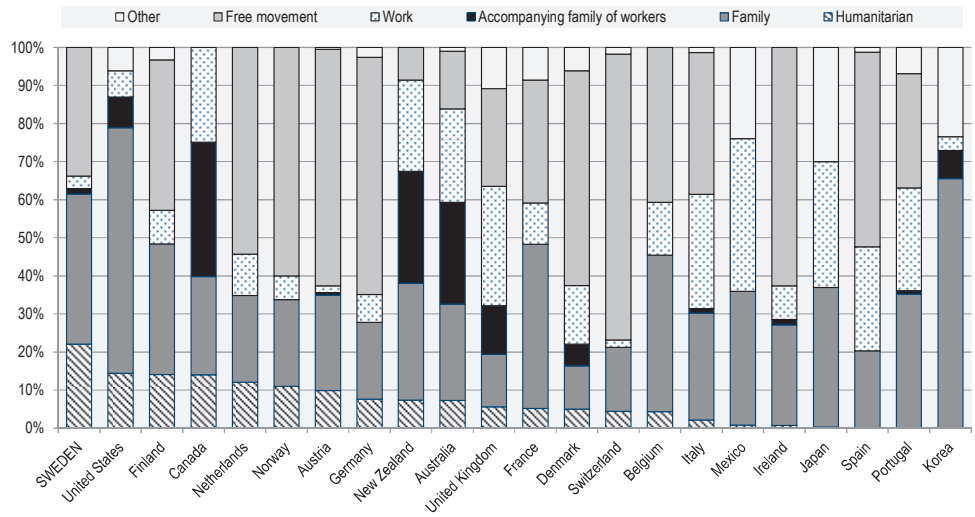
Migration to Sweden largely began after the Second World War when strong economic growth and low production costs led to a high demand for labour – particularly in the manufacturing sector – and prompted an essentially free migration policy. Previously dominated by Nordic citizens (who have, for many years, had free access to the Swedish labour market), migrants to Sweden came from Germany, Austria and Italy in the 1950s and from Yugoslavia, Greece and Turkey in the 1960s.[1] In the mid-1960s, however, when competition from abroad hit sectors – such as shipbuilding and textiles – that had previously employed many migrants, the requirement of a work permit prior to entry into the country for work was re-introduced and Sweden became increasingly reticent to admit more workers from outside the Nordic countries. From the mid-1970s, following the oil crisis, labour immigration declined in importance and refugees – initially from Greece (1960s), but later from Latin America (1970s), from the Middle East (1980s), from Yugoslavia (1990s), from Iraq (1990s and 2000s) and most recently from Syria – began to dominate the immigrant inflows (see OECD, 2007 for more details). Alongside this, the numbers of humanitarian migrants fleeing from Africa (largely Somalia, Ethiopia and Eritrea) have been increasing throughout the 1970s, 1980s, 1990s and 2000s. Since 2000 humanitarian migrants from Eritrea, Afghanistan, Iraq and Somalia have been among the largest recipients of residence permits. Most stark of all, however, has been the increase in the number of refugees fleeing the war in Syria. In 2014, close to 21 000 residence permits were been granted to Syrian nationals alone.

The result of these historical flows is a foreign-born population with diverse origins that mirrors, to some degree, the history of conflict across the world since the 1970s. While over 150 000 (or 10%) of the foreign-born in Sweden come from Finland, the Iraqi (8%), Polish (5%), Iranian, Syrian (4%), and Somali (4%) diasporas all make up a significant proportion. As do migrants from the Former Yugoslavia (4%) and Bosnia and Herzegovina (4%). In 2014 immigrants born in Afghanistan accounted for just 2% of Sweden's foreign-born population, however, with 41 564 new asylum seekers arriving from Afghanistan in 2015 (of whom 23 480 were unaccompanied minors) this number is set to increase.

1. Since 1954, according to the Agreement on the Nordic Common Labour Market, nationals of Denmark, Finland, Norway and Sweden have been granted the right to settle and work in each other's countries, without the need to obtain a work permit. Together with the Agreement on the Nordic Passport Union and the Nordic Social Security Convention, the Agreement on the Common Nordic Labour Market is one of the three founding pillars of the Nordic co-operation, which was established in 1953 and was built on longstanding geopolitical and cultural ties among Scandinavian countries.

Figure 1.5. Composition of permanent inflows to OECD countries, 2004-13

Percent



Source: OECD International Migration Database.

As such, it is little surprise that, in a comparative context, employment outcomes do not look good

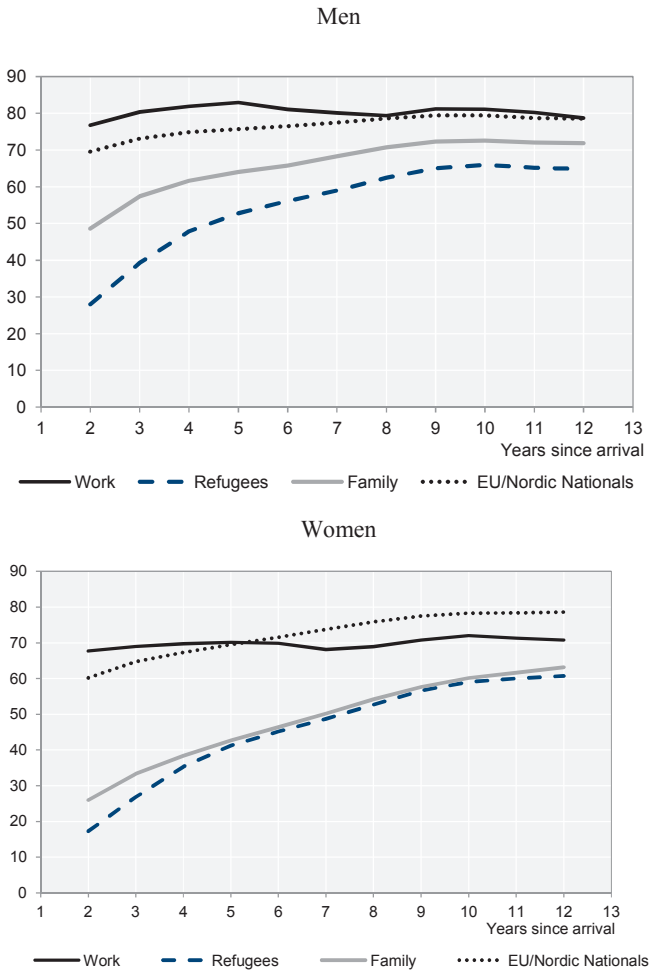
The large number of migrants arriving on humanitarian grounds has wide-ranging implications for integration outcomes. Humanitarian migrants are particularly vulnerable and face barriers over and above those experienced by other migrants in making the successful transition to employment. Alongside the trauma associated with forced migration and an often hazardous route to Sweden, their qualifications and experience have often been obtained in labour market conditions quite different to those prevalent in Sweden. Many humanitarian migrants arrive either with very low levels of education or with education, obtained overseas, which is not easily comparable to education in Sweden. In addition, having fled in a hurry, many have no proof of the qualifications they hold. Chapter 5 provides a discussion of the challenges involved in qualification recognition.

As a result in all countries, refugees tend to take a significantly longer time to find employment than migrants arriving for work or for studies. In many cases they also require longer than those who came to unite with family. Indeed, as Figure 1.6 shows, while half of male family migrants are in work two years after their arrival in Sweden, the refugee population does

not achieve similar employment levels until close to five years have passed. Among female humanitarian migrants, employment rates in the early years after arrival are lower still and remain below 30% after three years in Sweden.[3]

Figure 1.6. Employment by duration of stay, 1997-99 cohort

Percent of population that migrated to Sweden 1997-99 and have been living in Sweden for 13 consecutive years



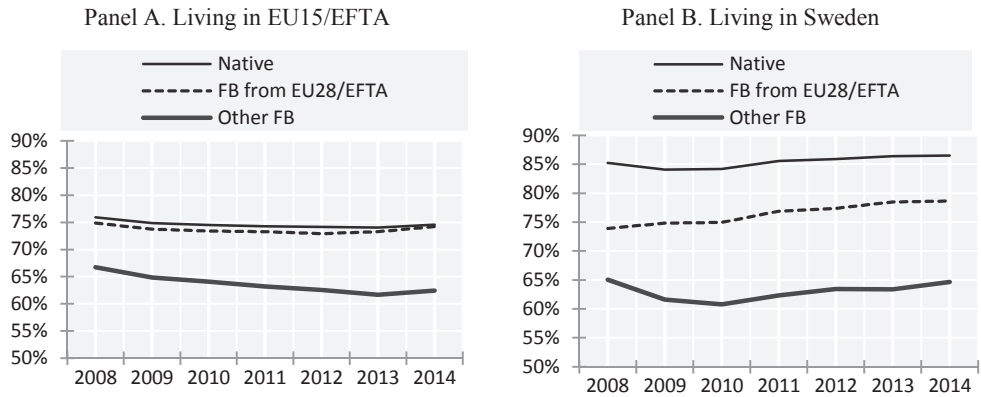
Note: Figures are moving averages over three years.

Source: Statistics Sweden.

The extent to which the composition of Sweden's foreign-born population is driving the country's poor performance in international comparisons is clarified when the foreign-born population is confined to those who originated from outside the European Union and European Free Trade Area (EFTA) countries. With this more restricted sample of foreign-born individuals, Sweden's foreign-born population does not perform too badly in international comparisons. Indeed, among this group, the employment population ratio of 25-64 year-olds has hovered around 65%, suffering in the aftermath of the financial crisis but experiencing a rebound thereafter (Figure 1.7).[4] This figure is comparable to the employment population ratio among the equivalent non-EU/EFTA migrants living elsewhere in the EU15/EFTA area.

Figure 1.7. Employment disparities depend upon country of origin, 2008-14

Percentage of the working-age population, 25-64



FB: Foreign-born.

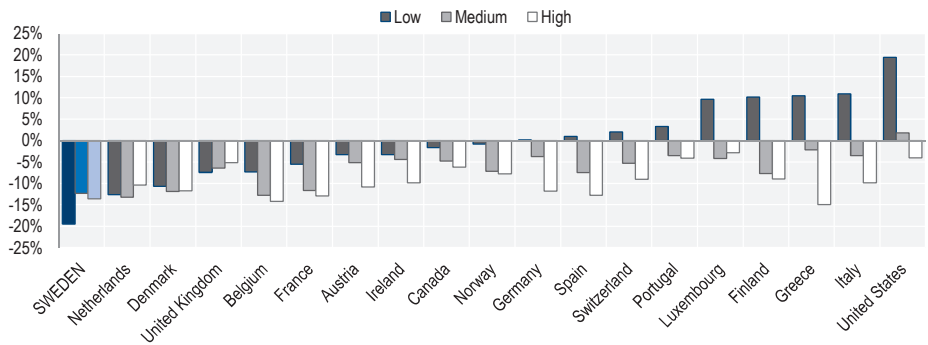
Source: European Union Labour Force Surveys (2008-2014).

Beyond the reason which prompted their migration decision (for work, to reunite with family, or for humanitarian reasons) the experience and education that migrants bring with them when they migrate also has a significant impact upon the types of hurdles they face on their path to integration. Those who arrive with very basic skills are likely to struggle to find stable work in the context of Sweden's high wages, heavy employment protection and paucity of low-skilled job. At the same time those who are highly-qualified may struggle to find employment appropriate to their skills and experience. By taking-up employment requiring less than their formal education level, these immigrants may create additional competition for low-skilled immigrants.

The resultant disparity in the employment levels of low-qualified migrants and their native-born counterparts is striking. Employment rates among the low-educated lag nearly 20 percentage points behind the native-born. This is by far the largest disparity across the OECD (Figure 1.8).[5]

Figure 1.8. Employment by educational attainment, 2014, or latest available year

Percentage point differences in the employment/population ratios between native- and foreign-born, 25-64 years old



Note: Data for the United States and Canada refer to 2012.

Source: European Union Labour Force Surveys 2008-2014.

Large inflows of asylum seekers in 2015 will raise new challenges for the integration system

The number of asylum seekers (individuals who have formally submitted a request for asylum but have not yet completed the asylum procedure) arriving in Sweden saw large increases throughout 2015. At the peak, in November 2015, up to 10 500 individuals (3 000 of whom were unaccompanied minors) lodged asylum-applications per week. Numbers have since fallen, nevertheless they remain high – both by historical standards and according to international comparisons. In practice, not all asylum seekers are granted international protection (and with it, a residence permit). However, with a recognition rate approaching 80% Sweden has, thus far, offered international protection to a large proportion of asylum seekers.[6]

Humanitarian migrants arriving in the current crisis are diverse in terms of country of origin and profile. Many of today's humanitarian migrants are skilled or highly skilled – according to Statistics Sweden, in 2014 over 30% of humanitarian migrants held some form of tertiary degree. While others bring only very basic levels of education and in the same year 37% of humanitarian migrants held only a primary or lower-secondary education.

More striking still is the large number of unaccompanied minors among these recent arrivals. Since 2006 when the current regulations for unaccompanied minors were designed, the numbers have increased 15 fold and, in 2015 alone, more than 35 000 asylum seekers arrived as unaccompanied minors compared to just over 7 000 in 2014. These unaccompanied minors are largely male and, in 2015 only 8% were female. The vast majority – about two thirds in 2015 – were citizens of Afghanistan. Unaccompanied minors are generally defined as persons who arrive without parents, adult relatives or guardians, and have not yet reached the age of 18. These young migrants are particularly vulnerable; they frequently arrive beyond the age of compulsory schooling, with little education under their belt, and are often keen to join the labour market immediately. Their need for a solid support structure to compensate for lack of parental support and help them to focus on educational goals has significant budget implications. In Sweden, all unaccompanied minors, irrespective of whether they have applied for asylum or have been granted a residence permit, are appointed a guardian and offered housing. These housing units are staffed with counsellors and therapists with a staff to minor ratio (at 9-10 staff per 10-15 places) that is among the highest in the OECD (European Migration Network 2015). Statistics on unaccompanied minors are largely not consistent across countries, however, estimates for 2014 suggest that, on a per capita basis, Sweden receives the largest number of unaccompanied minors in all European countries (European Migration Network, 2014) and spending on unaccompanied minors alone reached SEK 10 billion (approximately EUR 1 050 million) in 2015. Over 3 000 unaccompanied minors were granted residence permits in 2015, with an average waiting time of 228 days from application.

Sweden has played an important role in providing a home for many of those migrants fleeing war and persecution but this role brings with it some challenges. Before turning to these challenges in more detail, in Chapters 2, 3, 4 and 5, the next section will provide a brief overview of the evolution of Swedish integration policy.

Integration policy

Integration policy has a long history in Sweden and recent reforms have emphasised rapid labour market integration

The Swedish Immigration Board was established in 1969 and the introduction of free language training for all immigrants the following year is generally considered to be the beginning of Swedish integration policy. Over the following decade, the rights of immigrants were systematically extended to include access to most public jobs and (after three years of residence) the right to vote. With the emphasis primarily on labour market

integration, responsibility for the integration of immigrants into Swedish society lay, until 1985, with the Swedish Labour Market Board. In 1985 responsibility for integration was given first to the Swedish Immigration Board (also responsible for handling asylum applications) and later, in 1998, to the newly-created Swedish Integration Board.

Until 1991, municipalities were responsible for delivering integration and labour market activities. However, in 1991, in order to incentivise municipalities to integrate migrants rapidly, the funding of integration activities was altered. Rather than take full economic responsibility for integration as it had previously done, the state now provided municipalities with a lump-sum per capita disbursement calculated to cover the integration costs incurred by municipalities for the first years following settlement (see Chapter 2 for a discussion of the current financing system).

The current integration policy landscape took form in 2010, when the introduction reform ("*Etableringsreformen*") moved the primary responsibility for the integration of refugees and their families from municipalities to the PES.[7] This brought widespread change to the way integration policy was managed in Sweden, and these changes are discussed in more depth in the following chapter. The primary goal of the change was to increase the labour market focus of integration policy, while at the same time addressing the geographic inequities that had emerged under the aegis of municipalities.

Most recently new initiatives have focussed on speeding up the integration of humanitarian migrants who arrive with skills, and building skills among those that lack them. The relatively high level of education among some migrants arriving during the current asylum crisis, and the fact that many others have vocational skills and experience in areas that are in high demand on the Swedish labour market, has prompted the authorities to step up the labour market integration of these individuals. To this end, increased resources have been directed to the PES, to bridging courses – including the creation of shorter bridging courses for new arrivals covered by the Introduction Act – and to Fast Track initiatives developed to speed up the integration of humanitarian migrants with experience in shortage occupations (see Chapter 5 for more details). Alongside this, in an effort to curb the large number of asylum seekers arriving in Sweden during the current crisis, In November 2015 Sweden announced the decision to temporarily adopt a new asylum policy under which asylum seekers will be granted, in the first instance, a temporary humanitarian permit renewable after three years – or after one year in the case of asylum seekers offered subsidiary protection (see Box 1.3 for further details).[8]

Box 1.3. Permit duration for asylum seekers with a positive asylum decision

When refugee status is granted, and a residence permit is offered, there remains a question regarding the duration of the permit. Until recently, asylum seekers who have been granted international protection in Sweden obtained a permanent permit right away. In November 2015, however, in response to the unprecedented number of asylum applications, the Swedish Government announced its decision to apply the minimum required under the European Union's Qualification Directive, i.e. providing temporary but renewable three-year permits to those asylum claims processed after April 2016.[1] Asylum seekers granted subsidiary protection will be granted a temporary permit with a duration of one year. This group accounted for over 56% of all positive asylum decisions in 2015. Once the initial period of protection comes to an end, the situation in the country of origin is reassessed and in the case of renewal, the general rule will be that a second temporary permit will be granted. However, a permanent residence permit may be granted if the applicant can show that they have an assessed income that is sufficient to support themselves.

Sweden is not unique among the OECD countries in offering only temporary protection initially and many countries also offer only a temporary permit in the first instance. And, alongside Sweden, there is a discussion in several other countries to move towards temporary protection. It is hoped among countries offering that the temporary nature of the permit will reduce the inflows of asylum seekers and may also facilitate returns.

At the same time, there are possible drawbacks when it comes to integration, and it is important to be aware of the resulting trade-offs. If a temporary permit conveys the message to refugees that they are not expected to stay, they may not make the long-term investment in the skills – notably language skills – that are critical to long-run employability and integration. To strengthen the integration incentives facing migrants on temporary permits, many countries hinge the permit renewal decision upon the demonstration of paid employment or self-sufficiency. However, while this may increase the incentives to find work, it may also risk undermining incentives to invest in education.[2] There is also a certain inconsistency regarding the many who obtain subsidiary protection. They will receive a one-year permit, but will nevertheless be expected to begin an introduction programme lasting for two years.

From the perspective of employers, the knowledge that a job applicant holds only a temporary permit may deter hiring and could have a negative impact upon the extent to which employer led training is extended to refugees.

1. Temporary residence permits will be granted to all refugees apart from those relocated to Sweden under the resettlement quota scheme. Exceptions will also apply for children and their families who registered their applications before the agreement was presented. For these individuals, the previous rules will still apply, provided they remain in Sweden and the child is still under the age of 18 when the decision is taken.

2. There are also concerns, particularly in the context of high wage subsidies, that this condition may enable unscrupulous employers to take advantage of migrants wishing to maximise their chances for permit renewal.

Notes

1. This document uses the terms humanitarian migrant and refugee interchangeably to refer to all persons who have been a granted residence permit on humanitarian grounds or grounds of international protection.

2. The current favourable economic conditions are likely to have important implications for the long term integration prospects of recent arrivals. This puts the present situation in stark contrast with the early 1990s when a significant downturn saw unemployment rising beyond 10% and had long run implications for the integration of the large inflows arriving at that time (see Lemaître, 2007).

3. It is important, however, to put these figures in perspective, and while even after 12 years, the employment rates among refugee women still lag behind their Nordic counterparts, this is in part driven by the high employment rates among women in Sweden.

4. Referring to the population aged 25-64, in order to minimise the impact of those still in full time education, these figures are not directly comparable to those in Figure 1.1.

5. ISCED refers to the International Standard Classification of Education. People falling into ISCED groups 0-2 are described as having no, or a low level of education. Those with ISCED 0-1 have no more than a primary education and those with ISCED 2 have no more than a lower-secondary education. ISCED 3-4 describes those who have completed upper-secondary or post-secondary non-tertiary education and those with ISCED 5+, described in this report as being highly-educated have completed at least the first stage of tertiary education.

6. The number of asylum applications granted has increased substantially in the last four years from a little more than 8 700 in 2010 to over 32 600 in 2014. The majority of these new residents are men, with women accounting for just over one third of newly-granted residence permits in 2014.

7. Municipalities still retain funding for Swedish language training and civic orientation.

8. As part of the most recent reforms in the field of integration, in the final quarter of 2015 it was decided that a temporary adjustment in the asylum regulations in line with the minimum level in the European Union. For a

period of three years refugees and persons eligible for subsidiary protection who are granted protection in Sweden will be granted temporary residence permits. Refugees will be granted a residence permit for three years, and persons eligible for subsidiary protection for one year. These permits will be renewable. In the case of extension, the general rule will also be that a temporary permit will be granted. A permanent residence permit may be granted when the first temporary residence permit expires if the applicant can show that they have an assessed income that is sufficient to support themselves.

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Chapter 2

Settlement of migrants in Sweden and the introduction programme

Early and efficient settlement can have long-term implications for the integration process, yet bottlenecks have developed in the settlement process in Sweden that risk jeopardising the progress towards integration in the critical months following arrival. This chapter examines the settlement process, the actors involved, and the root causes of delays. The chapter then turns to the impact of the challenges arising from settlement delays have upon integration activities, in particular the country's flagship Introduction Programme. The system of financing integration is central to the relationship between settlement and the introduction programme and the incentives it engenders have implications on the degree of co-operation between the various actors involved in integration, but also on the incentives for municipalities to provide refugees with a home. This chapter investigates these incentives, and discusses the extent to which funding formulas may need to be re-examined.

One of the most important findings, observed in integration outcomes across OECD countries, is that early intervention is critical to the success of integration policies (OECD, 2016). Yet, until migrants are permanently settled, many integration activities are put on hold. Furthermore, while augmented flows of asylum seekers and increased numbers of refugees imply that new housing must be found on a large scale, if this housing is not assimilated within existing communities the resultant segregation is likely to slow down the language learning and social interaction that are central to the integration process. As a result of these trade-offs, settlement and introduction policies are inextricably linked.

Settlement

The recent increase in the number of asylum seekers has put the reception of asylum seekers and settlement of refugees under the spotlight as the migration agency struggles to find sufficient lodgings to accommodate the new arrivals. Of the 185 000 asylum seekers currently registered in the Migration Agencies systems, the agency expects to find accommodation for 130 000 at the maximum; achieving even this has meant resorting to habitable tents. At the end of November 2015 the Migration Agency announced that it is no longer able to offer shelter to all asylum seekers coming to Sweden and many now have to find their own accommodation. Yet bottlenecks in the system have been building for some time. Housing shortages and municipal reluctance to settle large numbers of humanitarian migrants have led to long delays in the permanent settlement of those granted residence permits. This has exacerbated the shortages of temporary housing for asylum seekers.

Multiple stakeholders, at different levels of government, are involved in the process of finding homes for asylum seekers and refugees and the co-ordinating responsibility for settlement depends upon the status of their asylum application. During the asylum-seeking process the Migration Board has full responsibility for asylum seekers and is in charge of assisting them in their application for a residence permit. At this stage, the Migration Board is responsible for providing suitable accommodation where necessary and paying a minimal daily allowance to those lacking financial resources.[1,2] When the asylum process is complete and a residence permit has been granted, responsibility for the settlement of resident permit holders that qualify for the introduction programme falls to the PES.

If asylum seekers and refugees find their own accommodation, they may choose where to settle

At various stages during the asylum-seeking and settlement process in Sweden, asylum seekers and humanitarian migrants have the choice of whether to request assistance in finding housing, or whether to find their own accommodation. Until 2005, immigrants were incentivised to find their own housing. However, in the context of housing shortages in those municipalities in which new arrivals most frequently choose to settle, this policy was abandoned due to fears it led to overcrowding, segregation and compromised integration.[3] While asylum seekers and refugees are no longer incentivised to find their own accommodation, unlike many other OECD countries (see Box 2.1), choosing where to settle remains an option in Sweden.

When they first arrive in Sweden approximately 40% of asylum seekers choose to find their own accommodation, while the remaining 60% of asylum seekers opt to stay in Migration Board facilities. Those asylum seekers identifying their own accommodation tend to choose to go locate in urban municipalities where existing diaspora are located and they can find accommodation with friends and family. Stockholm has historically been the municipality with most asylum seekers who found their own housing, followed by Göteborg, Malmö, Södertälje and Botkyrka.

When the asylum process is complete and a residence permit has been granted, migrants again have the choice of whether to seek assistance in finding housing, or whether to search for accommodation unaided. At this stage however, the majority of refugees choose to find their own housing and only 45% request support. Those who do seek settlement assistance at this stage are the responsibility of the PES.

Box 2.1. The settlement of refugees in Sweden compared to Denmark and Norway

In contrast to Sweden, where refugees who find their own accommodation have the right to settle in the municipality in which that accommodation is located, in Denmark, the decision of where refugees are to settle is made by the state with the goal of ensuring an equal distribution of refugees on a per capita basis across all municipalities. In Norway, settlement is subject to negotiations between the state and the national association of municipalities. This arrangement is similar to that used until recently in Sweden for the settlement of those migrants that requested assistance from the PES.

Each of these allocation mechanisms is accompanied by certain drawbacks as outlined below:

Country	System	Potential drawbacks	Advantages
Sweden	Refugees have the right to settle where they find their own accommodation. Those who do not find their own accommodation are settled by the PES. As of 2015 these refugees will be centrally assigned to municipalities according to the needs of the local labour market as assessed by the PES.	Overcrowding Segregation Poor social integration Spatial concentrations of unemployment	Can ease the pressure placed on reception centres Provides a degree of responsiveness to local labour market conditions
Denmark	Settlement allocation decisions are taken at the state level.	Limited responsiveness of settlement to local labour market opportunities Accommodation proves to be temporary in many cases	Decisions can be made in response to labour market conditions. Can limit segregation
Norway	Settlement patterns are the result of negotiations between the association of municipalities and the state. Municipalities have the final say on the numbers of refugees they feel they can accept each year.	Delays in placement can lead to long stays in reception centres	Secures municipal engagement with integration process

Furthermore, while in both Norway and Denmark, the right to the introduction programme is restricted to the municipality in which the refugee is settled, in Sweden there is no such restriction.

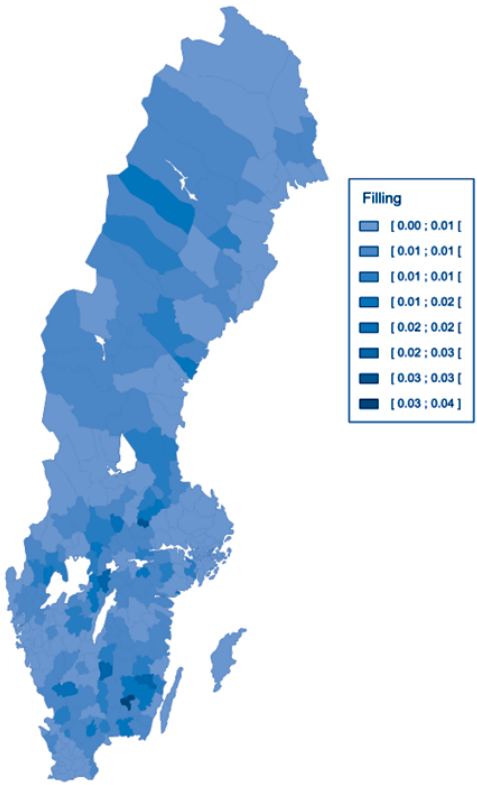
Refugees requiring accommodation assistance are allocated across municipalities

When the asylum process is complete, responsibility for the settlement of refugees falls to the PES. The PES was given this responsibility under the 2010 introduction reforms so that labour market information could be used to ensure that new arrivals are placed where their education and experience are best matched to the employment needs of the local municipality.[4] To this end the PES begins the allocation process by forecasting the number of accommodation places needed for the coming year. The PES then, in theory, allocates the refugees across counties on the basis of the local labour market

characteristics, population size and the number of asylum seekers living in the Migration Board facilities. In practice however, given that the PES owns no accommodation themselves, the PES is heavily dependent on the municipalities to offer available housing.

Figure 2.1. Newly-arrived refugees and accompanying family migrants, by municipality, 2014

Percentage of total municipal population



Source: Based on data from Statistics Sweden.

As a result, municipalities have a large degree of autonomy in determining how many refugees will settle within their community. Negotiations between the Swedish county councils (who represent their municipalities) and the Migration Board determine how many people the county feels they can take on. And these negotiations form the basis of the dialogue between the PES and the municipalities in the county. While in theory municipal proposals should be based upon their population size, and

other characteristics such as unemployment rates that are deemed to affect their absorption capacity, in practice some municipalities have often proposed accepting only a small number of immigrants and the magnitude of agreed reception proposals in relation to population has varied substantially across the country (see Figure 2.1).

A housing shortage has created bottlenecks, prompting many migrants to search for housing themselves

The limited number of accommodation places proposed by municipalities is due, in large part, to the national housing shortage in Sweden. The demand for accommodation for new immigrants has been significantly higher than the supply of housing offered by municipalities and the estimated 50 000 new constructions planned to begin over the course of 2016 will be far from sufficient. The larger cities, such as Stockholm, Göteborg and Malmö, where immigrants often choose to locate are the most effected by the shortage, but less populated regions are also having difficulties providing sufficient housing.

The construction of new housing in Sweden is limited and municipalities are, by law, given the right to decide what should be built and where. The municipalities have little incentive to release new land for housing construction and the government cannot interfere with their decision. This system has led to a rather uneven distribution of housing construction across the country and one that does not reflect the demand for housing. Furthermore, the degree of municipal autonomy in the planning process has led to heterogeneous building permit requirements such that construction firms rarely find it beneficial carry out similar projects in different parts of the country preferring to work in municipalities they are familiar with. This, and a planning process that can take up to three years, has stymied construction of new housing.

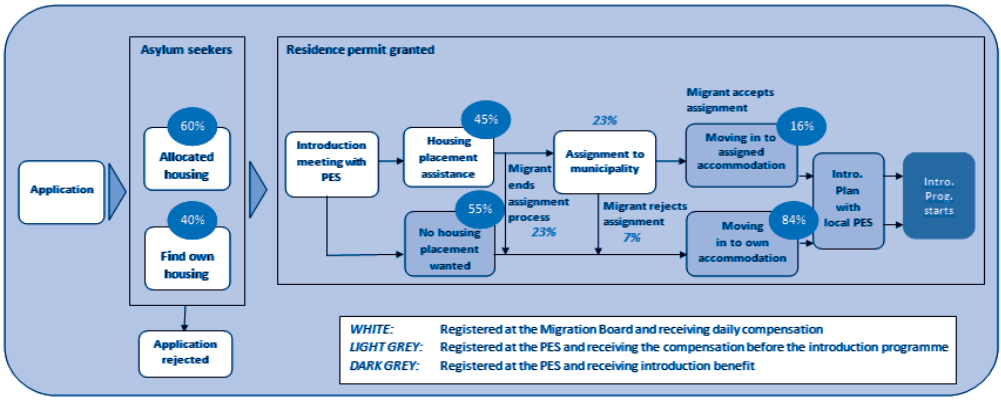
Alongside this, Sweden is unique among OECD countries in having no social housing. This situation arose from a belief that the right to low-cost quality housing should be extended to all Swedish citizens. As a result such housing was built with loans from the government during the decades following the Second World War. Today there are no governmental loans or subsidies and while, in theory, municipalities could invest in social housing, there is no national legislation requiring them to do so, nor is there a public system for rental housing allocation. Collectively negotiated rents which keep them lower than the marginal market prices and limited new construction has led to extreme rental housing shortages, long delays for rental accommodation, and a vibrant "alternative" housing market characterised by very high rents. At the same time there is no public system

for the allocation of low cost rental housing (see OECD, 2015 for a more detailed discussion of housing policy).[5]

This has created long delays in the settlement process such that, while 45% of refugees initially opt for PES housing assistance, long waiting times prompt approximately half of these new arrivals to find their own housing before being allocated housing by the PES (see Figure 2.2).[6] Since 2013 when these numbers were compiled the share ending the housing process prematurely has increased from approximately one half at the beginning of 2013 to close to two thirds by early 2014 (Arbetsförmedlingen, 2014).[7]

Figure 2.2. Accommodation during the settlement process

Based on data estimated by the Migration Board for 2013



Note: Based on 17 200 humanitarian migrants settled in 2013.

Source: OECD Secretariat on the basis of Migrationsverket, 2014.

Housing shortages are most severe in the areas surrounding the larger cities and the PES rarely has access to accommodation in those areas. Assigned accommodation is therefore often far from the family and friends of the new arrival, as well as from attractive labour markets. The result is that, in addition to the migrants who drop out of the housing allocation process due to the delays in PES assignment, other migrants, when assigned, choose to reject their assignment and find their own accommodation to ensure that they are able to live where they choose. And, according to the most recent estimates of the Migration Board, close to one third of migrants who were assigned housing choose to reject it.

Understandably the propensity of migrants to reject housing allocation of the PES is dependent on the length of time they wait for this assignment. When migrants spend a long time in a municipality after their initial arrival

in Sweden they begin to build a life and are less willing to move far away from that municipality. Among those living in Migration Board accommodation, 82% of those who were assigned within 60 days accepted their allocation – almost 20 percentage points higher than for those who had to wait 120 days to hear of their assigned municipality.

Recent policy has attempted to address municipal reluctance to settle refugees

Even prior to the impact of the current increase in asylum seekers, the settlement process suffered from insufficient housing. And, in 2013, as the PES attempted to place 11 000 refugees, municipalities proposed only 7 000 accommodation places. The situation now has become even more acute. Long delays in the assignment to municipalities of those immigrants holding residence permits create a bottleneck in the settlement process and resident permit holding migrants, who should be housed by the PES, occupy the Migration Board places needed to house new arrivals to the asylum process. In the meantime the number of incoming asylum seekers is increasing. In 2015, by early December, the PES had allocated permanent housing for only 6 000 residence permit holders while at the same time, close to 14 000 resident permit holders were in the Migration Agency's reception system waiting to be assigned to accommodation by the PES. Of these the vast majority, 11 000 were staying in the Migration Board facilities. Until they are permanently settled these refugees cannot begin their introduction activities.

Attempts to release this bottleneck have focused on encouraging municipalities to settle more migrants within their community. In the first place funding mechanisms were altered to encourage greater settlement through changes to the funding that accompanies refugee settlement. More recent policy changes, adopted in early 2016, will oblige municipalities to accept those refugees allocated to them by the PES.

The funding that accompanies the reception of refugees is dispersed to cover the introduction and settlement of newly-arrived refugees. The compensation received by municipalities comprises of both a fixed component – received by municipalities when they agree to settle immigrants – and a component that is proportional to the number of migrants the municipality receives.[8] The proportional component is paid out over 24 months to compensate for the municipalities' activities for reception, introduction in school, Swedish for Immigrants (SFI), civic orientation and initial allowance costs incurred before migrants receive introduction benefits from the PES. In 2014, in an attempt to incentivise municipalities to accept more migrants, as well as to compensate those

municipalities receiving a large number of those migrants choosing their own accommodation, the fixed benefit for municipalities was divided in half and complemented with an additional remuneration designed to increase funding to the 145 municipalities receiving the largest number of refugees compared to their population.[9] This change implied that those municipalities with low shares of migrants receive less compensation than under the previous compensation schemes while those municipalities receiving many refugees received more. This funding structure clearly has the advantage of incentivising municipalities to receive a larger number of migrants. However, the non-linearity of the incentive-based remuneration implied that the incentives impact only upon those municipalities at the threshold. Indeed, 69% of municipalities surveyed in a recent Swedish National Audit Office report, reported that they would not respond to these funding incentives. The primary reasons given for this lack of response were: i) a lack of capacity to receive more migrants which the increased compensation would not cover, ii) an inducement too low to alter incentives; and iii) concerns that increasing the number of migrants would not enable to municipality to reach the threshold (Riksrevisionen, 2014).[10]

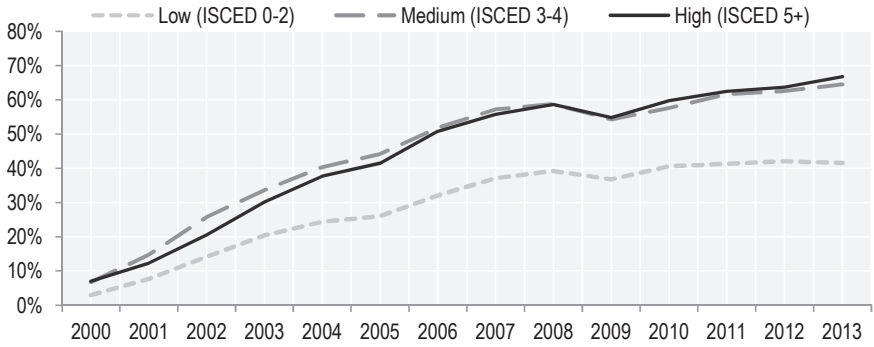
But compensation is not reflective of costs

In response to the apparent failure of these financial incentives to increase the settlement proposals of municipalities, the current compensation system is to be replaced with an increased flat-rate reimbursement per migrant.[11] At the same time municipalities will now be *required* to accept those migrants assigned to them. This change will go some way to addressing the settlement delays that result from the lack of willingness on the part of municipalities to settle migrants within their boundaries. However, this new form of reimbursement will be largely independent of costs.

If migrants are allocated across municipalities on the basis of their fit with the local labour market, more must be done to support those municipalities who receive a large number of refugees that are less skilled and, as a result, more distant from the labour market. While all migrants arriving for humanitarian reasons tend to have very low levels of employment in their first few years, as the years pass, those with a secondary or tertiary level of education tend to move into employment at a faster rate than do those with just a primary or lower secondary education (see Figure 2.3).[12]

Figure 2.3. Employment trajectory of refugees arriving in 2000, by education level

Employment population ratio of cohort arriving in 2000



Source: OECD Secretariat on the basis of data provided by Statistics Sweden.

PES efforts to settle refugees according to local labour market needs, may well ensure that low-skilled refugees find employment more quickly than they would otherwise have done. Nevertheless, they will, in all likelihood, continue to take longer than those refugees who have qualifications and skills. More must be done to ensure municipal funding is reflective of the expected costs of integration; to ensure that funding is conditional upon the characteristics of the migrants that municipalities are assigned.

While the level of flat-rate compensation has been increased by recent reforms, there has been no alteration to the time horizon of funding. After two years of introduction activities, no more targeted funding will be transferred to municipalities for their work with migrants. Yet integration is a long-term project – particularly for those with low levels of education. And many former introduction plan participants who do not find work during or following the programme will depend upon the welfare payments funded by municipalities.[13,14] The large majority of municipalities who felt their costs were not fully covered by the transfers from the Migration Board felt that welfare payments (91% of respondents) represent the most significant of their uncovered costs.

As a result, while limiting financial reimbursement to the first two years after arrival may have some impact on the incentives for rapid integration, it is not reflective of expected costs. In Norway, were settlement is at the discretion of municipalities – as it has until now been in Sweden – compensation is calculated so as to account for the expected additional burden on the municipal social assistance budget once the introduction period ends (see Box 2.2 below).

Box 2.2. Funding for reception Norway

In Norway, as in Sweden, financial assistance for settlement and integration is intertwined, and government grants are expected to cover the expenditures of local authorities in both areas. As it was until recently in Sweden, the settlement of refugees is voluntary in Norway and subject to negotiations between the Norwegian Directorate for Integration (IMDi) and municipalities.

- Municipalities are compensated for accepting refugees primarily through a resettlement grant paid out over a period of five years. This grant is intended to compensate, not only for the introduction period, but also for the likely additional burden on the municipal social assistance budget once the introduction period ends.
- Alongside the settlement grant, grants for language training are also paid out over five years. However, the level of these grants differs with the origin of the immigrant with the grant accompanying immigrants from Africa, Asia, Oceania (excluding Australia and New Zealand), Eastern Europe or Central and South America are set at a level nearly three times that transferred for immigrants from Europe, North America, Australia or New Zealand. Municipalities with few migrants also get additional funding for the set-up of the language training infrastructure.
- Finally, a results-based component provides municipalities with additional funding for each immigrant who has passed a written or oral language assessment.

IMDi has established a website which allows municipalities to estimate the expected costs and benefits from accepting refugees.[1]

In Sweden funding dependent on the country of origin of the migrant is unlikely to be appropriate for the financing of activities targeted at refugees. However other indicators with a significant impact on the timing of expected integration, such as validated education levels, may be used in a similar manner.

1. http://www.imdi.no/no/Bosetting/Bosettingskalkulatoren.

The introduction programme

The current integration pathway of a newly-arrived refugee in Sweden involves multiple stages and many actors. As discussed in the previous section the first port of call, is the migration board (during the asylum-seeking process) and the PES (once asylum has been granted). Only once the refugee has been placed in permanent accommodation do integration activities fully begin.

At this stage, the PES caseworker, together with the migrant (and an interpreter if necessary) work to build an introduction plan (see Box 2.3 for details of the introduction plan). At this stage the migrant is referred to municipalities for language training and civic orientation, to the accreditation agencies (depending on their skills and experience), and to the business advisory services, ALMI IFS (depending on their entrepreneurial aspirations).[15] Alongside this, the PES itself will offer, or procure externally, various job search and employment training programmes (see Figure 2.4).

Box 2.3. Swedish policy at a glance: The Introduction Programme

Swedish integration policy is centred on the Introduction Programme. The programme, which normally lasts for two years, provides a plethora of targeted activities aimed at rapidly preparing new humanitarian migrants and their accompanying family for entry into the Swedish labour market. A panoply of actors are involved in the provision of these activities as outlined in Figure 2.4 below and, given that the introduction plan is tailored to the individual needs of the migrant, the actors and activities involved will vary on a case-by-case basis. The main features of the programme are outlined below.

Responsibility for integration activities: Since 2010 primary responsibility for the introduction of migrants lies with the PES while municipalities retain responsibility for language training and civic orientation.

Introduction plan: The plan is drawn up on the basis of the experience, education and ambitions of the beneficiary following a meeting with the PES (along with an interpreter if necessary). The introduction plan should incorporate:

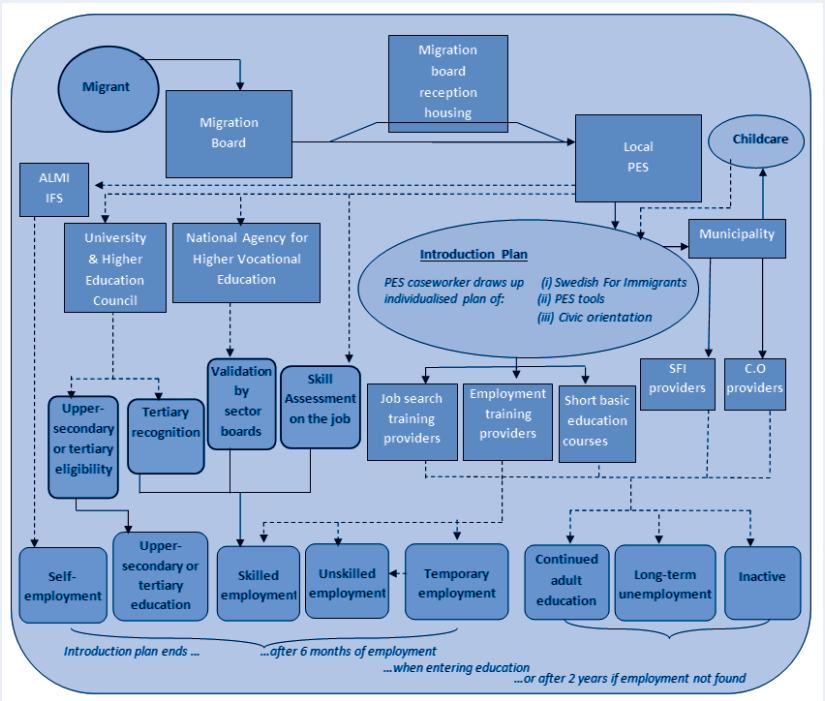
- Swedish for immigrants
- Employment preparation such as work experience and the validation of educational and professional experience
- Civic orientation, which aims to provide a basic knowledge of Swedish society.

In most cases these activities occupy participants on a full-time basis (40 hours per week) with the relative weight accounted for by each activity varying with the needs of the migrant.

Eligibility: Those aged 20-64 (or from the age of 18 among those who do not have parents living in Sweden) who have received a residence permit as a refugee or for "refugee-like reason" are eligible for the programme.[1] Participation in the programme is not compulsory, however, once an integration plan has been agreed, it must be followed if the participant is to maintain their entitlement to the introduction benefit. Absence from the programme, however, cannot lead to revocation of the residence permit.

Box 2.3. Swedish policy at a glance: The Introduction Programme *(cont.)*

Figure 2.4. The path of a new arrival through the introduction plan



Source: OECD Secretariat analysis based on national legislation and regulations.

Duration: The introduction plan generaly lasts for 24 months. However:

- It may be postponed in the case of parental leave or sickness (though the plan will still actively run for the equivalent of 24 months full time).
- Or it may be curtailed if participants find work. Until recently, participants who found work were able to continue to claim the introduction benefit (see below) alongside their wages for a period of six months. A recent change however means that, the benefit is now immediately reduced by a proportion equal to the time spent working.

Introduction benefit:[2] The benefit, conditional on attendance of agreed activities is paid, at a rate of:

- SEK 231 (EUR 26) per working day, paid twice a month, while drawing up the plan.
- Up to SEK 308 (EUR 33) per working day, paid once a month, during plan.[3]
- Those with children living at home are entitled to an additional SEK 800 for each child younger than 11 and SEK 1 500 for children older than 11 up to a maximum additional SEK 4 500 per month

Box 2.3. Swedish policy at a glance: the Introduction Programme *(cont.)*

- Those living in their own accommodation whose costs exceed SEK 1 800 per month may additionally be eligible for introduction benefit for housing up to a maximum of SEK 3 900.

In order to create stronger incentives for all members of a family to participate in activities which will prepare them for work, the benefit is not affected by other household members' incomes.

Activity benefit: Following the end of the introduction period assistance is available via untargeted activity grants to those unemployed who participate in labour market programmes offered by the PES:

- Participants who meet the requirements for unemployment compensation received a daily activity grant of between SEK 365 and SEK 910 full-time programmes. After 100 days the maximum grant per day is SEK 760.
- Participants who do not meet the requirements for unemployment compensation received a daily activity grant at the guarantee level of SEK 223 for full-time programmes.

The activity benefit is reduced after 200 days and is available for a maximum of 450 days. After this time those who remain unemployed – even those who continue to participate in labour market programmes – are provided for by social assistance.

Social assistance: The introduction benefit may be higher or lower than social assistance payments depending on the circumstances of the individual and their household.

1. While it is possible for municipalities to choose to include family migrants in their introduction activities, in practice the introduction programme is limited to refugees and their families.

2. Sweden is unusual in providing an introduction benefit somewhat higher than the benefit (activity support) to which the long-term unemployed are eligible. The reason for this is that activity support, which is not means-tested, acts primarily as an incentive to participate in Job and Development Guarantee activities rather than as a standalone source of income. In the absence of the introduction benefit, virtually all newly-arrived refugees and their families would fall on the means-tested social assistance whose effective payments depend on individual resources and needs. In fact, depending on the circumstances, social assistance can already be higher than the introduction benefit and indeed, in 2013, 45% of introduction benefit recipients received a social assistance top-up. The time limited nature of the introduction benefit, however, is problematic. It creates a somewhat artificial period after which many new arrivals not in employment have to move to social assistance. It can also imply that payments are higher in the early years following arrival than they are thereafter. However, in the absence of large-scale structural reform to the Swedish benefit system, this inconsistency is difficult to address.

3. The exact daily introduction benefit payment is dependent, to some degree, on the extent of activities.

Source: Försäkringskassan (Swedish Social Insurance Agency) 2015.

Long settlement delays postpone introduction activities…

The lengthy asylum process and shortage of accommodation discussed in the previous section have led to long delays in the permanent settlement of new arrivals. Even prior to the recent increase in asylum seekers, in 2013 the average time for completion of the settlement process was 239 days. This includes an average of 125 days for the granting of a residence permit, and a further delay from when the resident permit is granted to the day a migrant is permanently settled in a municipality of an average 163 days – in the case of refugees who the migration board settles – or an average 74 days – for those who find their own accommodation (Migrationsverket, 2014).

The current augmented inflows are likely to lengthen these delays still further. And with 180 000 asylum seekers enrolled in the reception system and the Migration Agency estimates that the duration of the asylum process alone may soon extend up to one year. These delays have long lasting implications. When the current integration system was designed these long delays were not foreseen and as a result, during the asylum and settlement process, integration activities have, thus far, been limited. While asylum seekers living in Migration Board housing in theory may be offered Swedish language tuition for asylum seekers, in practice, in the face of severe housing shortages, provision of this training has not been a priority for the Migration Agency.

This weakness is currently being addressed and efforts, planned to begin in 2016, will enhance early integration activities targeted at those in the asylum process. Envisaged interventions include: the provision of 40 hours of Swedish language (to be undertaken on a voluntary basis); the provision of social information; the arrangement of internships where possible, and the organisation of meeting places to engage with civil society. In addition, it is planned that computer support should be made available to enable asylum seekers to supplement their coursework with self-directed study. If this additional support can be implemented on a meaningful scale (the Migration Agency is currently expecting to provide language tuition to 30 000 individuals) it will be an important step. However, funding for these interventions has not yet been secured.

Elsewhere in the OECD countries are making similar efforts to ensure asylum seekers are able to begin the integration process at an early stage. In Germany, since November 2015, asylum seekers from countries with high recognition rates have been offered introduction courses comprising of 600 hours of language training and 60 hours of civic orientation. Similarly, in Norway asylum seekers residing in reception centres are offered up to 250 hours of language training (OECD, 2016). While such early intervention is hard to manage in the current context, it is an important investment and

should not be overlooked particularly in light of Sweden's long asylum process and high recognition rates. Several countries are also increasingly using technology in order to make information available to newly-arrived asylum seekers and refugees. In particular, in Germany a "Welcome App", has been developed to provide practical information about life in Germany, including addresses of local Employment Agencies and information about the asylum process, a second app "*Ankommen*" ("Arriving"), developed as part of a joint project by the German Federal Agency for Migration and Refugees and the German Employment Agency similarly provides information on living in Germany, but combines this with information on the asylum procedure and finding work, as well as providing an interactive basic language course.

In addition to the limited integration activities available for asylum seekers, since 2014, the introduction programme has been available only to those migrants who have settled in a municipality, meaning that, even those who have received their residence permit are not able to begin the integration path. The intuition behind this change was to ensure that the clock did not begin to tick during the two years of introduction programme while new arrivals were still in temporary migration board housing. This was important, not only to ensure continuity in introduction activities, but also to enable the labour market activities of the introduction programme to be tailored to the local economic conditions.[16]

While sensible in some respects, this holding period, in which newly-arrived refugees await permanent settlement, is not efficient. Upon arrival the vast majority of migrants are enthusiastic to begin their new life; delaying introduction activities not only wastes valuable time but also dampens this enthusiasm. In 2014, when the change was implemented, it was expected that refugees would continue to have access to SFI language tuition even prior to the commencement of the full introduction programme. However there has been a wide variation in access to language training for refugees remaining in temporary Migration Board facilities because, while municipalities are obliged to provide language training for their residents, in some municipalities, temporarily housed refugees were not viewed as municipal residents. To address this inefficiency a recent reform has provided earmarked funding for the language tuition of those in Migration Board facilities and specified that language training should begin as soon as a residence permit is granted.

This is an important step in the right direction. However, it is important to address the lack of continuity that the decision to delay introduction activities until settlement was originally designed to ameliorate. It is vital that early activities build upon those that begin during the asylum process and that they are adequately recorded so that they can be co-ordinated with

those activities that follow. To enable early investments to translate into more successful integration outcomes it is vital that these investments are tracked; that the municipalities and the government agencies involved in integration have an accurate record of the activities each refugee has undertaken to date. Where asylum seekers and humanitarian migrants have started language training, preparatory integration measures or begun skills mapping in reception facilities, it is important that these are documented and communicated between actors as they pass through the settlement and integration process. Such a record will be important to ensure continuity, to avoid duplication and to make efficient use of the investments – both public investments and the investment made by the migrant themselves.

In Sweden, the Migration Board starts mapping migrants' past education and experiences in an early stage of the asylum seeking process in order to facilitate the work of the PES once the residence permit is granted (see Box 2.4 for an outlining of skills mapping efforts elsewhere in the OECD). However, a lack of communication between the Migration Board and the PES leads to inefficiencies such that, during the first introduction meeting with migrants after reception of a residence permit, the PES often starts the background mapping from the beginning rather than building upon the previous work of the Migration Board. The PES has no systematic access to details of integration activities the refugee may previously have taken part in. Furthermore, believing that the PES often omits important information when mapping migrants' past education and experiences (only 25% of municipalities report that they receive enough information about migrants background) municipalities often repeat the mapping exercise for a third time before allocating migrants to language classes.

With the aim of streamlining such efforts Germany has recently decided to introduce an ID card specifically for asylum seekers and humanitarian migrants which becomes obligatory from the moment of first registry. The card will be linked to a central database to which all authorities and service providers will have access, which will provide information about personal characteristics including health, educational background and professional experience (OECD, 2016).

Box 2.4. Upfront skills assessments for asylum seekers in Germany and Finland

If integration efforts are to build upon existing skills, initial competence screenings must begin during the asylum procedure for persons with high prospects to obtaining residence. The PES has put in place various projects aimed at early identification of immigrants' skills. with the most important one being a widely used self-assessment tool in the form of an online questionnaire, which is available for 16 professional groups and in 12 origin country languages on the PES website. Other measures include the set-up of a multi-lingual customer support line for new arrivals and the possibility to undergo an early professional assessment at the PES or on the work-place in one's mother-tongue. The most recent initiative has been a pilot project aimed at new arrivals covered by the Introduction Act, whose settlement in a municipality is delayed due to a local housing shortage. For the year 2016, a total of SEK 32 million (EUR 3.45 million) have been allocated to map the professional skills of these people while they are still residing at a Migration Board facility. The rationale behind the new scheme is that persons, who have been granted a residence permit, can start their integration process as early as possible without losing valuable time during the asylum reception. Germany has gone a step further in mapping skills at an early stage and has extended skills mapping to asylum seekers with a high prospective of obtaining residence allowing them to build a skills portfolio that PES caseworkers can later rely on to swiftly get them on track to the most suitable upskilling programmes.

Germany systematically assesses the professional skills of asylum seekers with strong prospects of obtaining permanent residence through a programme called "early intervention". The programme was recently anchored in law and is to be rolled out nationwide. Case workers go out into reception facilities where they assess competencies through a small "work package" that they build from asylum seekers' self-declarations about their professions, qualifications and work history. The asylum seekers then attend a federal employment office where individual employment strategies are developed to match their skills with the needs of employers in the area.

Finland has recently adopted an action plan for assessing the professional skills of asylum seekers at reception centres while they are awaiting their asylum decisions. The outcomes of assessments will be taken into consideration when choosing a settlement area that offers education and business opportunities that match their skills. After asylum seekers have been granted residence, their skills will be more comprehensively assessed. Should it take time to move former asylum seekers from reception facilities to settlement locations, part of the comprehensive skills assessment can be carried out at the reception centre.

Poor co-ordination between the PES and municipalities undermines efficiency of introduction activities

As discussed in Chapter 1, the reforms of 2010 gave primary responsibility for the introduction of newly-arrived refugees and their families to the PES. However, once settled, the Swedish integration model requires that migrants participate in parallel activities, combining language courses with early labour market contact and knowledge of civil society.

The timing and logistics of introduction activities therefore relies on multi-level co-ordination between multiple actors involved in the provision of these integration activities. Given that the activities involved in each of these pillars must be undertaken concurrently, and given that the success of learning under each pillar has substantial implications for the efficiency of learning under the others, the roles played by the municipalities and the PES in the introduction of new arrivals are deeply intertwined. Co-operation between these two agents is essential, not only to avoid the duplication of effort, but also to ensure that activities are synchronised to maximise their efficiency and to smooth the transition from introduction activities into the labour market. However, in many cases the extent of co-operation between the PES and municipalities on the organisation of introduction activities is limited. Indeed, in close to half of all cases in 2014, the municipality did not attend the introduction interview during which introduction activities were planned.[17]

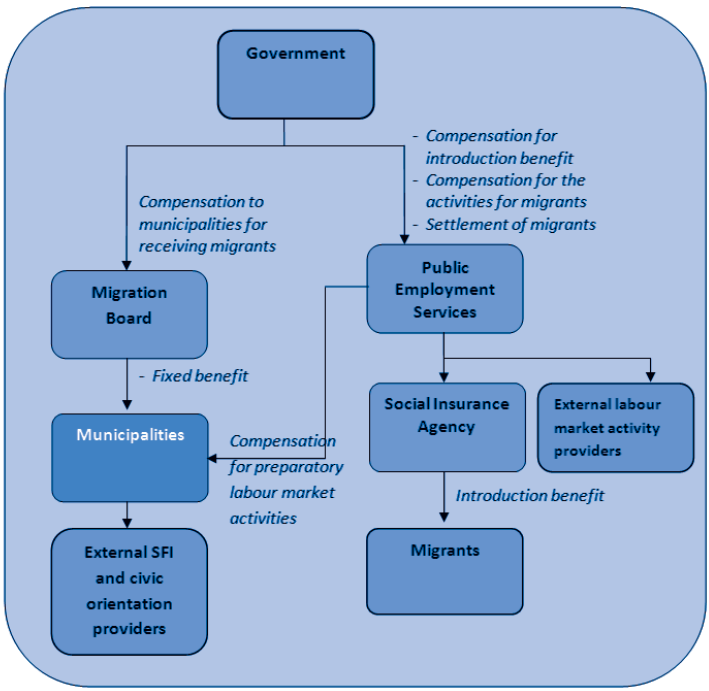
The introduction activities are financed mostly through yearly public subventions to the Migration Board, who co-ordinate funds to the PES and to the municipalities. The introduction benefit, to which these migrants are entitled, is co-ordinated by the PES and paid by the Social Insurance Agency. Migrants who have been resident in Sweden for longer than the two-year introduction period but who remain unemployed are, however, the responsibility of municipalities. Municipalities are not only responsible for helping these migrants back into employment but they are also financially responsible for paying their welfare (see Figure 2.5).[18]

The division in financial responsibility, for refugees in their first two years in Sweden, and refugees who have been resident three years or more, stems from the belief that, after two-years introduction, migrants no longer require targeted support and can avail themselves of mainstream services. However the discontinuity in responsibility creates distortions that can undermine the efficiency with which the long-term needs of some migrants are addressed. And while in theory, since the Education Act of 2010, the PES can contract with municipalities for the provision of certain activities, in practice, ensuring that the activities within the introduction programme can be combined with each other both with regard to scheduling and location has proven difficult.[19] The result is that the activities an immigrant takes part in are frequently determined by the actor responsible for financing their benefit.

Refugees rarely qualify for unemployment compensation because they have rarely worked in Sweden long enough. Those who have not found work when the introduction period ends largely rely on social assistance. And, municipalities' responsibility for established humanitarian migrants claiming social assistance has prompted many to run labour market training

activities targeted at theses recipients alongside those offered by the PES to introduction programme participants. Indeed, of the 231 municipalities surveyed in the recent report published by *Statskontoret*, the Swedish Agency for Administrative Development (2012) 70% were offering job training programmes and up to 80% were offering internships.

Figure 2.5. Flow of financial resources into the introduction programme



Source: OECD Secretariat analysis based on national legislation and regulations.

Social assistance recipients are often quite far from the labour market and tend to require more intensive support in preparation for the labour market than do those traditionally targeted by the PES. However, while those immigrants who arrive in Sweden with very basic levels of education may be in need of the intensive support similar to that offered to social welfare claimants, if they are on the introduction programme, they are likely instead to be directed to PES labour market activities for the first two years. Intensive remedial education courses targeted at those most distant from the labour market may be effectively provided by the PES (who are experienced in labour market training) or by municipalities (who may have experience working with those who are very distant from the labour market) – the

current duplication, however, is not efficient, compromises transparency and should be addressed.[20]

If municipalities are to continue to play an important role in the provision of activities under the introduction programme it will be important that they allocate a municipal representative to attend the introduction interview and work alongside the PES caseworker from an early stage. An alternative approach has been taken in the United States with the American Job Center and in Norway where the Norwegian Welfare Administration (NAV) and NAV Intro (for migrants) provide one-stop shop for employment and welfare administration (see Box 2.5). This has, to some extent, overcome the co-ordination challenges and transparency issues that result from the distinction between actors targeting the unemployed and newly-arrived migrants, and those focused on those who are very distant from the labour force.

Box 2.5. Co-ordination of benefits and employment support in Norway, Britain and the United States

In Sweden the division of responsibility for the maintenance of migrants between the PES – who are responsible for paying the introduction benefit to newly-arrived migrants – and the Municipalities – who are responsible the support for established migrants eligible for social assistance – has created incentives that, in many cases, have led to the duplication of labour market activities. Several other OECD countries have addressed the need for co-ordination through the creation of one-stop-shops for welfare and employment services.

The **United Kingdom** (with the exception of Northern Ireland) and the United States both employ one-stop-shop arrangements for the co-ordination of welfare and employment services through the Job Centre Plus, in the United Kingdom, and the American Jobs Centers, in the **United States**. One of the primary goals of the 2001 reform in the United Kingdom was to promote co-ordination. It had been felt that information-sharing failures and performance systems that encouraged agencies to focus on their own narrow targets to the detriment of the wider systemic performance were compromising the efficiency of the services. In addition, in both the United Kingdom and the United States it was hoped that the reform would promote a wider social inclusion agenda increasing civic and economic participation for marginalised groups and, through the co-location of the employment services aimed at all adult job seekers, addressing the stigma attached to services aimed at welfare claimants who were required to search for work. In the United States the utilisation of a one-stop system began on a voluntary basis in local areas, but co-location and co-ordination of services later became a requirement.

In **Norway** welfare administration and employment services are co-ordinated under the aegis of the Norwegian Labour and Welfare Organisation (NAV) which operates under the auspices of the Ministry of Labour and Social Inclusion. Created in 2006, the directorate is the result of a merger between the previously separate services provided by the (national) PES, the National Insurance Service and the (municipal) Social Assistance Service. To overcome the tension between central and local autonomy NAV services are organised as a partnership based on fixed, regulated and binding co-operation between central and local government. Partnerships are laid down in local agreements between the regional NAV offices and individual municipalities, and are not voluntary.

Box 2.5. Co-ordination of benefits and employment support in Norway, Britain and the United States *(cont.)*

Such co-ordinated services are particularly valuable for those groups, such as the foreign-born, whose needs require services from multiple organisations at multiple administrative levels. NAV Intro is a special unit operating within NAV, with offices in Oslo, Bergen, Kristiansand and Trondheim. NAV Intro that has particular responsibility for providing help and assistance to job seekers with an immigrant background. To this end NAV Intro provides training courses adapted for job seekers with an immigrant background as well as targeted guidance, labour market preparatory training and language testing.

Source: OECD (2012), Barnow and Smith (2015) Askim et al. (2011).

Fixed compensation may undermine provision of integration activities in high cost areas

The costs of provision of integration activities offered within the introduction programme vary greatly from one municipality to another. In 2013, for example, the costs for SFI varied from SEK 23 000 to SEK 66 000 (EUR 2 500 to EUR 7 100) per student per year across the country. However, following the recent simplification of the funding structure municipal funding for integration activities is independent of costs.

In addition to the variance in local costs, such as local wage costs, facilities, and travelling expenses of participants, the costs involved in the provision of integration activities may differ with the number of migrants to be integrated. There are certain fixed costs involved in the provision of most integration activities (such as the teacher or the classroom) such that the cost per participant is higher when there are fewer participants. There are, furthermore, economies of scale that relate to the organisation of classes, and a larger number of participants enables classes that are more tailored to the background and education level of the individual. In order to achieve economies of scale municipalities have often co-operated among one another for the provision of courses, by sharing teachers and sharing facilities. Indeed, in a recent survey (Swedish Agency for Administrative Development, 2012), 80% of surveyed municipalities reported co-operating in the provision of civic orientation and 50% in the provision of SFI. However, in rural municipalities where distances are long, such co-operation can be difficult.

The implications of cost variability are seen in the extent to which municipalities are able to rely on external actors for the provision of introduction activities. External actors are often concentrated in larger cities where the density of the immigrant population tends to be higher thereby enabling more homogeneity in the profiles of course participants. Thus

while in Stockholm more than 84% of SFI was provided by external actors in 2012, in more rural areas the response of private contractors to tender is more limited and the costs of these providers are higher. This paucity of external actors offering integration activities in rural municipalities further limits the availability of quality introductory activities.

Recent changes, designed to simplify the reimbursement for integration activities, that combine compensation into a lump-sum payment – independent of local costs and migrant characteristics – will require further thought to ensure that funding for integration is more reflective of long-term costs and that integration outcomes are not compromised in high-cost areas. In reimbursing municipalities for the costs of integration activities there is the concern that full-cost reimbursement may undermine the incentives for cost efficiency of the measures undertaken. Funding mechanisms in Denmark have taken different approaches to maintaining incentives while nonetheless maintaining the link between municipal funding and incurred costs (see Box 2.6).

Box 2.6. Funding integration in Denmark

In Denmark financial assistance is mainly linked to participation in the introduction programme. These differences, alongside the differences in settlement allocation mechanisms mean that subsidies are not directly comparable. Nevertheless the challenges – in terms of finding the appropriate balance between incentives, cost recovery and administrative complexity – are shared with Sweden. In Denmark compensation is based upon several components:

- Municipalities receive a basic monthly subsidy for three years for each refugee enrolled in an integration programme. The subsidy for the settlement of unaccompanied minors is higher.
- A results based component accompanies this basic transfer and is received when a refugee get a job, enrols in education or passes a final Danish language test.
- A cost reimbursement component funds 50% of the costs municipalities incur for the integration programme. Integration benefits (cash allowances) are also subject to 50% reimbursement.

Finally, block grants also contribute to the net costs incurred by municipalities in the provision of the integration programme and benefits.

The recent increases in the numbers of migrants seeking asylum in Sweden may mean that, in future, scale economies are less likely to be a concern in those municipalities that currently settle a relatively low number of refugees. Instead, as these regions are increasingly called upon to settle and integrate larger numbers of new arrivals, it will be important to build

capacity of regional policy makers to ensure that they build upon the lessons already learnt in areas more accustomed to effective integration activities on a larger scale. In order to build on best practice more efforts should be made to develop performance indicators and to increase the transparency over which integration activities are undertaken, at what cost, and with what results.

Notes

1. Single asylum seekers, without the means to support themselves receive SEK 24 per day when they are not required to cover their food, and SEK 71 per day when food is included in their accommodation. The amount per person for couples is lower and stands at approximately SEK 19 when food is included, and SEK 61 when it is not.

2. When placing asylum seekers in migration board housing the Migration Board does not need any agreement with municipalities, except in the case of unaccompanied minors who are placed in municipal-run facilities.

3. And indeed, OECD figures show that the foreign-born are four times more likely to live in over-crowded housing than native-born Swedes and, after Italy, Austria and Greece, overcrowding among Sweden's foreign-born is the highest in the OECD (OECD and European Union, 2015).

4. Individual's requesting housing assistance from the PES are made one accommodation offer, if this is rejected the individual is then obliged to arrange their housing situation without further support.

5. Sweden is unusual among OECD countries in having no social housing directed specifically towards those in need. Instead the Swedish rental housing consists of both housing owned by the municipalities and privately owned housing in approximately equal proportions. Rents have, since 1968, been regulated through negotiations between organisations representing landlords, and those representing tenants and individual tenants have recourse to the courts if they believe they are being charged a rent which is out of line with these collectively negotiated rents.

6. Information on the counties and municipalities of Sweden are provided on a website Information Sweden that has been used to raise awareness about the opportunities in each municipality and increase the acceptance rate of assigned accommodations.

7. Since 2014, the introduction programme is limited to migrants who have settled in a municipality. Thus migrants who are awaiting settlement are not able to begin claiming the introduction benefit. This creates an additional incentive to abandon the housing allocation process and find their own housing – even if this is possible only in overcrowded circumstances. The intuition behind this rule change was to ensure that the clock did not begin

to tick on the two years of introduction programme while new arrivals were still in temporary migration board housing. This was important, not only to ensure continuity in introduction activities, but also to enable the labour market activities of the introduction programme to be tailored to the local economic conditions. In addition, since municipalities receive compensation for the settlement of refugees, only for the duration of the introduction programme, there was the concern that, since this funding is paid out over 24 months to the municipality in which the migrant resides, municipalities were less willing to receive migrants who have been staying in another municipality for several months, as the lump-sum compensation will be lower.

8. The fixed compensation amounts to a yearly dispersal of SEK 222 500 (EUR 23 600) per year for two years. The proportional component consists of SEK 83 100 (EUR 8 820) per migrant (or SEK 52 000 for migrants over 65) paid out over 24 months.

9. The fixed benefit was reduced from SEK 444 000 in 2013 to SEK 222 500 in 2014 and the municipalities receiving the largest number of migrants received and additional grant ranging from SEK 5 000 to SEK 15 000 per migrant. In addition, compensation is now provided to municipalities that receive quota refugees and those housed in the Migration Board facilities. Municipalities are also now compensated for rent incurred between when the municipality reports available accommodation to the PES and the time at which the migrant moves in.

10. 256 municipalities responded to the question: Will the step model benefit introduced in January 2014 lead to the reception of more migrants in their municipality in 2014 compared to previous years?

11. An increase from SEK 83 100 to SEK 125 000 or SEK 52 000 to SEK 78 200 for those aged over 65.

12. The dependence of the timing of labour market integration on skills and qualifications is discussed in more detail in Chapter 5.

13. Following the end of the introduction programme participants who remain unemployed should move to the non-targeted labour market programme the "Job and Development Guarantee". During their participation in the job and guarantee programme, the PES is responsible for migrants' activity support (see Box 2.3).

14. During 2013, municipalities transferred SEK 10.8 billion in welfare payments to recipients of social welfare and, according to the National Board of Health and Welfare, 41% of recipients were foreign-born, and a further 8% were refugees. Low numbers of refugee claimants are due to the fact that refugee households are entitled to the introduction benefit which, in contrast to social welfare is paid for by the central government.

15. ALMI is a public organisation providing advisory services, loans, and venture capital to new businesses, start-ups, and existing companies that are investing in growth and expansion. ALMI IFS provides advisory services to entrepreneurs with a foreign background who are in the process of starting a business or who are already running one.

16. Given that Migration Board housing is often located in quite isolated areas where the employment opportunities are limited, tailoring activities to the local context of temporary housing was not thought to be efficient.

17. This includes a non-attendance rate of 30% in the case of those municipalities where migrants were centrally assigned and over 50% of those municipalities in which migrants found their own housing.

18. After the two years, neither the municipalities nor the PES receive any targeted public compensation for migrants. At this point migrants who have not started to work or study after the introduction programme can join the PES' labour market programme Job and Development Guarantee, under which participants receive activity support by the Social Insurance Agency for up to 450 days. After a maximum of 24 months on the Job and Development Guarantee, migrants who have still not started work or study remain registered with the PES but receive welfare payments from the municipalities.

19. In addition both the PES and municipalities are able to enter into agreement with external actors for a period of up to four years.

20. Since 2009, the PES is legally able to compensate the municipalities for the labour market activities they provide to introduction programme participants and, if new arrivals are referred to these activities by the PES, municipal courses can be accredited as part of their introduction programme activities. However it is currently only possible for the PES to contract with the municipalities for the provision of labour market training in the absence of other appropriate actors and, even then, only if municipal activities are deemed to complement rather than compete with PES activities. While this caveat is aimed to avoid duplication in the provision of services it instead has limited the use the PES make of municipal run programmes and activities.

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Chapter 3

The supply of migrant skills in Sweden

Successful integration is heavily dependent on the skills of immigrants, and on the extent to which they can build the skills necessary to operate in Swedish society and on the Swedish labour force. This chapter examines the effectiveness of the routes migrants can take to acquire these skills. It begins by examining the success of the education system to integrate young migrants, to help them to navigate the system and to leave school with the qualifications required by the labour market. Next section then goes on to examine the extent to which adults arriving with very limited levels of education are able to build the functional and vocational skills that will enable them to find sustainable employment in Sweden. Finally the chapter turns to the development of language skills.

For many migrants in Sweden, their ability to find their way, both into the Swedish labour market and into Swedish society, remains heavily dependent on their skills. As a result, the integration of immigrants in Sweden must begin with taking stock of immigrants' skills and building the functional skills and language skills that underpin all aspects of integration.

The task of building basic skills in Sweden has, for a long time, been a fundamental component of integration policy. In the current context of unprecedented arrivals of unaccompanied minors and large inflows of immigrants with only basic levels of education, efficiently and effectively building skills and addressing obstacles before they develop has become an urgent imperative. Strengthening the supply of skills provided by Sweden's migrant population will involve both building basic skills among Sweden's immigrant youth many of whom are struggling to integrate into the school system (first section) and among the large number of newly-arrived adults who bring with them very low levels of education (second section). In addition, strengthening the supply of skills provided by Sweden's migrant population will also require efficient language training (third section).

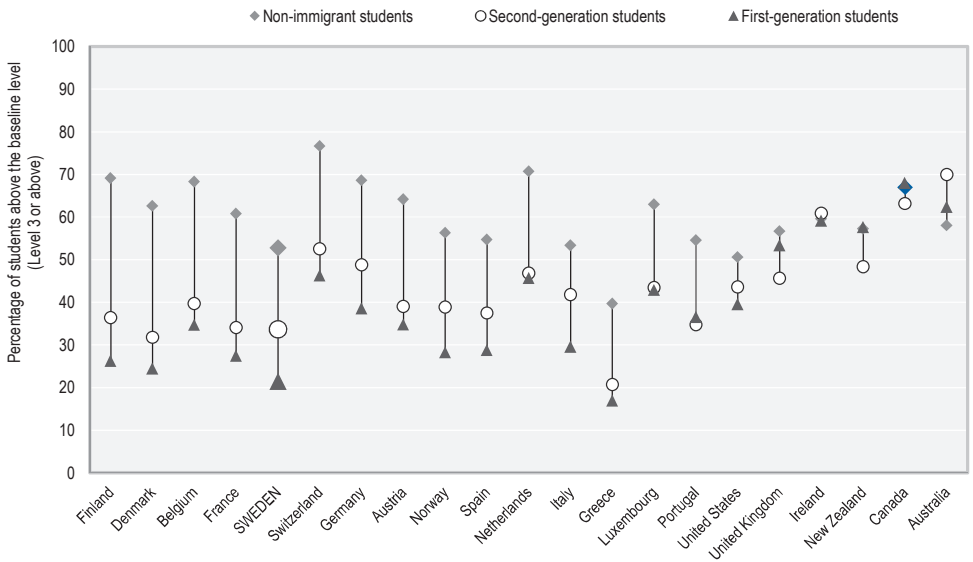
Integrating young immigrants into the school system

Sweden's young migrants lag behind their native peers

Educational outcomes among students with an immigrant background – both those who are immigrants themselves, and those born in Sweden but with foreign-born parents – lag behind those of their peers with Swedish-born parents. The OECD Programme for International Student Assessment (PISA) shows that, with a difference of 40 points on PISA tests, the disparity is equivalent to approximately one school year. In mathematics tests, where native language is less of an impediment to achievement, fewer than 22% of foreign-born students achieved an adequate performance on PISA tests, compared to 53% of native-born students. However, it is encouraging to note that while the performance of those students with foreign-born parents continues to fall behind the performance of those with native-born parents, the progress of these "second-generation" students in closing the gap is, alongside Italy, the most impressive in the OECD (see Figure 3.1).

Figure 3.1. Students with an adequate performance in mathematics, by immigrant background, 2012

Differences in literacy proficiency between migrants and natives, by age at arrival, in percentage



Note: Countries ordered according to disparity between native-born and first-generation students. Adequate performance is defined as scoring at least level 3 on PISA mathematics test. Students at this level can i) execute clearly described procedures, including those that require sequential decisions; ii) select and apply simple problem-solving strategies; iii) interpret and use representations based on different information sources and reason directly from them; and iv) develop short communications reporting their interpretations, results and reasoning. These data present performance results only and do not control for characteristics such as socio-economic background, age at immigration, language spoken at home which are likely to impact upon results.

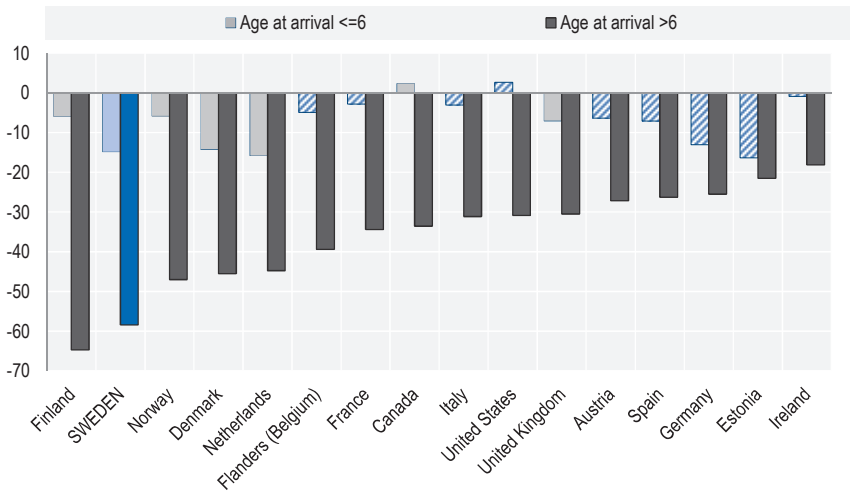
Source: OECD (2013), *PISA 2012 Results: Excellence through Equity (Vol. II): Giving Every Student the Chance to Succeed*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264201132-en.

Across countries, studies have shown that when immigrants arrive at a sufficiently young age, integration is relatively effective (see for example Åslund et al., 2009). While children arriving below the age of 7-9 have been found to integrate with relative ease, after this critical age band, immigrant children are often at a disadvantage. Not only must they expend more effort in learning Swedish, but their acquisition of subject skills is less efficient while they learn to master the new language.[1] As a result, school performance observed in adolescence has been found to deteriorate progressively with age at arrival (Böhlmark, 2008). Figure 3.2 illustrates that, by the time they reach adulthood, those immigrants who arrived in

Sweden after the age of six, fall significantly behind the native-born in terms of literacy performance. Indeed the score point difference as measured in the OECD Survey of Adult Skills (PIAAC) between immigrants and natives is, aside from Finland, the largest of the sampled countries.[2] With close to 52 000 asylum applications in 2015 from young migrants between the ages of 7 and 17 (accounting for 32% of all asylum applications the same year) improving the skill acquisition among young migrants arriving beyond the age of 7 is an important challenge.

Figure 3.2. Differences in literacy proficiency between immigrants and natives, by age at arrival, 2012

PIAAC Score point difference in literacy proficiency between migrants and natives, by age at arrival



Note: The sample includes persons aged 16 to 65. The coefficients presented in the figure are from separate regressions which include controls for age, gender, education and parental education. The striped bars indicate coefficients which are not statistically significant (at 10% level).

Source: Bonfanti, S. and T. Xenogiani (2014), "Migrants' Skills: Use, Mismatch and Labour Market Outcomes – A First Exploration of the International Survey of Adult Skills (PIAAC)", *Matching Economic Migration with Labour Market Needs*, OECD and EU, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264216501-11-en.

The challenge of integration in school is faced across OECD countries. It is, however, particularly acute in Sweden where the rarity of speaking the language prior to arrival, the residential concentration of immigrants, and the large number of minors arriving at the compulsory school leaving age contribute to the difficulties facing adolescents entering the school system. Box 3.1 outlines the core features of Swedish policy in this area.

Box 3.1. Swedish policy at a glance: Integration into the schooling system

There is a large degree of local autonomy governing the integration new arrivals into school in Sweden and much is left to the discretion of the local municipality and the school head. Increasingly, however, central government guidelines are setting minimum standards on a number of fronts.

Rapid integration: All children arriving in Sweden, accompanied or otherwise, should be offered access to education in no less than 30 days after their arrival.

Skill mapping: Changes planned for 2016 will ensure a skill mapping assessment forms the basis of decisions regarding which grade the newly-arrived student should be placed, and how timing and instruction should be planned. Compulsory mapping must be completed within two months of arrival.

Preparatory classes: In their first year of compulsory school, newly-arrived migrants *may* be offered preparatory classes to provide them with support prior to entering mainstream education – though the decision regarding whether or not to provide such preparatory classes is down to the individual head teacher. Changes planned for 2016 will ensure a phased transition such that students are placed in regular classes alongside preparatory education where possible, and that preparatory classes do not last for longer than two years. In effect this will mean that when a child is able to attend, for example, a physical education class alongside their native-born peers they will be moved to this class even while they may stay in preparatory classes for mathematics tuition.

Introductory programmes: Upon reaching the end of compulsory schooling, those students who fail to qualify for upper-secondary can undertake introductory programmes. These programmes, open to both the native- and foreign-born students, include:

- Preparatory education enables students to undertake minor completions necessary for eligibility to higher education preparatory courses.
- Programme-oriented individual options is open to students who aim to achieve eligibility to upper-secondary courses but require more than minor completions
- Vocational introduction is designed to equip students to enter the labour market or eventually to lead on to studies in a vocational programme.
- Individual alternative targets youth who have large skill gaps or weak motivation.
- Language introduction targets the foreign-born whose language skills are impeding their educational progress.

Local autonomy enables schools to adapt to local conditions but funding is not systematically reactive

Unpacking what lies behind the poor outcomes of students with a migrant background is complicated by the large degree of autonomy at the local level when it comes to integration support provided in schools. The head teacher of each school has the autonomy to decide whether preparatory classes will be offered to newly-arrived students to help them ease the transition to mainstream classes as well as to decide how students are allocated to classes thereafter.

The number of foreign-born students in school in Sweden varies substantially across municipalities such that while, in 2014, 21% of children aged 5-14 in Södertälje were born abroad, in Lekeberg this figure stood at just 2%. In many cases, these young migrants are concentrated in the less affluent municipalities and while immigrant students and the native-born with foreign-born parents account for 15% of students nationally, they account for 23% of students in schools classed as socio-economically disadvantaged (OECD 2013).[3]

The support required to integrate a newly-arrived student in a class of native-born students will be quite different from that required to integrate new arrivals in a class in which the existing students are largely migrants themselves and, as a result, in this context, local autonomy has been important in allowing local schools to adapt to these differences. Nevertheless, it is important that such local autonomy is supported by careful monitoring of outcomes and the provision of national guidelines on minimum requirements. Recent changes, announced in 2015, will go some way towards this by requiring the assignment to pupils be based upon a skills mapping exercise (see Box 3.1) where previously they have, in many municipalities, often simply been placed in classes with peers of a younger age. However further efforts should be made in harmonising the availability of additional support, monitoring the integration support tools employed and the outcomes these achieve and scaling up those interventions found to be effective. For example those identified during the recent pilot that provided native language study guidance, support for contact with guardians; increased teaching time, and help with homework (Assadi et al., 2015).

Furthermore provision of support to new arrivals in those schools with a heavy concentration of students with an immigrant background is likely to require more resources than in schools with few students with an immigrant background. Given that schools are run at the municipal level in Sweden, the ability to channel resources to where they are needed remains heterogeneous across the country. While municipalities are required by the Education Act to allocate funding according to school need, the degree to which they do

this is left to the discretion of the municipality. In addition, while larger, and more heterogeneous, municipalities have the capacity to equalise funding to some degree by allocating their funds according to school needs, some local actors have highlighted that smaller municipalities are often more limited in their ability to do this.

At the end of 2015 the government announced that it would provide an additional one off grant of SEK 200 million (EUR 21.6 million) to those municipalities who received asylum seekers amounting to more than 10% of the population below 19 years of age. It is important, however, that targeting disadvantage in education is built into the system such that resources are automatically redistributed towards schools that are facing challenges. Targeting resources at pre-defined "failing" or "disadvantaged" schools may not be sufficiently reactive to changes in the composition of a school population. This is particularly relevant in the current context of large numbers of newly-arrived students. In addition, targeting pre-defined schools can have unintended consequences if it implies a negative image for the school. Labelling a school as "failing", "disadvantaged", or even "priority" can create a stigma that may discourage the attendance of native-born pupils. In France, for example, the targeting of particular geographic areas through the *Zones d'éducation prioritaires* (ZEPs) was found to prompt a decline in school enrolments due to both depopulation of ZEP areas and to middle class parents avoiding ZEP schools (Bénabou et al., 2003).

Enabling school funding to depend upon the socio-economic characteristics of its student population may help ensure that funding is targeted where it is most needed in a responsive manner. In addition, it avoids non-linear definitions of disadvantage and the dichotomous labelling of schools into those that are disadvantaged and those that are not. Box 3.2 discusses the approach to targeting school funds on disadvantage adopted in some other OECD countries.

Box 3.2. Targeted school funding in OECD countries

In Sweden the extent to which school funding is targeted towards disadvantaged schools is down to the discretion of the municipality. Elsewhere in the OECD countries have experimented with targeting funding more explicitly at disadvantage and in a more linear fashion.

In **Switzerland**, rather than targeting schools in a proportional manner, the Putting Quality into Multi-Ethnic Schools (QUIMS) programme provides additional financial resources and support to schools in which greater than 40% of students are either migrants themselves, or whose parents are foreign-born. This approach, however, creates an arbitrary discontinuity.

Box 3.2. Targeted school funding in OECD countries *(cont.)*

In 2013, the **Australian** Education Act introduced a new funding model. Recurrent funding is now determined, with reference to a Schooling Resource Standard, on the same basis for government and non-government schools. For non-government schools, their base funding is discounted based on the capacity of the school community to contribute towards the cost of operating their school. In addition, all schools are entitled to additional funds to address identified student and school needs. These funds are targeted at students from low socio-economic backgrounds, Aboriginal and Torres Strait Islander students, students with limited English skills and students with a disability, as well as at small schools and schools in regional and remote areas (OECD, 2015a).

England also underwent a school funding reform in 2013/14 with the aim of simplifying the funding system and improving transparency and the quality of education choices. The reform aimed to increase consistency in allocations to schools, and to make the funding system more student-driven. In addition to the general fund, a Pupil Premium programme (2011) aimed to reduce inequities between students through additional school funding to support disadvantaged students and close attainment gaps. The premium of GBP 900 per disadvantaged student targets students who have benefited from free school meals at any point in the last six years. Schools decide how to use this funding. The overall programme funding reached GBP 1.875 billion in 2013/14 (OECD, 2015a). In addition, with the aim of incentivising schools to focus on the performance of their disadvantaged students, "Pupil Premium Awards" – ranging from GBP 1 000 to GBP 250 000 – are awarded to schools which have overseen the largest improvement in the performance of their disadvantaged students. Alongside the Pupil Premium, funding from the Ethnic Minority Achievement Grant (EMAG) is allocated based on the numbers of pupils from nationally underachieving minority ethnic groups and English language learners. The grant is intended to promote "whole-school change" to narrow achievement gaps and to address the costs of additional support to meet the specific needs of bilingual learners (Department for Education and Skills, 2004; Chowdry and Sibieta, 2011)

In **Flanders, Belgium** the funding formula allocates a portion of total funding on the basis of four socio-economic indicators: mother's level of education, the household income, the language spoken at home and the living environment of the student.

The segregation that results from the concentration of new arrivals in disadvantaged schools limits the interaction between foreign-born and native-born Swedes. This tends to be associated with slower language acquisition and limited network formation in a manner that may negatively impact on long-run integration (see above for a more complete discussion on the role played by networks in influencing integration outcomes).

The concentration of children from low socioeconomic and foreign backgrounds, while largely a result of residential segregation, can be exacerbated by policies enabling school choice (see Box 3.3). Until recently in Sweden long waiting lists for sought after private schools have de facto meant that new arrivals were denied access to these schools, and while

recent policy discussions have suggested endowing these schools with the possibility to enable new arrivals to bypass waiting lists, the use of this right is down to the discretion of the school.

Box 3.3. The impact of school choice on integration

Alongside the residential concentration of immigrants that results from housing shortages (see Chapter 2 for a more complete discussion on housing of immigrants), school choice reforms, introduced in Sweden in the early 1990s, seem to have enhanced the school concentration of students with an immigrant background. These reforms provided for a voucher system enabling students to choose among public and private schools within the compulsory education system without having to pay additional tuition fees. Research conducted by Böhlmark and Lindahl (2007) suggests that a higher share of private school students within a municipality in Sweden is related to higher segregation in terms of parental education and immigrant status between public and private schools.

Debate on the impact of school choice on student outcomes remains ongoing. Recent research (Edmark et al., 2014) suggests that the impact of school choice on 9th grade marks indicate larger effects for children of Swedish parents than among children whose parents were born outside Sweden. Nevertheless, the authors also find a modest positive impact on the outcomes of children whose parents were born outside Sweden. That is, having one more school within two kilometres of the students' home appears to increase the likelihood that they will go on to obtain a university degree by 1.15 percentage points. However, while school choice may be beneficial for those who make an active choice, recent research suggests immigrants and their children are less likely to do so. Using travel distance to school as an approximation of school choice, Edmark et al. (2014) find that students whose parents were both Swedish born were more likely to send their children to a more distant school. Indeed, long waiting lists for highly sought-after schools have often meant that newly-arrived migrants are often *de facto* excluded from attending.

Where school choice has budgetary implications – as is the case in Sweden where the child brings a state funded voucher to the school of their choice – competitive pressure may lead school leaders and teachers to raise the quality of their schools in order to attract more students. Good schools may then expand while poorly performing schools must improve or close down. However, if poorly performing schools do not close but continue to cater for those who have not left, the concomitantly reduced funding may, alongside peer effects, have a detrimental impact on those that remain. This is likely to be a particular problem for those schools operating in catchment areas that are home to large numbers of newly-arriving migrants. However, the degree to which this is a problem in Sweden is not yet known.

Beyond financial resources, however, a shortage of teachers has arisen in Sweden in recent years. The large number of retirements and increasing number of pupils has combined with the implementation of the requirement that uncertified teachers be replaced with certified teachers to create an estimated need for 81 000 full-time teachers between 2015 and 2019. Given that, in the past five years only 47 000 teachers and preschool teachers graduating in Sweden (not all of whom work full-time or even enter the

teaching profession upon graduation) the shortfall that is expected to reach close to 50 000 teachers over the coming five years. In order to address this deficit several initiatives have been developed to address this shortage including reform to increase teacher salaries and efforts to increase the number of newly-arrived immigrants with a teaching background whose skills are utilised within the education system (see Chapter 5 for a discussion of the "Fast Track for Teachers").

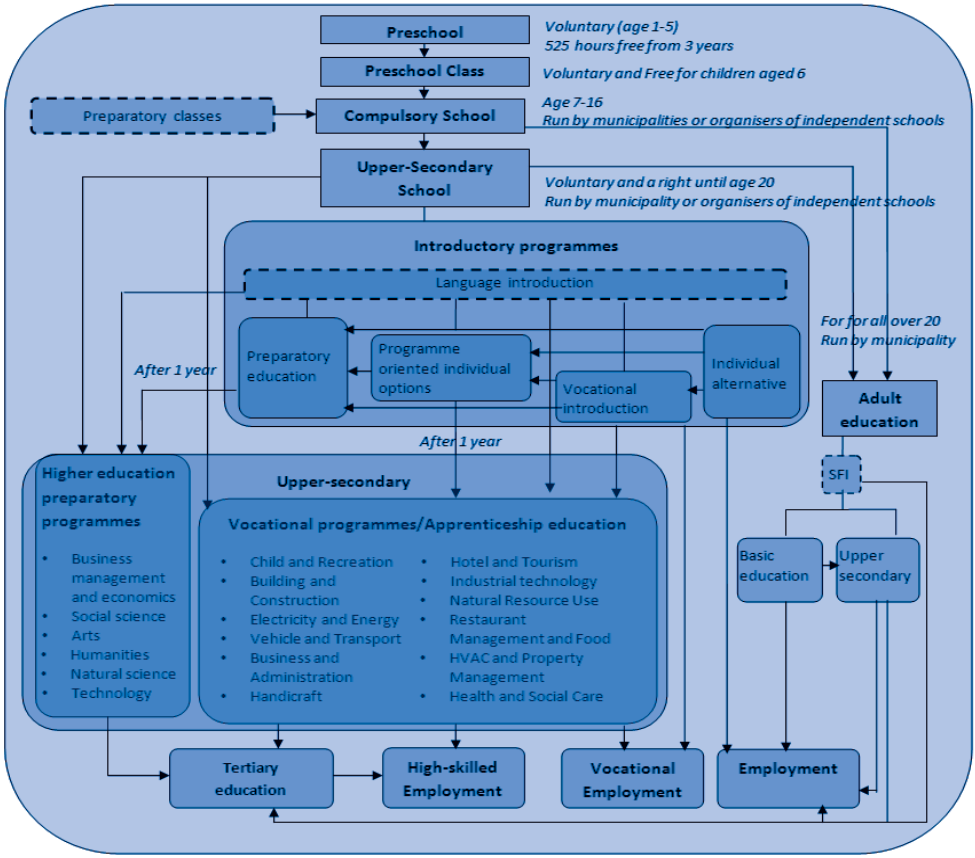
Young immigrants often struggle to qualify for upper-secondary education and remain trapped in courses with weakly-motivated native-born students

Most schooling systems incorporate age-related performance assessments which, depending on their timing, can create challenges for new arrivals when language problems, alongside other difficulties, temporarily hamper their ability. If these assessments are critical in determining the future educational options available to students, they may have long term repercussions that are difficult to repair. The Swedish education system (as illustrated in Figure 3.3) is designed to incorporate no such dead-ends. It should be feasible for students to flow through the system through different routes, overcoming initial set-backs to gain access to higher education.

Post-compulsory upper-secondary education in Sweden consists of higher education preparatory programmes and vocational programmes. While upper-secondary schools are not compulsory, it is expected that they are attended by almost all pupils. For those pupils who are not immediately eligible to apply for upper-secondary school, five introductory programmes provide individually adapted education intended to help pupils bridge the gap to upper-secondary school (and potentially on to higher education) or to establish themselves on the labour market (see Figure 3.3). Each of these components can provide a route into higher education such that pupils on any of these programmes can achieve eligibility for higher education.

A particular hurdle facing many students with a foreign background is the transition between compulsory schooling and upper-secondary school. The minimum requirement for entry into upper-secondary education in Sweden is to qualify for vocational programmes.[4] Figure 3.4 highlights that while over 91% of students with native-born parents achieve this minimum, the numbers are somewhat lower for those native-born students whose parents were born outside Sweden (85.8%) or those who arrived before the start of compulsory school (86.6%). However, as few as one in every two of those young migrants who arrive after the start of compulsory school manage to qualify for upper-secondary school and among new arrivals (those who arrived less than four years prior to the end of compulsory school) the figure falls below one in three.[5,6]

Figure 3.3. Pathways through the education system



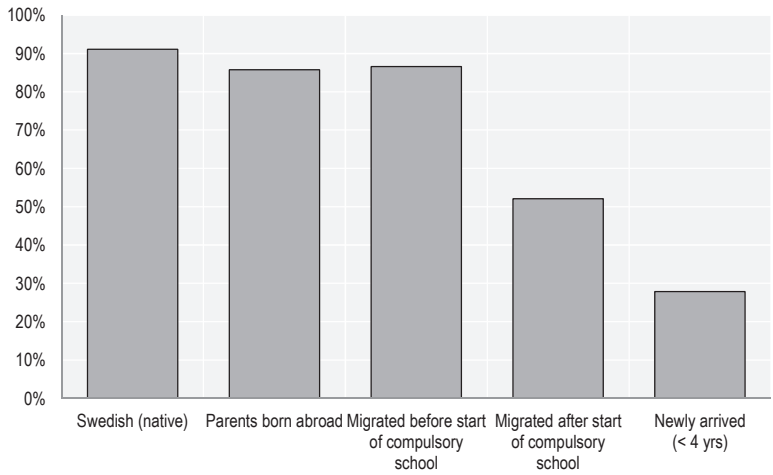
HVAC: Heating, ventilation and air-conditioning; SFI: Swedish for Immigrants.

Source: OECD Secretariat analysis based on national legislation and regulations.

As a result, "Introductory Programmes" – and in particular the "Individual Alternative" programme – is often called upon to accommodate migrants who failed to qualify for upper-secondary courses. Though this programme is aimed at students who are struggling with their education, over 12% of all foreign-born students in introduction programmes in 2014 were placed on the "Individual Alternative" programme (see Figure 3.5 below).[7] The result is that, in 2014, over half of "Individual Alternative" students were migrants.

Figure 3.4. Percentage of students qualified for upper secondary at the end of compulsory schooling, 2013

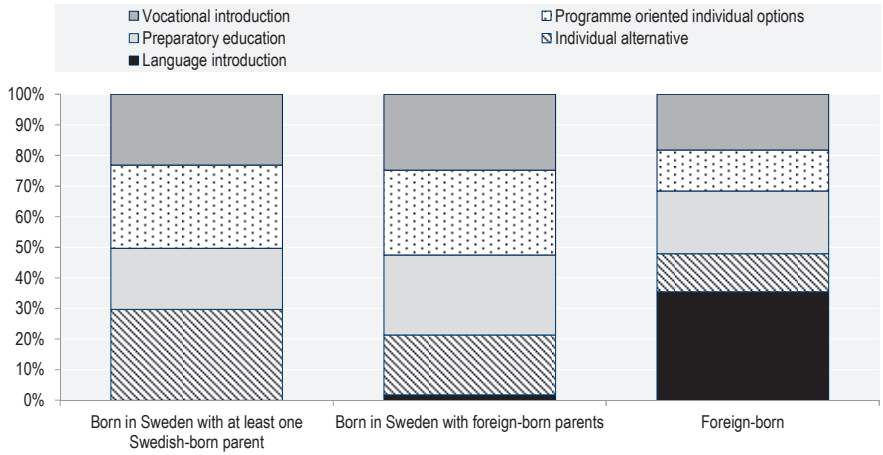
Percent qualified for vocational programmes, lowest upper secondary requirement



Source: Skolverket (Swedish National Agency for Education).

Figure 3.5. Distribution of Students across Introductory Programmes, 2014

Percent



Source: Skolverket (Swedish National Agency for Education).

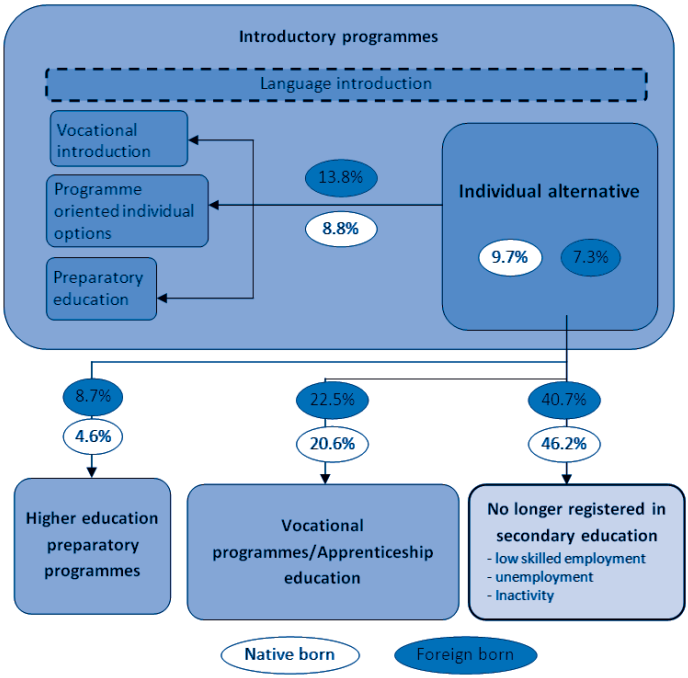
The programme was initially designed in order to provide additional tailored support for a small number of struggling students on a temporary basis, and in some municipalities has been successful in helping these students. However, in practice, the "Individual Alternative" programme is primarily targeted at pupils that have large skill gaps and weak motivation and, in some municipalities, the programme has acted as a holding bay in which struggling students are parked until they leave the education system.

Among those students that do progress out of the "Individual Alternative" programme, the foreign-born are over-represented. And, of the 2011 cohort, a larger proportion of the foreign-born "Individual Alternative" students progressed into mainstream upper-secondary or other introductory courses after three years than did native-born students(see Figure 3.6). However, given the large body of research identifying the important role of peer effects in educational outcomes (see Sacerdote, 2011 for a summary of the empirical literature) the concentration of immigrants in classes with the least motivated of their native-born peers is unlikely to aid the educational success of Sweden's young immigrants. And three years following enrolment in the language introduction – the point of entry for new arrivals arriving beyond the age of 16 – close to 90% of students remained introductory programmes (largely Individual Alternative) having failed to move into vocational programmes or higher education preparatory programmes.

Concerns to avoid segregation in classes have meant that new arrivals are moved rapidly into mainstream courses. Ensuring that they continue to receive intensive targeted support, including mother tongue support with course material, will be important to ensure that immigrant students are not automatically placed in classes with weakly motivated native-born students where they are unlikely to reach their full potential.

Figure 3.6. Paths out of the "Individual Alternative" programme, 2011 cohort

Progression of students three years after joining the "Individual Alternative" programme



Source: OECD Secretariat on the basis of data from Skolverket (Swedish National Agency for Education).

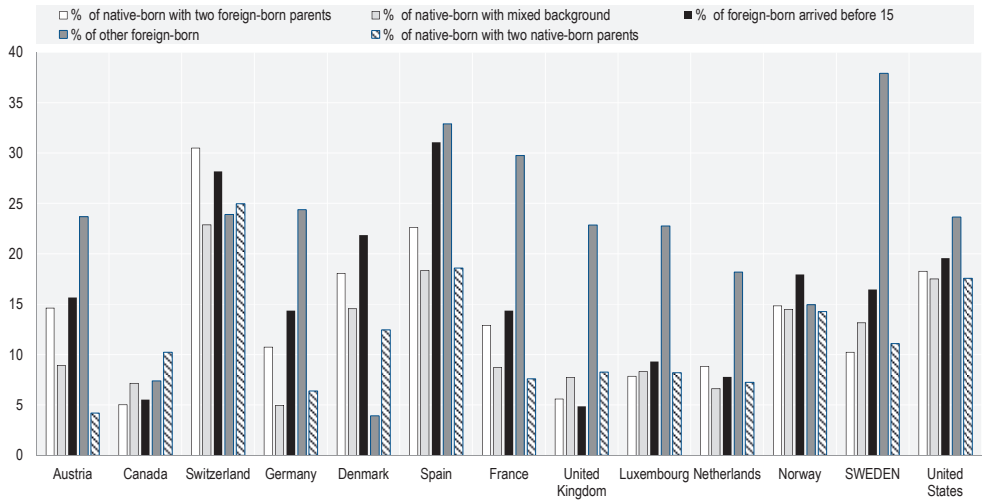
Many young migrants choose to leave school early

Integrating young migrants in school is a challenge, integrating them when they have left school can be more challenging still. And while Sweden appears to do a relatively good job in keeping those who arrived at a younger age in the education system, young immigrants arriving towards the end of compulsory schooling, many of whom find themselves stuck in "Introductory Programmes", may choose to abandon education entirely.

Across the OECD young immigrants – particularly those who arrive in their host country beyond the age of 15 – are particularly likely to drop out of education, and no more is this true than in Sweden. In 2013 close to 38% of all those immigrants aged 15 to 24 who had arrived beyond the age of 15 were no longer in education. This represents the highest figure among the OECD countries for which information is available (see Figure 3.7 below).

Figure 3.7. Early school leavers, 2013

Percentage of 15-24, not in education with at most ISCED 0-2

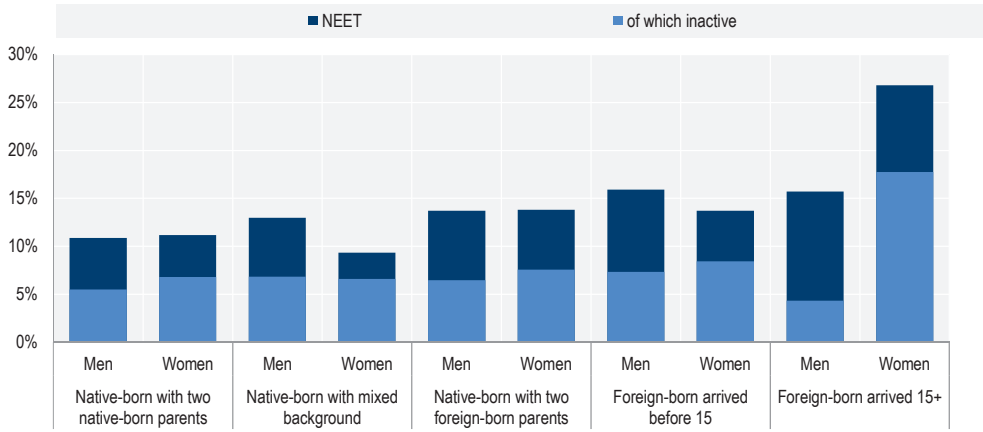


Source: OECD and European Commission (2015).

Many of those arriving beyond the age of compulsory education who leave school early, do so not because they are not motivated, but because they are; many are keen to find work and begin remitting wages. And, while as in most OECD countries, immigrants and those with immigrant parents are more likely to be neither in education nor in training (NEET) than the children of the native-born, in Sweden the proportion of young people who are inactive and NEET is relatively similar among the native- and the foreign-born. Indeed, as Figure 3.8 highlights, the inactivity rates among those who are neither in employment education or training are the *lowest* among the male immigrants who arrived after the age of 15.

Those immigrants between the ages of 16 and 24 who remain active are eligible for support from the PES through the Job and Development Guarantee for Youth after a period of 12 weeks in unemployment. This programme involves an initial three months of job-search training followed by a work placement or short training for up to 15 months or until the young person reaches 25. This programme is not directly targeted at migrants and indeed Swedish language courses are not provided under the Job and Development Guarantee for youth. This means that those young people whose language difficulties impede their job search are unable to address this barrier within the programme.

Figure 3.8. NEET rates and inactivity by parental origin and age at arrival, aged 15-34, 2013



Source: OECD and European Commission (2015), *Indicators of Immigrant Integration 2015: Settling In*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264234024-en.

To address the labour market incentives behind the large number of migrants choosing to leave school early, since August 2015, an education contract has been introduced to encourage unemployed youth between the ages of 20 and 24 to return to adult education to gain an upper-secondary qualification. The contract will increase the financial aid available while offering increased flexibility to combine studies with work and labour market initiatives. While this initiative is not directly targeted at immigrants, given their disproportionate representation among those who do not qualify for upper-secondary education, they are likely to be substantially represented among the beneficiaries. The education contract, however, is not available for immigrants in the introduction programme since they are already eligible for the introduction benefit and therefore cannot receive additional financial aid for studies. In a similar vein, trainee jobs allow youth with an incomplete education to combine work and studies by studying for a vocational certificate while working part-time. The young job seeker is able to earn a wage for the work that they do while the employer is eligible for a wage subsidy.[8] However, eligibility is contingent upon having obtained an upper-secondary education which rules out many of those who are struggling the most.

With growing numbers of unaccompanied minors, effective integration in school is an urgent issue

Unaccompanied minors – young migrants, under the age of 18, who have been separated from both parents – represent a particularly vulnerable group when it comes to their integration into the school system. The vast majority of unaccompanied minors arrive beyond the critical age at which integration into the school system becomes more difficult; over 93% of young girls who arrive unaccompanied are beyond the age of 7, and among boys the figure exceeds 98%.

Furthermore, alongside the hurdles faced by all migrants – language hurdles, unrecognised credentials, discrimination etc. – unaccompanied minors face additional hurdles resulting from the lack of financial and psychological support provided by a family. And, perhaps more importantly still, these children often feel substantial pressure to find work (or begin the introduction programme in order to gain the introduction benefit) in order that they can begin to send remittances to family remaining in their origin country.

Unlike young migrants arriving with a guardian, from the age of 18 unaccompanied minors are eligible to take part in the activities offered under the introduction programme. This has meant that, on top of the lack of parental supervision of schooling outcomes, these minors face an additional incentive to leave school early as, if they do so, they may begin to claim the introduction benefit.

Ensuring all adults have the skills to integrate into society and the labour market

For those who arrive late into the Swedish education system, catching up with their native-born peers is already a challenge. But for those who arrive after schooling age but who nevertheless lack even basic numeracy and literacy, integrating into the labour market poses further challenges still.

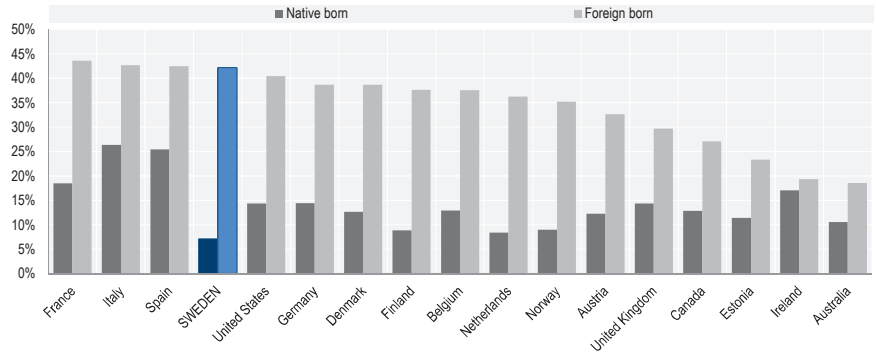
Those immigrants who lack basic literacy skills are liable, not only to struggle to find work, but they are also likely to struggle when learning Swedish and when navigating their way in Swedish society. A sound mastery of the basic skills, literacy, numeracy and problem solving, is a necessary foundation upon which to build the other more advanced skills – such as language skills, and job search skills – necessary for effective integration.

Many adult migrants arrive with very low levels of education

Sweden's foreign-born population tend to lag behind their native-born counterparts in their stock of these basic skills. Data from the OECD Survey of Adult Skills suggests that the disparity between Sweden's foreign- and native-born adults with very basic literacy is the largest among surveyed countries (Figure 3.9). Part of this may be due to language – as the test is performed in the host-country language – but in any case, it points to a large challenge.

Figure 3.9. Proportion with very basic literacy, by place of birth, aged 16-65, 2012

Proportion with very basic literacy, by place of birth



Note: The sample includes persons aged 16 to 65.

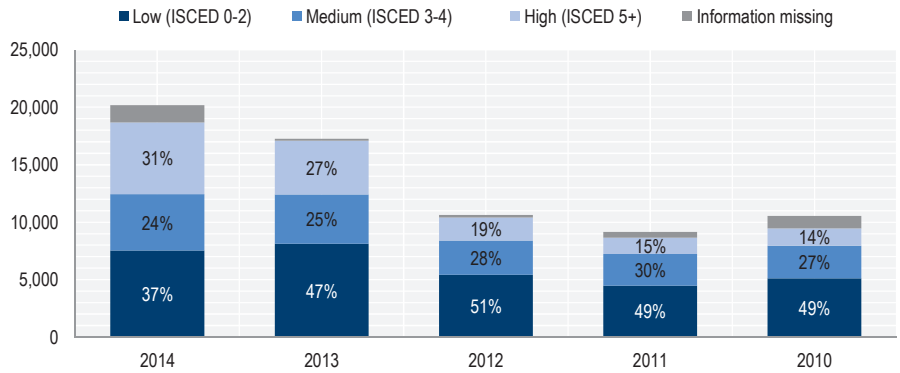
Source: OECD Survey of Adult Skills (PIAAC) 2012.

The challenge stems partially from the large number of migrants arriving in Sweden on humanitarian grounds, as a significant number of these migrants bring with them only very basic skills. Many have been obliged to leave school early in their origin country, or have been educated in systems that are much less advanced than that in Sweden. Indeed, in the last two years alone close to 16 000 refugees and their family arrived in Sweden with just a primary or lower-secondary education (Figure 3.10).

As a result, the educational disparity in Sweden between foreign- and native-born individuals is among the largest in the OECD. Figure 3.11 illustrates this disparity. In Sweden, the share of the foreign-born population holding only a very low level of education (ISCED level 0 or 1) is 10%, while among the native-born population the figure is negligible – indeed it is not, in general, possible for individuals to leave the education system in Sweden with such low levels of education.

Figure 3.10. The education levels of recently arrived refugees and their families, by year of arrival

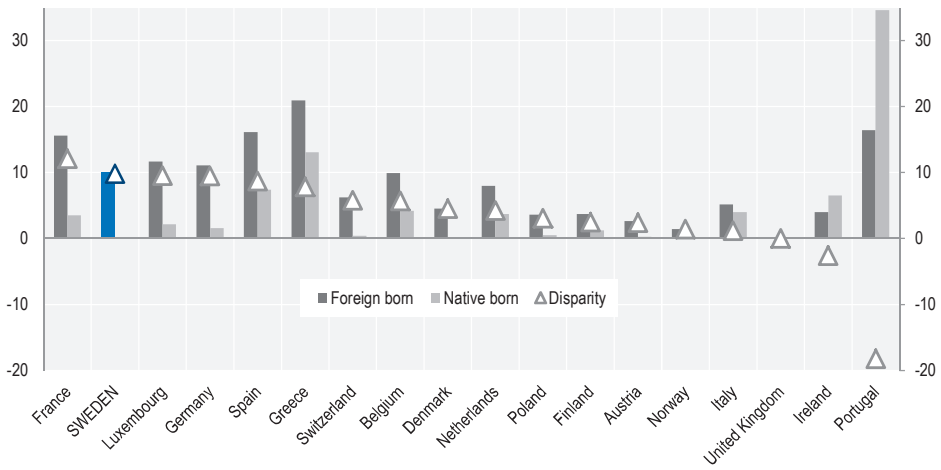
Total number of arrivals, aged 20-64 (percent of total shown in data label)



Source: Data provided by Statistics Sweden.

Figure 3.11. Share of foreign- and native-born with very low education, aged 25-64 and not in education, 2013

Percent of the proportion holding only ISCED level 0/1 (left axis), percentage point difference (right axis)



Source: Data provided by Statistics Sweden.

The extent of these educational disparities means that it is of paramount importance that they are addressed early and effectively in the integration process to equip all migrants with the basic skills needed to be functional in the labour market and society, and in order to avoid compromising the efficiency of further integration measures.

These low-skilled immigrants require intensive education to provide basic functional skills

Intensive second-chance and remedial education programmes can address the basic skills deficits that prevent immigrants from entering the labour force and integrating with Swedish society.

However, achieving the minimum skill level to be considered as employable on the Swedish labour market is likely to require long-standing support. It is an investment, however, that pays dividends across generations as the integration difficulties experienced by the children of immigrants tend to be more manifest among those whose parents were low-skilled.

Despite the need for intensive remedial education, early skills training for newly-arrived immigrants has focused heavily on Swedish language training (see Box 3.4 for an outline of the available support for those lacking functional skills). Many newly-arrived migrants on the introduction plan are directed initially to Swedish for Immigrants courses which, while largely designed to equip adult immigrants with a basic knowledge of the Swedish language, have often been tasked *de facto* with teaching basic literacy skills to those immigrants who lack them. While the tailoring of language classes to the educational background of the participant is important, it is equally important that individuals are directed to the appropriate institution to ensure that support is provided by those most qualified to do so. Immigrants lacking very basic skills are in many cases unable to obtain them within the two-year period of SFI study that is provided for under the introduction programme. As a result, many immigrants lacking basic literacy and numeracy have been parked on SFI courses for a period of time that extends beyond the introduction period.

Additional support is provided through a range of courses run by the PES. However, PES funding for adult education is largely confined to short-term employment oriented training with the result that unemployed migrants lacking basic skills are often channelled into courses which, given their short duration, are rarely appropriate to their profound needs.

Box 3.4. Swedish policy at a glance: Routes to literacy in Sweden

Some of Sweden's newly-arrived refugees bring only very limited levels of education with them. For these migrants integration will be a long path and must begin with basic literacy. There are currently a number of actors working with individuals who lack basic education in Sweden.

Swedish for Immigrants: Largely designed to equip adult immigrants with a basic knowledge of the Swedish Language, SFI is also used as a tool to teach basic literacy skills to those immigrants who lack them.

Municipal Adult Education: Alongside Swedish for Immigrants, municipal adult education is available at the basic level and at the upper-secondary level. Municipal adult education at upper-secondary level corresponds to the levels set for pupils at upper-secondary school, and can therefore be used by adults to top-up courses they failed to complete in their youth. A recent initiative has brought Swedish for Immigrants under the aegis of the municipal adult education system.

PES run courses: Labour market training co-ordinated by the PES is carried out by private and public educational providers. Ad hoc projects to raise basic skills are targeted at those whose lack of functional literacy impedes their use of courses targeted at the labour market.

Knowledge Boost: This recent funding initiative will provide grants to local authorities for municipal-run general and vocational adult education courses. Local authorities must apply for the grant and part of the funding has been reserved for courses that combine SFI with vocational training.

As a result, alongside SFI and PES activities, there are a range of *ad hoc* programmes and projects run by some municipalities to offer additional support for literacy and very basic skills acquisition to those on social assistance who have been through the introduction years without successfully acquiring these skills. The intensity and duration of these programmes, however, varies with the availability of funding – both over time, and from one municipality to the next. The reliance on these project-based programmes to build the basic skills upon which all future integration efforts depend is likely to be inefficient; it limits the stability, the long-term budgeting, and pedagogical development.

Since 2000, the notion of flexibility to learning requirements has been central to adult education in Sweden. It is important, however, that this flexibility does not translate into duplication of services if multiple institutions attempt to adapt to the needs of the individual rather than ensuring that each individual is directed to the institution appropriate to their needs. For newly-arrived adults, the adult education system is likely to be the most appropriate place to build basic skills that require intensive

education and support. Adult education is, in general, free of charge, and there are a variety of funding mechanisms including: study allowances, study grants (for those with the greatest needs and with disabilities) and loans. In 2014, however, only 5% of introduction programme participants had adult education included in their introduction plan as an alternative to labour market activities. The primary reason for this remarkably low number is that completed SFI studies are currently a prerequisite for participation in adult education.

In response to this, the government has recently announced its intention to move SFI even closer to the municipal adult education system, in order to ensure that SFI can be combined with other relevant education as early as possible in the integration process. This may help to ensure a better co-operation between education targeted at building basic skills and language education; however it is important that this step does not undermine the labour market focus of language training among those that do not require remedial education. Furthermore, in order to ensure that the financial incentives created by the introduction benefit do not distort the educational decisions of newly-arrived migrants, it is important that adult education play a more important role in the introduction plan.

Sweden has made much progress in emphasizing early labour market access among newly-arrived humanitarian migrants. While many countries have much to learn from Sweden in this respect, it is important that the pendulum not swing too far, and that those who lack basic skills are given the opportunity to build these in a coherent manner alongside early labour market contact.

… and flexible vocational pathways closely linked to the world of work

Those migrants that have acquired the necessary foundation skills will still require significant support in gaining the vocational skills necessary for employment. And high quality vocational education and apprenticeships have been found to be effective in building skills demanded by the labour market (see Liebig and Huddleston, 2014). However, while immigrants and the children of immigrants are often among those who benefit most from these vocational streams, in many countries, they are also among the least likely to complete the training.

In particular workplace learning including: job shadowing, service learning voluntary work, internships, and apprenticeships have been shown to be important mechanisms to help those with a foreign background to access the labour markets in the country in which they study and live.[9] However, these positive outcomes require well developed VET programmes, closely

linked to the world of work. Workplaces offer real on-the-job experience that make it easier to acquire both hard and soft skills, as well as offering migrants the chance to develop networks that are critical in the Swedish labour market.[10]

However, while the organisation of Sweden's adult education system along parallel lines to the schooling system enables adults are able to top-up courses for which they failed to qualify in school, it remains largely independent from the labour market. Adult learning is predominantly confined to either long-term formal education or short PES-administered courses. Creating stronger links between the two, and allowing labour market training to count towards conventional qualifications, could facilitate flexible training pathways between education and employment. The PES offers a range of internships and temporary employment schemes that could usefully be combined with adult education (see Chapter 4 for a discussion of some of these schemes). However, the limited co-operation between the PES and municipalities again undermines the efficient use of these measures in combination.

The recently initiated education contract – targeted and youth between 20 and 24 as discussed above – offers increased flexibility to combine studies with work experience and labour market initiatives and may be a good template for the creation of similar opportunities among the adult migrant population. This will require co-ordinated co-operation between municipalities, the PES and social partners. Along similar lines, a model currently piloted across the United States is the career pathways model. Career pathways, while not directly targeted at the foreign-born, can be particularly suited to their needs as they enable modular educational courses to be undertaken alongside labour market experience to enable meaningful career progression (see Box 3.5). These models can also be combined with recognition of prior learning and bridging for those with existing skills and experience (see Chapter 5 for a discussion of recognition and bridging).

Box 3.5. Combining work and study through career pathways

The career pathway approach developed in the United States provides an example of linking education and work that is of particular relevance for migrants who may not have access to traditional education-labour market routes. A career pathway is a series of connected education and training programmes and support services that enable individuals to combine employment within a specific industry or occupation with vocationally relevant education, and to advance over time to successively higher levels of education and employment in that sector (US Department of Education, 2012). By making explicit the routes and potential rewards associated with moves up the career ladder, the articulation of career pathways can engender enhanced aspirations, ensuring, not only that individuals are motivated to make the most of their training, but that they are able to choose the most appropriate path to achieve their aspirations. Each step on a career pathway is designed explicitly to prepare participants for the next level of employment. This requires educational courses, available in modular formats, that lead to industry recognised qualifications.

Employer engagement is critical to the success of these pathway programmes and can vary from merely recognising qualifications to programme management and oversight, programme design, and even programme delivery.

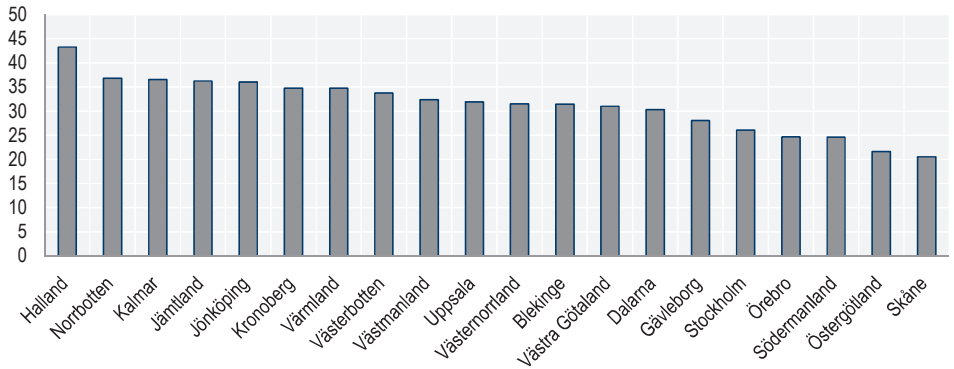
Source: Barnow, B.S. and S. Spaulding (2015), "Employer Involvement in Workforce Programs: What Do 231 We Know?", in C. Van Horn, T. Edwards and T. Greene (eds.), *Transforming U.S. Workforce Development Policies for the 21st Century*.

Labour market outcomes vary across the country

The degree of local autonomy in the provision of adult education and supplementary educational initiatives targeted at the low-skilled exists alongside quite different success rates when it comes to moving low-skilled refugees and their families into employment. While local labour market conditions mean that the employment population ratio among low-skilled adults in their first two years of residence differs from region to region, on the whole the employment population ratio among newly-arrived refugees and their families hovers at around 8%. The extent to which these migrants move into employment in their first 7-10 years in Sweden, however, differs quite substantially across the country (see Figure 3.12) and while the local autonomy that characterises the Swedish education system is behind a lot of the success, it is important that this local autonomy is complemented by careful monitoring and the publication of statistics and information on outcomes, in order to ensure that activities are of equal quality across the country.

Figure 3.12. Change in employment of low-skilled immigrant adults during first ten years of residence, by region, 2014

Percentage point difference in employment population ratio of those resident 0-2 years and those resident 7-10 years



Note: This figure is based upon cross-sectional data and does not, therefore, account for the different compositional make-up of refugee cohorts.

Source: Based upon data provided by Statistics Sweden.

Sweden has a strong tradition of building public policy on the basis of the results of rigorous impact evaluations of policy pilots. Indeed, the Institute for Evaluation of Labour Market and Education Policy (IFAU), a research institute operating under the Swedish Ministry of Employment, is tasked explicitly with carrying out high-quality scientific evaluations to support the formulation of policy in the field of education, labour markets and integration. However, while many OECD countries have much to learn from Sweden on this tangent, it is important that the high degree of local autonomy in policy design and implementation is complemented with a culture of monitoring policy and publishing outcomes at the local level.

Learning the Swedish language

Knowledge of the host-country language is a key factor in determining the speed and success of integration – both economic and social. Language skills are an essential prerequisite in the ability of the foreign-born to form networks with the native-born population and search for a job. And, since both networks and employment are important routes through which to build further language skills, poor knowledge of the host country language can prompt a vicious cycle. Language proficiency is not only a key component

of the acquisition of locally relevant skills but also has a substantial impact on the transferability of existing skills.

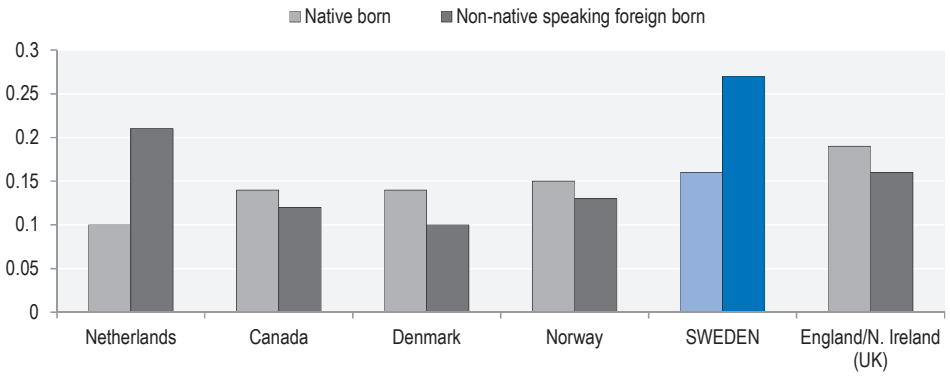
Few migrants speak Swedish when they arrive in Sweden and the level required on the labour market is high

In contrast to other OECD countries receiving a large number of migrants, very few of Sweden's migrants speak the language upon arrival. Where close to half of the migrants arriving in Canada, France and the United Kingdom arrive from a country sharing one of the main official languages; in Sweden this is true only for the few migrants arriving from other Scandinavian countries. Indeed, with a full 58% of immigrants not speaking Swedish at home, Sweden stands – alongside Norway and the United States – among those countries with the fewest immigrants using the national language at home.

At the same time the level of proficiency in Swedish demanded by the labour market – even for low-skilled employment – is high, and language difficulties are frequently cited by employers as one of their primary concerns in hiring immigrant workers (see, for example, Skedinger, 2011). Data gathered under the OECD Survey of Adult Skills (PIAAC) suggests that, in Sweden, the association between literacy skills and employment probability is large in comparison with other surveyed countries (see Figure 3.13). What is more, literacy skills tend to have a larger impact on the employment probability of non-native foreign-born speakers than they do upon the employment probabilities of native-born individuals of a comparable age and education level. After controlling for age and education, an increase of 100 points on the PIAAC 500-point literacy scale is associated with an increase of 27 percentage points in the probability of being employed among foreign-born non-native speakers; among the native-born, the same difference in literacy performance is associated with just a 16 percentage point difference in the probability of employment.

Figure 3.13. Return on literacy for employment rates of native-born and non-native speaker foreign-born, 2012

Percentage point increase in employment probability resulting from one additional literacy score point as measured by the OECD Survey of Adult Skills (PIAAC)



Note: The sample of foreign-born has been restricted to individuals aged 25-54 whose native language differs from the country's language who did not learn the language as a child or speak it at home. The numbers represent the estimated gain in chances of being employed of one additional score point in literacy as measured in the OECD Survey of Adult Skills (PIAAC), controlling for ten-year age groups and education levels (grouped in low, medium and high) fixed effects resulting from an ordinary least squares regression. Note that a score of 274 points or below is equivalent to PIAAC level 2 or below, which the OECD defines as lacking the basic skills needed for functional literacy. Levels 3, 4 and 5 range from 276 to 326 points, 326 to 376 points and equal or higher than 376 points, respectively.

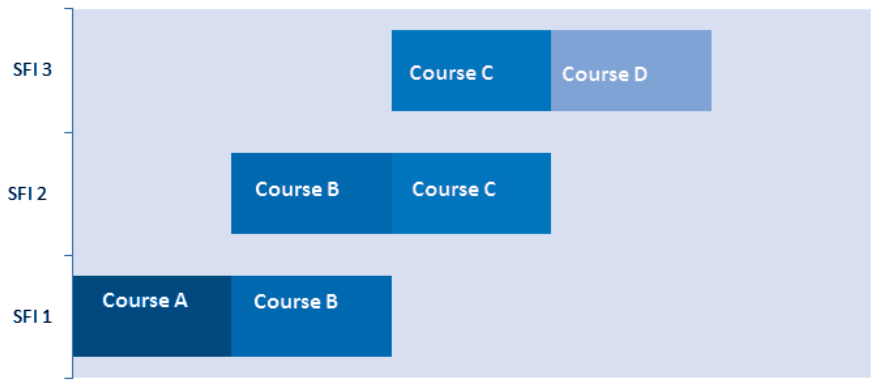
Source: OECD Survey of Adult Skills (PIAAC) 2012.

In Sweden, language tuition is tailored to the needs of the student

Given the centrality of language skills in determining employment prospects, the development of an effective language syllabus is critical. The education level, age and existing language skills of students have a significant impact on the speed with which they are able to pick up new languages (Isphording, 2013; Chiswick and Miller, 2014). Older learners and the low-educated will require more course hours than younger and more educated workers. Similarly, monolingual speakers, those whose native language is linguistically very different from Swedish, and those with little daily exposure to Swedish will also, most likely, be less efficient at learning Swedish (see Lazear, 1999). As a result, it is very important that language courses are tailored – in terms of speed and teaching methods – to the characteristics of their students.

As mentioned in Chapter 2, language tuition in Sweden is administered under the aegis of municipalities and is a mandatory component of the introduction plan for refugees and their accompanying family.[11] Under the Education Act, municipalities should offer at least 15 hours of Swedish for Immigrants per week and courses are expected to last, but are not limited to, 525 hours in total. The tuition provided through SFI is undertaken via four courses (A through D) which are divided into three study paths. Depending on their educational background and prior knowledge, students are placed within one of these three programme streams. Each study path then contains two courses; one less and one more advanced course (see Figure 3.14). The pedagogical design of each course differs in the sense that it is tailored to fit the educational background of the students and their previous knowledge of Swedish. Courses are taught through classes covering at least 15 hours a week and all students have the right to progress up to the most advanced course – course D on study path 3. Standardised tests throughout the year are used to grade courses B, C and D and the target length of SFI training is 525 hours, though this is not a limit and the length of SFI training is likely to vary with the background of the student. In particular, illiterate learners and those with very limited education will first need to focus on oral basic language skills before learning how to study, read, and write and are likely to require the long-term investment of adult education in combination with language learning.

Figure 3.14. Design of SFI study paths



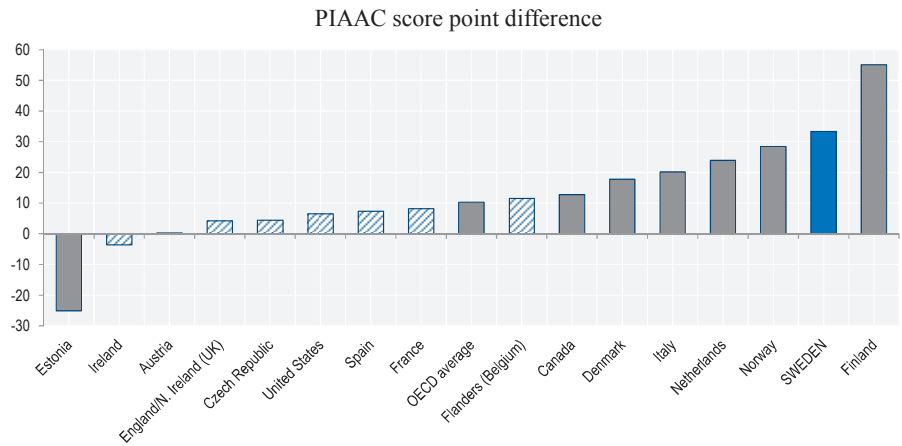
Source: Åslund, O. and M. Engdahl (2013), "The Value of Earning for Learning: Performance Bonuses in Immigrant Language Training", *CReAM Discussion Paper Series No. 1303*, Centre for Research and Analysis of Migration (CReAM), Department of Economics, University College London.

In 2014, there were 124 750 individuals enrolled in SFI courses with an average of just over 26 students per teacher (though this ranges from 44 students per teacher in Stockholm to just over 12 on the island of Gotland).

Sweden makes relatively good progress in the early years following arrival but outcomes (and costs) vary substantially across the country

Some indication of the progress made by migrants in their first years in their host country can be ascertained from literacy tests; from the difference between the literacy scores of those who have recently arrived, and those who have been resident for a number of years. In Sweden, after controlling for age, education, sex and region of birth, established migrants (those who have been resident for greater than five years) tend to score, on average, 33 points more on PIAAC literacy tests than do recently arrived migrants. This improvement is among the largest among surveyed countries – with only Finland seeing a larger improvement – and suggests that language training in Sweden is relatively effective.

Figure 3.15. Difference in literacy proficiency of immigrants resident for greater than five years, 2012



Note: Striped bars represent results in which the difference is not statistically significant.

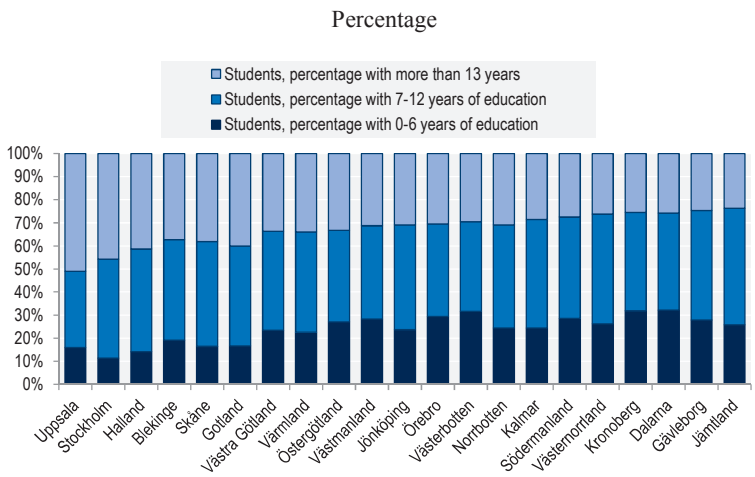
The numbers represent the estimated disparity in literacy performance, as measured by the score point difference, between migrants who have been resident in the host country for five years or fewer compared to those who have been resident for longer than five years. Estimates control for age groups (grouped into 16-24, 25-55 and 56+), for sex, for education (grouped as upper-secondary maximum or above upper-secondary) and region of birth. Note that a score of 274 points or below is equivalent to PIAAC level 2 or below, which the OECD defines as lacking the basic skills needed for functional literacy. Levels 3, 4 and 5 range from 276 to 326 points, 326 to 376 points and equal or higher than 376 points, respectively.

Source: OECD Secretariat calculations on the basis of the OECD Survey of Adult Skills (PIAAC) 2012.

However, given that the responsibility for language tuition lies with the municipality, the quality of language training tends to vary from one municipality to the next. And while in some municipalities the offer is highly developed – including language training tailored to particular professions – elsewhere small and diverse populations of SFI students mean that the degree to which language training can be tailored to the labour market aspirations of the migrant is more limited. Indeed, regions with fewer participants in their basic SFI courses (level 1A) tend to have a higher proportion of course interruptions and courses that run for a longer duration.

In addition to the numbers of course participants, the characteristics of these participants are likely to have a substantial impact on the cost and efficiency of language courses. The average duration for SFI 1 courses A and B are 263 and 305 hours respectively, at the same time, on the most advanced track, the average duration of a course is just 208 hours (for SFI 3C) and 172 hours (for SFI 3D). As a result the average cost of SFI tuition in regions such as Uppsala and Stockholm where close to half of all students come to SFI with more than 13 years of education (see Figure 3.16) is likely to be substantially lower than in regions such as Gävleborg, Jämtland, Dalarna and Kronoberg where less than one in four participants have such a high level of education, or in Västerbotten, Västmanland, Kronoberg or Södermanland where 40% of students have fewer than six years of education when they join SFI courses.

Figure 3.16. Educational attainment of SFI students, by region, 2014



Source: OECD Secretariat on the basis of data provided by Skolverket (Swedish National Agency for Education).

Given the importance of language skills for integration in Sweden, the government has made substantial efforts to improve the efficiency of language tuition. Between 2009 and 2010, a limited number of municipalities were given the right to grant substantial cash bonuses to recently arrived migrants in order to incentivise better performance on language courses. In theory, language classes are offered in the interest of the learners and as such there was some push back against the idea of paying students to increase their efforts. However, the rationale behind the introduction of the performance-based bonus was that the effort of language students may be below what is optimum if i) immigrants are not fully aware of the importance of language skills for their future integration and ii) there are externalities that are not internalised by decisions of language students. The policy pilot was run by the central government which in co-operation with the Institute for Evaluation of Labour Market and Education Policy (IFAU) which designed the experiment in a manner to enable an evaluation of the programmes impact. Analysis of the effects of the pilot found that, while the introduction of the performance bonuses had a substantial positive effect on student achievement in Stockholm and other major agglomerations, other participating municipalities were not affected (Åslund and Engdahl, 2013).[12] On the basis of these results, the policy experiment was discontinued in August 2014.

Effective language training, however, does not simply depend on immigrants' motivation to learn, but also on the quality of available language learning options. A potential explanation for the limited impact of performance incentives outside the major cities is that attainment is constrained by the quality of course provision. This may in turn impact on the motivation of the migrants to participate. Municipalities clearly face quite different challenges in the provision of SFI. At the same time, however, there is much that they could likely learn from one another. A first step towards rendering the quality of language tuition more consistent throughout the country would be the dissemination of harmonised information on the outcomes of language tuition. Such information should form the basis of efforts to share best practice and, potentially determine remuneration levels.

One tool which has proven effective in enhancing the efficiency of language acquisition is the combination of language instruction with vocational training (as opposed to separate, parallel or sequential trainings). Vocation-specific language training can be an effective way to allow migrants to build work-related language skills, and – when provided on the job – allows participants to apply their new skills to real-life situations (Chenven, 2004; Delander et al., 2005; Friedenberg, 2014; see also Liebig and Huddleston, 2014) whilst gathering work experience in the host country.

Similarly, learners who are far away from the labour market, such as inactive mothers and the elderly, may gain a greater motivation to study when the course is focused on their specific real-world language needs and, in the case of mothers, accounts for their childcare obligations.

Work-related language training is increasingly an area of focus across the OECD (see Box 3.6) and, in many ways, the more populous municipalities in Sweden that provide SFI courses tailored to the needs of academics, educators, engineers, economists, lawyers, social/human resources, systems specialists, healthcare workers, entrepreneurs, craftsmen, and bus and truck drivers are leading this movement.

Box 3.6. Examples of OECD countries combining language training with other integration activities

Combining language with civic orientation

Language training in **Canada** is offered from literacy to advanced levels and couples language acquisition with knowledge of Canadian civics and culture and covers aspects of living in Canada, job search skills, civics, and cross-cultural communication.

Combining language with work experience

Language courses for integration in **Finland**, arranged as part of the employment training for immigrants, are closely targeted on improving the employability of immigrants and helping them to find work. To this end, language courses include a placement in a Finnish work place. This work experience element of the course provides an opportunity to learn the Finnish language on the job while gaining practical experience of working in various occupations. **Germany** has recently put in place a wide-reaching new system of free vocation-specific language courses, entitled "German for professional purposes". The courses target foreign-born job seekers and their children who have completed mandatory schooling and intermediate German language training. Courses combine technical instruction, work placements and site visits. **Australia** is among the OECD countries that pioneered on-the-job language training. Since 1991, Australian authorities provide co-funding to employers for training their workers in "Workplace English Language and Literary" (WELL). Australia's "Adult Migrant English Programme" (AMEP) also includes a "Settlement Language Pathways to Employment and Training" (SLPET), entitling participants to up to 200 hours of vocation-specific language tuition and up to 80 hours of work placements. In **Belgium**, the third step of the integration programme in the region of Flanders is the orientation of participants to the Flemish employment service (VDAB), whose programme then offers job-oriented language courses, including "Dutch in the Workplace" (NodW). **Luxembourg's** "Linguistic leave" programme allows employees up to 200 hours of leave, instruction, and compensatory allowance in order to improve their Luxembourgish skills.

However, the practicalities of arranging such courses for a small numbers of participants have meant that these vocational language trainings are often limited to larger agglomerations. While some municipalities have attempted to address this difficulty by pooling their SFI students (in 2012, SFI was contracted to other municipalities in 8% of the municipalities) long distances mean that this can be a challenge in more rural municipalities. Furthermore, though on-the-job language training may give employers the opportunity to verify that learners have in fact acquired the language skills required for the job, the number of employers willing to accommodate language learning in the workplace is often limited so that, in many cases, language and vocational training is often offered in parallel by separate providers.

In the context of these long distances and difficulties finding employers willing to accommodate on-the-job learning the provision of online language courses may represent a useful supplement to face-to-face language classes. Web-based courses are an important and low-cost option for immigrants with information and communication technology (ICT) literacy. ICT-based language programmes are also a good solution for advanced and highly-specialised courses, where the number of interested learners is often insufficient for classroom-based learning. This approach may be particularly valuable to support immigrants settling in remote areas of Sweden. In addition, online language tuition such as those in use in Australia, Canada and New Zealand can help immigrants to reconcile language training with employment and childcare constraints. Such courses offer a broad variety of learning options, ranging from self-study materials, through part-time, evening, and weekend courses, to full-time teacher-led courses (see Box 3.7).

While distance learning in other fields has been found to be effective in Sweden it has not been heavily employed in the field of Swedish for Immigrants.[13] Building on this experience, Sweden could further develop opportunities for self-driven or guided language learning online. This may provide a cost effective method of beginning introduction activities early, particularly for those who are still in the asylum process and have access to relatively little else.

Box 3.7. Online Language Learning in Canada, Australia, New Zealand, Denmark and Norway

Across the OECD countries are expending efforts to enhance the online supports for language tuition, and blending face-to-face instruction with distance learning.

In **Canada** online curricula (in both English and in French) have been developed to aid language acquisition among those who cannot attend regular classes:

- Online English tuition is available through Language Education at a Distance (LEAD)
- French tuition is available online through via CLIC en ligne, an online version of Cours de langue pour les immigrants au Canada (CLIC).

The courses are a particularly good option for shift workers, those looking after family members, and learners in remote areas and require a time commitment of approximately 5 hours a week of personal study combined with 30 minute to 1 hour of remote interaction with a coach/teacher. The curricula are organised in a way to allow students to learn both about Canada and the way of life, while learning the language (either French or English). Students are offered the option to study online or through one-on-one correspondence with a certified teacher. In addition, online assessments to enable the placement of individuals into appropriate language training have already been developed and piloted and are expected to be used particularly for language students in remote areas.

Australia and **New Zealand** offer a similar set of flexible language training options usually including, as well as distance and learning, one-on-one tutoring, free child-care, transportation subsidies, and continuous intake to avoid long waiting lists.

Denmark's free online course, "Online Danish", includes a self-assessment tool and modules at different proficiency levels in speaking, writing, reading, and comprehension. In the Netherlands, a competitive online language learning market has produced a wide range of ICT products and language courses with ICT components (Codagnone and Kluzer, 2011; and Kluzer et al., 2011).

In **Norway**, the Norwegian Agency for Lifelong Learning (VOX), operating under the Norwegian Ministry of Education and Research offers free on-line resources that can be used as part of, or in addition to, Norwegian language courses.

Source: www.clicenligne.ca, http://www.linchomestudy.ca/Online/ and www.vox.no/Norsk-og-samfunnskunnskap/Nettbasert-opplaring/gratis-norskopplaring-pa-nett/.

The government has announced its intention to combine SFI with other relevant education, such as upper-secondary vocational education. As part of these efforts, the provision of Swedish for Immigrants will, in the future, be undertaken within the municipal adult education system. To this end, the National Agency for Education has been tasked with drawing up a new modular syllabus for Swedish as a second language at the basic level. These efforts may be usefully complemented with a focus on the outcomes of language tuition – through the use of nationally standardised tests – and efforts to develop more flexible methods to language tuition.

Notes

1. Indeed, these new arrivals must, in many cases, learn two new languages concurrently as English is also required to enter into upper-secondary education.

2. The OECD Survey of Adult Skills scores literacy skills on a six-level scale according to respondents' ability to find information in written material of varying complexity. Those who score less than Level 1 (176 points) are able to read only short passages on familiar topics. The skills required to reach Level 1 (from 176 to 226 points) are knowledge of basic vocabulary to process meaning at sentence level and the ability to read written text. Level 2 requires higher cognitive skills, particularly the ability to connect information at different points in a written text. For information on higher literacy skills see OECD (2013).

3. A socio-economically disadvantaged school is one whose students' mean socio-economic status is statistically significantly below the mean socio-economic status of the country/economy.

4. To gain admission to an upper-secondary national programme, in addition to passing grades in Swedish (or Swedish as a second language), English and mathematics, students aiming for admission to vocational programmes must have passing grades in a further five subjects, and students aiming for the higher education preparatory programme must have passed a further nine.

5. According to the *2015 Yearbook of Education Statistics* (Statistics Sweden, 2015), of the 40% of foreign-born students who fail to achieve the target grade for the compulsory school leaving certificate – 9.9% fail just one subject, 27.6% fail at least two subjects, and 2.2% fail all subjects.

6. Of those young migrants who successfully enter upper-secondary programmes, many still continue to face difficulties. The proportion of foreign-born students who drop-out of upper-secondary education – at 10.5% – is almost double the proportion of native-born students (5.4%).

7. This figure rises to 30% when those on language programmes are excluded.

8. To be eligible for trainee jobs young people, aged 20-25, must have been unemployed for the past six months (or three months for those choosing to work towards vocational studies in shortage occupations). Trainee jobs must

be compliable with collective agreements but are not subject to the Employment Protection Act, they can be undertaken as part of the introduction plan for newly-arrived migrants.

9. Crul (2007) compares the children of Turkish immigrants in the apprenticeship countries Germany and Austria with the Netherlands and France and highlights the importance of apprenticeship systems in enabling a smooth transition to the labour market for those children of Turkish immigrants who have gained access to an apprenticeship training place.

10. Indeed, evidence from Sweden suggests that 20% of students with a swift transition between school and work start their careers at a site where they worked already while in school (Åslund et al., 2006).

11. In addition, SFI is a right for all immigrants over the age of 16 who are resident in Sweden, and who lack a basic knowledge in Swedish.

12. The effects were similar for men and women but the relative effect was greater among the young and among those with no more than secondary schooling.

13. While completion is lower than that on campus based courses (55% as opposed to 81% completion of campus courses) satisfaction rates have been found to be higher (Statistics Sweden, http://www.scb.se).

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Chapter 4

Strengthening the demand for migrant skills in Sweden

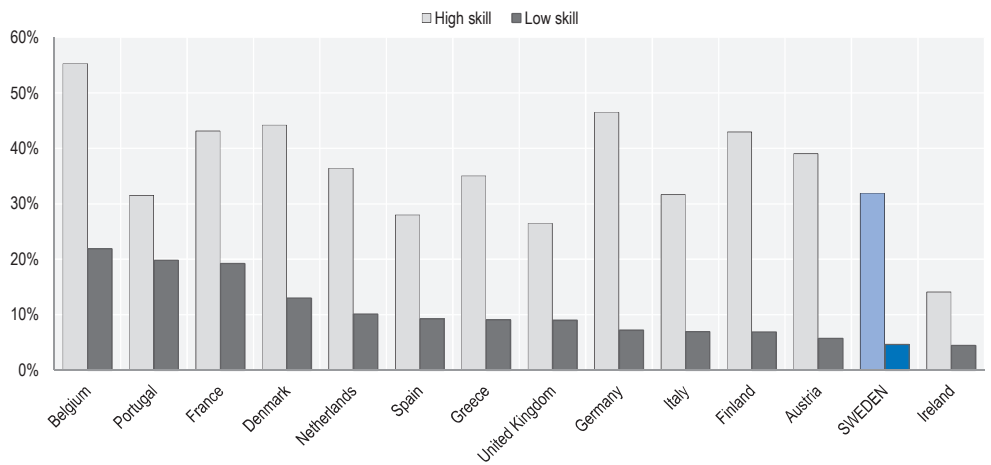
Demand for low-skilled workers is weak in Sweden. And while all low-skilled workers face this paucity of low-skilled jobs, migrants face particular hurdles. Private sector employers may be uncertain of how to assess qualifications and experience obtained abroad, and prefer to avoid the risk; they may be reluctant to hire migrants due to concerns over their productivity; or they may simply choose not to hire immigrant workers on the basis of discrimination. This chapter investigates these constraints on the demand for migrant skills as well as the policy responses that attempt to tackle them including wage subsidies and anti-discrimination policies.

There are many reasons why immigrants face additional hurdles on the labour market. Some, as outlined in the previous chapter, concern the skills immigrants supply to the local labour market. There remain other hurdles, however, that are not directly dependent on the skills of immigrants but, nonetheless, impact upon their returns to these skills. Policy aimed at addressing these hurdles must instead focus on the *demand* for the skills of immigrants.

Demand for low-skilled workers is particularly weak in Sweden. Employers have largely adapted to high wages by investing heavily in capital-intensive technologies, increasing labour productivity. Few firms have been able to operate in labour-intensive production and there is a concomitantly low level of demand for low-skilled workers. As mentioned in Chapter 1, fewer than 3.5% of native-born Swedes work in low-skilled occupations and, among respondents of the 2013 Eurofund European Company Survey the number of firms reporting difficulties recruiting low-skilled workers was among the lowest of all surveyed countries (see Figure 4.1). Given the number of low-skilled migrants in Sweden, this weak demand for low-skilled workers represents a challenge for integration.

Figure 4.1. Firms facing skills shortages in selected countries, 2013

As a percentage of all firms with ten or more employees



Note: Firms are classified as facing a skill shortage if their manager reports having difficulties filling jobs. Countries are sorted by the total skill shortage.

Source: Eurofund European Company Survey 2013.

While all low-skilled workers in Sweden face this paucity of low-skilled jobs, migrants face particular hurdles. Private sector employers may be uncertain of how to assess their qualifications or experience obtained abroad and prefer to avoid the risk; they may be reluctant to hire migrants due to concerns over their productivity; or they may simply choose not to hire immigrant workers on the basis of discrimination – either explicit or implicit. These challenges are unpacked in this chapter. Chapter 5 then examines, in more detail, those policies aimed at bringing more transparency to the value of qualifications and experience obtained elsewhere.

Working with employer incentives: giving migrants the chance to prove their skills

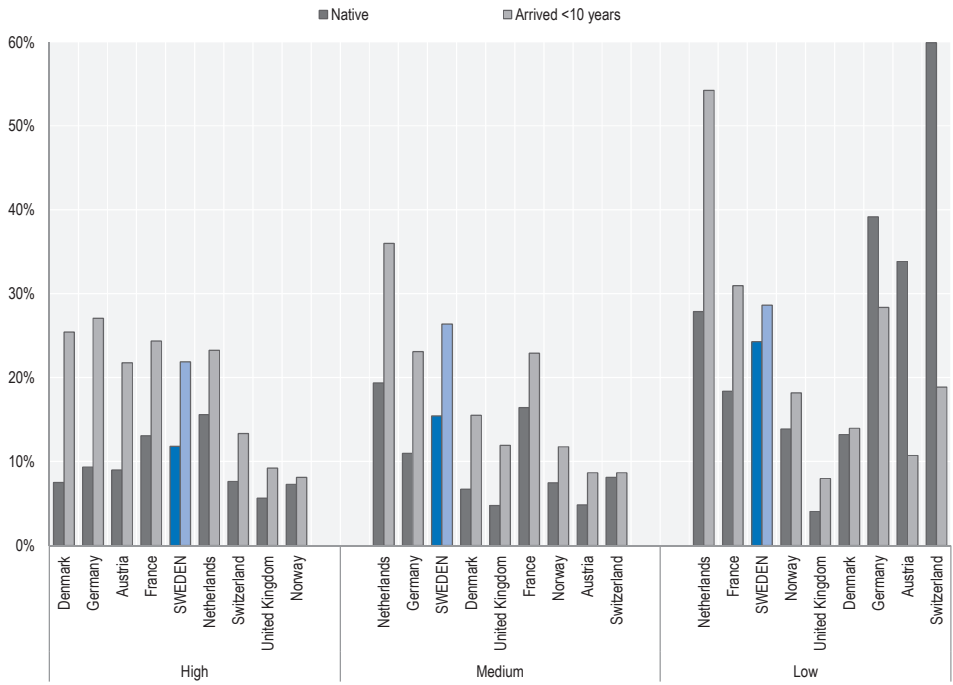
Heavy employment protection means that temporary employment can be an important route for migrants to prove their skills

Qualifications and experience are key to getting a job in any country. With qualifications that have often been obtained overseas (72% of Sweden's migrants born outside the EU27 and EFTA countries were educated outside Sweden) and little or no local labour market experience, migrants are at a distinct disadvantage when it comes to demonstrating their suitability for a position. And employers are left with a greater degree of uncertainty over the quality of the education and experience of migrant job applicants. By allowing employers to reduce information asymmetries and screen workers without committing themselves to a permanent employment contract, temporary employment is able to mitigate the risk that accompanies this uncertainty.

In Sweden, as in many OECD countries, the foreign-born – and recent arrivals in particular – are hired on temporary contracts far more often than are their native-born counterparts. Figure 4.2 illustrates that, as in many OECD countries, this holds across the education spectrum, with larger disparities among high- and medium-educated workers. While 22% of highly-educated immigrants in employment who arrived within the last ten years are working on temporary contracts, the proportion of the native working population on such contracts is just 12%. The disparity among those with a medium education is larger still.[1]

Figure 4.2. Proportion of workers on temporary contracts by education level in selected OECD countries, 2013

Percentage of 15-64 year-olds



Note: Recent arrivals covers all those foreign-born who arrived within the past ten years. Countries ordered according to the disparity between the native-born and newly-arrived immigrants.

Source: European Union Labour Force Survey 2013.

While Sweden does not stand out as an outlier in the extent to which foreign-born workers are employed on temporary contracts, the relatively strict employment protection legislation for permanent employment means that temporary work may be particularly important to help new arrivals gain a foothold in the labour market. This is because the greater risk associated with hiring a worker with uncertain skills and qualifications may discourage employers from doing so. This can lead to a vicious cycle as reduced employer demand makes it even more difficult for migrants to gain Swedish labour market experience and demonstrate their skills. Studies explicitly investigating the impact of employment protection on immigrants are scarce (see Skedinger, 2011 for an exception). However research tends to find that the impact on the employment prospects of youth (who face similar

difficulties in gaining a first foothold on the labour market) tend to be poor. In this context getting a job, even a temporary job, may be a way to improve future employment prospects and provide a route out of this vicious cycle.

Past findings on whether temporary employment helps or hinders transitions towards permanent contracts vary. And while a large part of the literature in Europe and Australia suggests that temporary jobs are often stepping-stones to permanent employment this is often dependent on the type of work (see Booth et al., 2002 for evidence from the United Kingdom; and Buddelmeyer and Wooden, 2010, for evidence from Australia) and on whether such contracts are undertaken repeatedly (Gagliarducci, 2005). Recent research into the role of temporary employment has tended to find that among certain workers temporary work may in act as a stepping stone (see for e.g. Guell and Petrongolo, 2007), and while work examining the impact specifically on migrants has been limited, Jahn and Rosholm (2012) have found evidence of a positive impact among non-western migrants in Denmark.

In Sweden, despite the focus of introduction activities on early labour market experience, research on the impact of temporary employment on the probability of gaining a permanent contract has been limited. One of the reasons for this paucity of research is the lack of availability of detailed data on contract type.[2] However, the results of a recent employer survey conducted to gather the views of over 1 800 employers in Sweden found that most firms with refugees on their payroll report a positive experience and only 12% of those firms with experience of employing refugees in the past no longer have a refugee on their payroll (Lundborg and Skedinger, 2014). While this study was not explicitly focused on migrants on temporary contracts, it gives some indication that when employers have a chance to observe the skills of refugees, longer term employment can result.

Wage subsidies can help overcome hurdles created by temporarily low productivity and high minimum wages

When migrants first arrive in Sweden, their ability to productively use their skills in employment may be compromised by a number of factors such as limited language abilities, lack of familiarity with the Swedish labour market, and in some cases poor health. As a result the productivity of a migrant worker may temporarily be lower than the productivity of a comparable Swedish-born worker. While employers would normally respond to lower productivity by paying lower wages until productivity rises, collectively bargained wages in Sweden mean that employers are restricted in their ability to do this.

Collectively bargained minimum wages in Sweden are high by international standards. They are negotiated at the sector level via collective agreements between employers and unions and consist of an extensive set of wage floors that vary by occupation, age, tenure, and location. As a result of high coverage of collective agreements, these negotiated minimum wages effectively act as a wage floor, much as a legal minimum would (see Skedinger, 2010). These negotiated minimum wages are, along with those in other Nordic countries, among the highest in the world – both in absolute terms, and in relation to median wages.

Analyses of the employment effect of high minimum wages have produced a wide range of estimates (see Abowd et al., 2000; Skedinger, 2015; Stewart, 2004; Pacheco, 2011; and Allegretto et al., 2011). However, recent evidence focussing on those groups concentrated in low-wage work has tended to find a negative effect on employment. Using employee-employer matched data in the Swedish retail sector (which accounts for 12% of all employment in Sweden). Skedinger (2015), for example, finds that separations increase as minimum wages increase. In a similar vein, Neumark et al. (2012) find that employment at the lower end of the skill distribution suffers with increases in wages at the bottom of the wage distribution.

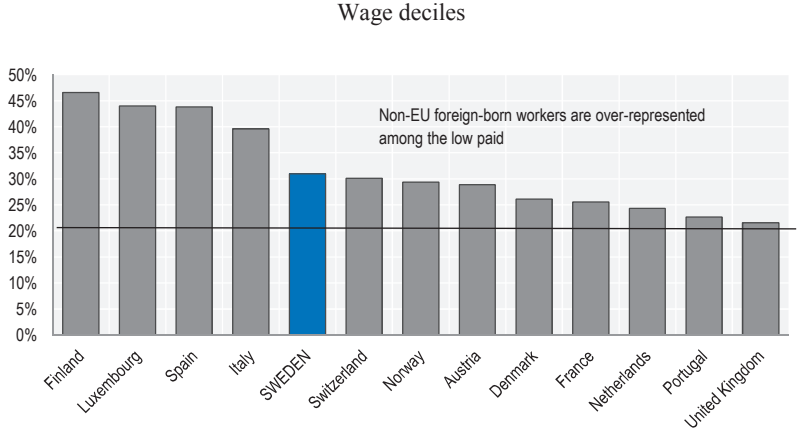
Foreign-born workers – particularly the low skilled – are often concentrated in low wage work. As such, alongside youth, immigrants are likely to be disproportionately affected by minimum wages. Figure 4.3 highlights the concentration of the foreign-born in low wage work in an international context; with over 30% of non-EU foreign-born workers working for a wage in the lowest quintile of the wage distribution, concentration in Sweden is higher than in most other countries with a minimum wage – such as the United Kingdom, Portugal, the Netherlands and France. When it comes to refugees, a recent employer survey conducted in Sweden found close to one third of refugees hired by surveyed firms were employed at the minimum wage (Lundborg and Skedinger, 2014).

Concerns about the impact of minimum wages on the employment prospects of youth in low-paid work have led many OECD countries to make minimum wages age dependent (see Gorry, 2013 on the impact of minimum wages on youth) and indeed, Sweden's collectively bargained wages are largely age dependent.

Similar to youth, newly-arrived immigrants have little experience of the Swedish labour market and, when minimum wages are high, they often struggle to gain an initial foothold. Indeed recent work using Swedish administrative data suggests that minimum wages increase unemployment among male refugees considerably – and more so than among a comparison group of young native-born individuals (Lundborg and Skedinger, 2014b).[3]

This effect remains significant even when accounting for spatially heterogeneous trends and the inclusion of industry-specific trends. When the sample is restricted to those refugees from Iran, Iraq and the Horn of Africa who have been resident in Sweden for fewer than ten years the estimated impact is even stronger.

Figure 4.3. Concentration of non-EU foreign-born workers in the lowest wage quintile in selected OECD countries, 2014



Note: Hourly wages refer to cash income and are calculated on the basis of number of hours worked a week, and reported number of months worked in the previous 12 months.

Source: EU Statistics on Income and Living Conditions (2014).

Where employer reluctance to hire migrants stems from concerns over the productivity in the context of high effective minimum wages, labour market policies can work to overcome these demand side hurdles through the use of employer incentives such as wage subsidies. In recent years, Sweden has been among the OECD countries making the most use of this type of active labour market policies.

While employment subsidies have been used to support employer demand in OECD countries, they are relatively expensive and are frequently criticised on the basis of the deadweight loss they can impose if subsidised employees displace regular employees.[4] At the same time, recent meta-studies tend to find that carefully targeted employment subsidies have can have positive impact on long-term employment prospects of those they target (see for example Kluve, 2010; and Card et al., 2015). And research in Sweden has found that, while results for some active labour market policies (such as labour market training) have been discouraging, wage subsidies have proven to be a successful measure. Indeed Sianesi (2008) finds that

entering a wage subsidy programme significantly pays off; higher employment rates are observed both when the programme ends (35 percentage points) and up to five years on (20-25 percentage points) when compared to continued job search from unemployment.

Access to short-term subsidised employment may be particularly important for immigrants' long-term employment chances, as labour market participation gives them the opportunity to strengthen language skills and labour market knowledge while, at the same time, serving as a positive signal to future employers. Indeed, several recent studies confined to examining the impact of subsidised employment on immigrant labour market outcomes have identified positive and significant effects of subsidised employment on post programme employment outcomes. In Denmark, for example, a study by Clausen et al. (2009) found that subsidised employment had a significant effect on the employment outcomes of *newly-arrived* immigrants (a reduction in the duration of unemployment of about four months over a four-year period) while, more recently in Denmark, Heinesen et al. (2013) find that, among all ALMPs examined, employment with a wage subsidy has the largest effect on the hazard rate from social assistance into regular employment among non-western immigrants.

Research into the specific impact of wage subsidies on the foreign-born have been limited in Sweden, and while several papers have identified positive impacts of subsidised employment in combination with intensified matching (see Joona and Nekby, 2012 as well as Åslund and Johansson, 2011) only Liljeberg et al. (2012) have looked separately at the impact of wage subsidies on the employment prospects of non-Nordic citizens. The authors identify a positive impact on post programme employment outcomes both for native programme participants and for those with non-Nordic citizenship.[5]

In order to strengthen the demand for migrant labour, employers hiring immigrants in Sweden are able to benefit from a number of subsidised employment schemes (see Box 4.1). In the first place, "Step-in Jobs" (*instegsjobb*) provides those employers who hire newly-arrived migrants with a subsidy of 80% of wage costs. Intended to ease the transition into regular labour through building language and labour market experience, a central requirement of the programme is that participants undertake SFI alongside their work, and that the employment contains an element of mentorship. Almost all migrants on the introduction plan are eligible for "Step-in Jobs", and referral is via the PES, who recommend the support for six months at a time. After the initial six months, if the programme conditions are still met, the programme can be continued for up to 12 months (or 24 months if the work is part-time). The average duration of a "Step-in Jobs" position, the majority of which are full-time, was nine months in 2012.

Box 4.1. Swedish policy at a glance: Employment subsidies for immigrants

Language difficulties, alongside lack of Swedish labour market experience can temporarily impact upon the productivity of new arrivals in employment. No more is this true than in Sweden where high collectively-bargained minimums wages essentially act as wage floors meaning that employers are unable to respond to lower productivity by offering lower wages in the short term. As a result, newly-arrived immigrants often struggle to gain an initial foothold in the labour market. To combat this hurdle there exist several wage subsidy programmes to encourage employers to hire migrants. Most notable among these are "Step-in Jobs" and "New Start Jobs".[1]

	Step-in-jobs	New Start Jobs
Eligibility	Refugees and their family who arrived in the preceding three years The family of labour migrants from third countries and other family migrants under certain conditions To be eligible it is also necessary to: - be over 20 years of age and registered as a jobseeker at *Arbetsförmedlingen* - study Swedish for immigrants (SFI) while working.	Refugees and their family who arrived in the preceding three years The family of labour migrants from third countries and other family migrants under certain conditions The long-term unemployed (including the native born) To be eligible it is also necessary to: - be over 20 years of age and registered as a jobseeker at *Arbetsförmedlingen*
Subsidy amount	Up to 80% of wage costs Capped at SEK 800 (EUR 86) per day.	Provides a tax relief equivalent to double the employers' social security contribution (this represents 46% of wage costs for persons over 26) The employer receives compensation for that part of the wage that is up to SEK 22 000 per month for full-time work
Duration	The PES decides on support for up to 6 months at a time Support may be renewed up to a maximum of 12 months (or 24 months if employment is part-time)	Employers may be compensated for up to 12 months for the long-term unemployed or the first three years following the issuance of a residence permit among new arrivals.
Referral	Referral to the programme can be made by the PES, on the request of an employer or upon request of a migrant	The subsidy is a right for all employers hiring an eligible employee, does not require PES referral.*
Additional entitlements	Contract must conform with collective agreements (for example insurance)	Entitles employee to state unemployment benefits Contract not required to conform with collective agreements
Additional requirements	Must be combined with SFI, Swedish as a second language, or vocational Swedish courses.	

*. Though the PES should verify that requirements are met and decide upon the length of the subsidy.

Alongside these subsidised wage programmes, "Apprenticeships for new arrivals" compensates employers for on-the-job coaching costs and the "Applied basic year" funds low educated new arrivals with training on the job.

In addition, a new form of subsidised apprenticeship "Trainee Jobs" is now available for young people, aged 20-24, with a complete upper-secondary education. Trainee Jobs may last up to two years and employment will be subsidised at a rate that depends upon the sector. Support for supervision of the trainee is also provided up to a maximum of SEK 2 200 (EUR 238 per month.

1. The eligibility requirements have been summarised for brevity. New Starts jobs are also available for other vulnerable groups on the labour market.

In addition newly-arrived migrants are eligible for subsidised employment under "New Start Jobs" (*nystartsjobb*). New start jobs is a wage subsidy which aims to increase employment among the long-term unemployed and those who have become distant from the labour market. While not specifically targeted at migrants, new arrivals are eligible for support under "New Start Jobs" for three years from the date of the decision on their residence permit.[6] Indeed the foreign-born are relatively well represented among "New Start Jobs" participants, and while the foreign-born represented just 21% of the long-term unemployed in 2015, they accounted for 50% of "New Start Jobs" participants in the same year.[7]

Employers are required to pay "New Start Jobs" employees according to the collective agreements in the industry. However, unlike the "Step-in Jobs" positions, since 2009 there has been no requirement that contracts established under "New Start Jobs" are compliant with collective agreements.[8] "New Start Jobs", provide a lower subsidy to employment than "Step-in Jobs", and are generally accessed by individuals who are closer to the labour market than those targeted under "Step-in Jobs".

Assessing the impact of these wage subsidies on the employment outcomes of participants requires an estimation of the non-intervention outcome; the deadweight loss that results from the fact that a number of the participants would likely have found employment even had they not participated in the programme. Accurate estimation of such non-intervention outcomes is complicated, in the first place because there is likely some degree of selectivity into the programme and in the second place because the scenario of no intervention to which it refers is rarely observed among newly-arrived migrants.[9]

Nevertheless, in an attempt to gain an understanding of the employment impact of the programme (as measures in a follow up three years following the end of the programme), a recent report by the National Audit Office (Riksrevisionen, 2013) has estimated the employment probability of participants and eligible non-participants on the basis of their observed characteristics. The results of this work suggest that, "Step-in Jobs" has a positive, significant and sizeable impact (an 18 percentage point increase) on the probability of employment when employment subsidised under "New Start Jobs" was included in the definition of employment.[10]

Given that "Step-in Jobs" is targeted at those whose limited language skills means that they are further from the labour market, the increase in the probability that "Step-in Jobs" participants move on to participate in "New Start Jobs" (under which the employer contribution increases by an average of 108%) can be seen as a positive outcome. Participants of "Step-in Jobs" earn an average wage that is just 71% of the average wage earned by the

foreign-born participants of "New Start Jobs". And, given these wage disparities and the disparate subsidy rates, the average employer contribution to the wage of a "New Start Job" is 108% higher than the employer contribution to a "Step-in Job". As a result, the movement towards employment of these, more distant, workers can be viewed as a positive outcome.

In addition to this direct employment effect of the "Step-in Jobs" programme, the NAO report found that, those "New Start Jobs" participants who had previously held a "Step-in Job" were significantly more likely to have obtained unsubsidised employment three years following the end of the programme than those who had participated in "New Start Jobs" alone. The probability of finding unsubsidised work among those who undertook a "Step-in Job" followed by a "New Start Job" was increased by 6.3 percentage points. Those who undertook the "New Start Job" in isolation, on the other hand, experienced no significant increase in their probability of employment three years later. When the definition of employment is widened to include non-standard work, the marginal effect increases to 15.1 percentage points (compared to 7.7 percentage points among those who participated only in the New Start programme alone).

This combination effect may partially be driven by a duration effect – those who participated in both programmes will have undertaken subsidised employment for a longer period than those who participated in "New Start Jobs" alone. Indeed, a recent paper exploiting the age discontinuity implied by Swedish policy that permitted longer subsidised employment for those over 55 identified a positive post-programme employment effect associated with the duration of the available subsidy (Sjögren and Vikström, 2015). Furthermore, the effective reduction in the wage subsidy that arises as a participant moves from one programme to the other is a relatively cost efficient method of increasing duration.

In the context of out-of-work benefits, net wage subsidy costs do not appear to be particularly high

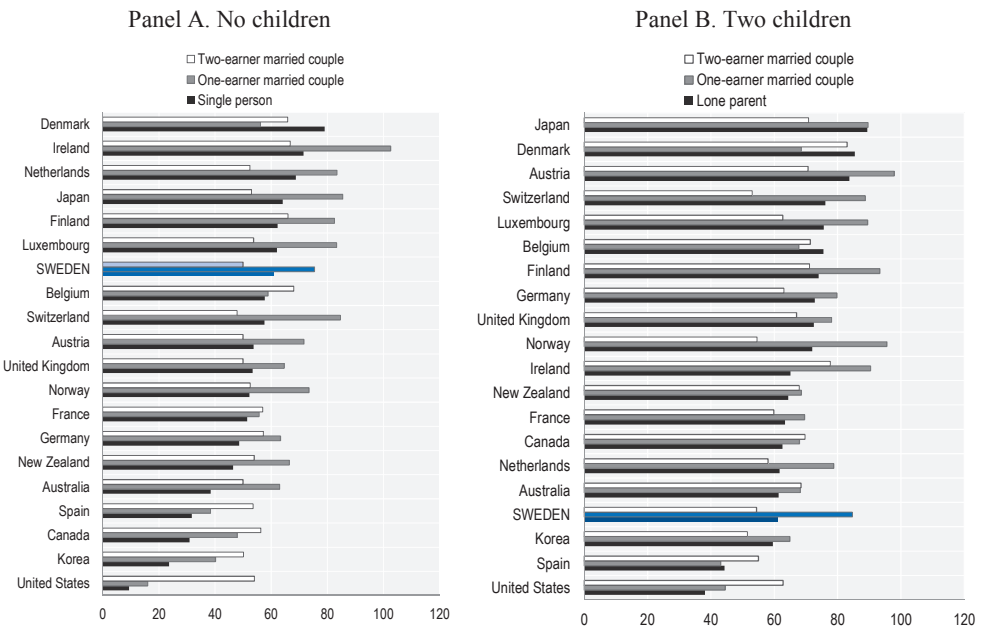
Alongside the benefit that accrues in terms of increased employment probability at the end of the programme, subsidised employment can be particularly beneficial for newly-arrived migrants because early employment facilitates the acquisition of country specific human capital – such as language skills and local labour market experience – as well as the formation of the networks that are so important in the Swedish labour market.

While subsidised employment schemes can appear expensive, it is important to put these expenses in the context of the welfare savings that

moving individuals into employment entails. The net replacement rates for the long-term unemployed are relatively high in Sweden (see Figure 4.4) and as such moving an individual into employment, even if the majority of their earnings are paid from the public purse, is less costly than it might initially appear.

Figure 4.4. Net replacement rates for the long-term unemployment, by family type, 2013

Calculated on the basis of earnings at 67% of average wages



Note: Assumes family qualifies for cash housing assistance or social assistance "top ups" if available. Where amount of social assistance is locally dependent (as in Sweden) a representative region is used.

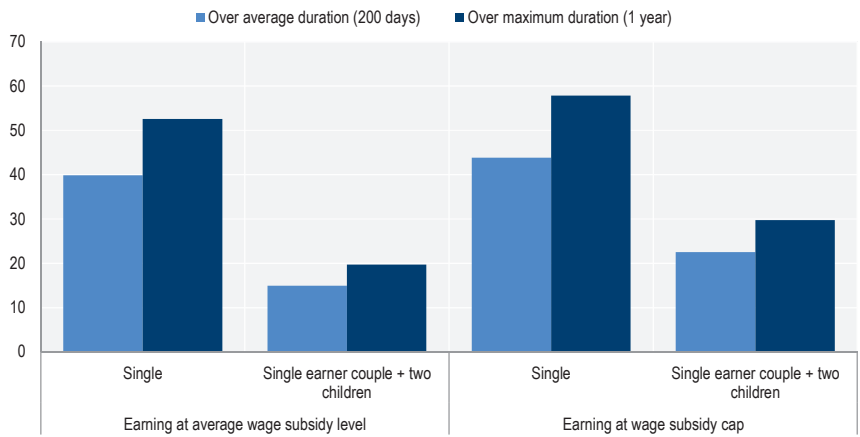
Source: OECD tax-benefit models, http://www.oecd.org/social/benefits-and-wages.htm.

Indeed the approximate net cost of moving an individual from long term unemployment into subsidised work under "Step-In Jobs" ranges from SEK 14 300 to SEK 57 800 depending on the family circumstances, the wage of the subsidised position, and the duration of the programme. The lower of these figures refers to the case in which the individual moved into work is living as part of a two parent family with two children and is the only earner in the family. This figure is estimated on the basis of the average

wage of a programme participant in 2015 for a position that lasts for the average duration associated with the programme in the same year. The figure at the upper end of the estimated net cost band refers to an individual living alone moved into employment earning a wage equal to the subsidy cap for the maximum duration of the programme. In-work tax and benefits are estimated according to the income assumptions, outlined in the Appendix, while out-of-work benefits are estimated according to family situation of the participant (see the Annex A for more details of the calculation and for more disaggregated scenarios).

Figure 4.5. Estimated net costs of a Step-in Job position, 2014

Thousand SEK



Source: OECD Secretariat calculations on the basis of OECD tax-benefit models, and data provided by Arbetsförmedlingen (Swedish PES).

To put these numbers in context, in 2013 the costs involved in the provision of Swedish for Immigrants courses varied from SEK 23 000 to SEK 66 000 per student per year across the country.

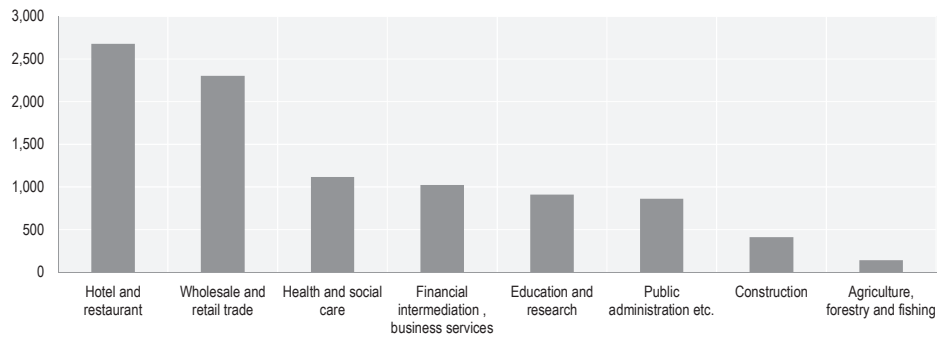
However, take-up of the programme has been limited

Step-in Jobs was designed not as a pure wage subsidy but as a complete programme combining education and work – preferably in the field of education or skill of the immigrant in order to enable newly-arrived immigrants to gain a foothold in the labour market to facilitate their early integration. The labour market hurdles that these demand side employment programmes hope to tackle – limited language skills and lack of Swedish

labour market experience – are hurdles that new arrivals must overcome, whether they are high- or low-skilled. And the goal of the programme was to reach immigrants across the education spectrum enabling them to combine language learning and workplace experience.

The cap on the subsidy accessible under "Step-in Jobs" limits the effective subsidy available for employers hiring more qualified workers. For those hoping to hire workers – even at the average wage in Sweden – the level of the subsidy falls significantly below the headline 80% of wage costs, and indeed, the lack of differentiation observed in the wages according to the level of education of the participant – as illustrated in Figure 4.7 – suggests that many tertiary educated participants of the programme may be undertaking work for which they are overqualified.[11] As a result most employment created under "Step-in Jobs" is in sectors employing predominantly low-skilled workers such as the hospitality and retail sectors which account for 33%, and slightly below 15%, of "Step-in Jobs", respectively (Figure 4.6).

Figure 4.6. Number of participants in Step-in Jobs, by sector, 2015

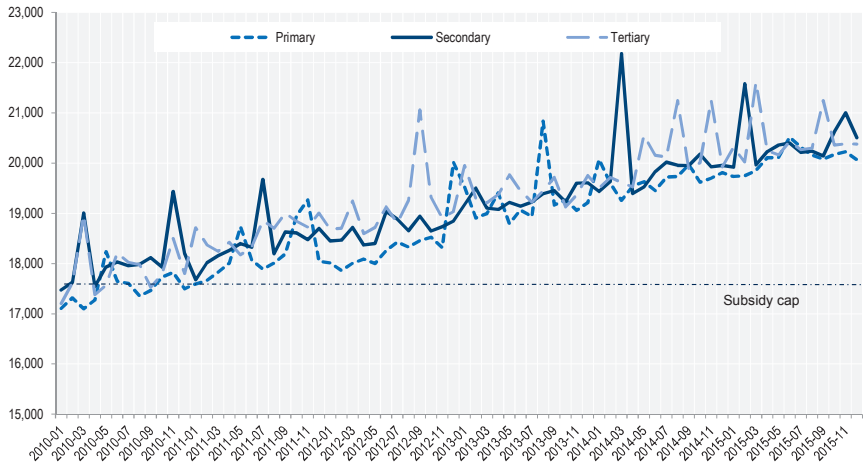


Source: Arbetsförmedlingen (Swedish PES).

Take-up among newly-arrived migrants of positions covered by these wage cost subsidies remains limited. In 2013, only 8% of introduction plan participants were employed under "Step-in Jobs" (or 13% among those who have participated in an introduction plan for 18 months or more).[12] There are a number of reasons behind the limited take-up of wage cost subsidies provided under "Step-in Jobs". In the first place, "Step-in Jobs" is designed for recent arrivals who are often far from the labour market and who may, initially, need additional supervision as a result of limited language skills. Indeed, in a survey conducted by the National Audit Office, 33% of employers employing a "Step-in Jobs" worker felt that the level of Swedish

of "Step-in Job" employees was insufficient (Riksrevisionen 2013). Additionally the requirement that "Step-in Jobs" participants undertake SFI language training concurrently is likely to compromise their productivity still further. The compensation for this lowered productivity, in the form of the more significant subsidy (set to reimburse 80% of wage costs – compared to the equivalent of 46% of wage costs covered under "New Start Jobs") is undermined by the wage cap which has meant that, on average, in 2015 "Step-in Jobs" positions were compensated at a rate of 68% of total wage costs.[13] Alongside this, as wages have been rising the cap on the maximum subsidy available under "Step-in Jobs" has remained constant at SEK 800 per day – among the lowest of all subsidised wage programmes in Sweden. As a result, as wages have risen, the programme has become less financially attractive to employers in recent years (see Figure 4.7).

Figure 4.7. Average total take home wages of Step-in Jobs participants, by education level, 2010-15



Source: OECD Secretariat calculations on the basis of data from Arbetsförmedlingen (Swedish PES).

In the second place hiring a worker under "Step-in Jobs" involves additional costs on top of wage costs that undermine the attractiveness of the programme. These additional costs accrue due to requirements that *all* employees within a company employing a "Step-in Jobs" worker must be covered by insurance in line with collective agreements while, since 2009, contracts arranged under "New Start Jobs" are not required to provide benefits and insurance equivalent to those mandated under collective agreements.

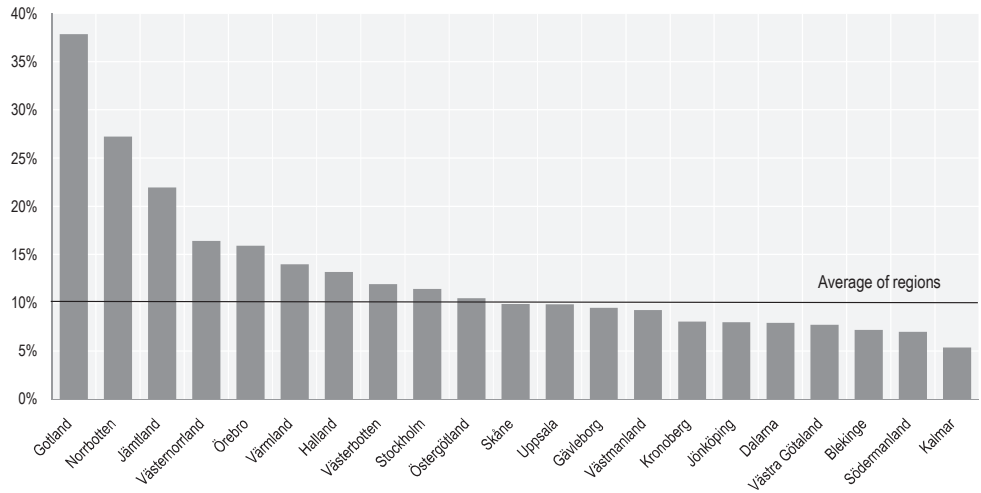
The administrative costs borne by the employer are also non-negligible. When applying for a "Step-in job" subsidy the employer must submit a document describing the terms of reference, a supervision plan and a description of how the employer will enable the employee to combine the work placement with SFI. In contrast "New Start Jobs" is open to all employers hiring an eligible worker.

Beyond the costs involved in hiring an immigrant worker under "Step-in Jobs", the limited take-up of the programme is also due to the fact that, in many cases, employers are not aware of their eligibility to the subsidy. Indeed a recent survey of PES advisors conducted by the National Audit Office found that 45% felt take-up was stymied by lack of awareness of the programme among employers (Riksrevisionen, 2013).The role of the PES in raising awareness and take-up of the "Step-in Jobs" programme is compromised by the administrative costs involved in arranging a placement. The PES is currently tasked with: i) approaching employers to identify suitable work opportunities; ii) verifying that the employer is covered by the suitable insurance and that the contract complies with the relevant collective agreements; iii) consulting with the unions regarding the quality of the employer; iv) authorising the work, the duration of support, the tasks to be undertaken and the extent of SFI study that should be undertaken alongside the programme; and v) arranging the SFI to fit in around the employment. A further administrative burden is created by the requirement under "Step-in Jobs" that the conditions for support be renewed after six months (compared to after one year under positions funded under "New Start Jobs").

While this administrative work plays an important role in minimising abuse of the system, the amount of work is substantially higher than that involved in other subsidies, such as New Start Jobs which is a general employer entitlement (such that any employer can hire any long-term unemployed person and apply for the subsidy) rather than available only for hiring individuals referred to the employer by a PES counsellor. One result of this heavy administrative burden seems to be to limit the number of referrals the PES make to the programme, and the degree to which they are able to actively reach out to employers. Indeed, the use local PES branches make of the scheme varies widely across the country (Figure 4.8).

Figure 4.8. Step-in Jobs participants as a percentage of Introduction Plan participants, 2014

Percent of new arrivals aged 18-64 arriving in region in the two years preceding



Note: "Step-in Jobs" participants refers only to those participants undertaking a "Step-in Jobs" placement as part of their Introduction Plan.

Source: OECD Secretariat calculations on the basis of data from the Arbetsförmedlingen (Swedish PES) and Statistics Sweden.

If the "Step-in Jobs" programme is to reach a scale to make it relevant in the context of the large numbers of recent arrivals it may be necessary to relax some of these restrictions and to endow employers with the flexibility needed to make using the scheme commercially worthwhile. In addition the impact of the administrative burden on the number of referrals may be addressed by separating the tasks of verifying the contract complies with collective agreements, and authorising the duration of support from the task of referral to the programme. The separation of these administrative tasks would not only allow the PES caseworker space for greater interaction with employers but would also counter any disincentive that may result from the extra administrative work that accompanies referral.

…and poor co-ordination with other subsidies risks undermining efficiency of subsidy packages

In order to enlarge the scope and effectiveness of these wage subsidy schemes, since November 2015 the PES has begun marketing subsidised wage programmes as a package under the "Sweden Together" initiative. The proposal is that employers should be able to hire a worker initially as an intern, then as a subsidised worker under "Step-in Jobs" and finally under the "New Start Jobs" subsidy. The idea behind this package of subsidies – of a wage subsidy that is eroded with tenure – is an important one. However, if "Sweden Together" is to achieve a scale at which it can be a key tool in the integration of the foreign-born it will be important to streamline the programmes involved. This will involve streamlining the wage subsidy caps and the basis of subsidy calculations – to ensure that the subsidy is eroded smoothly over time, and streamlining the insurance requirements – to ensure that disparate and cumbersome administrative requirements do not deter employer engagement.

As a less-costly alternative to wage subsidies, the cost of hiring newly-arrived humanitarian immigrants can also be lowered by the partners agreeing to a temporary training contract at a lower rate than the collectively agreed wage level. This is currently not possible. Allowing for a temporary training contract at a reduced rate, may be a less costly alternative to wage subsidies in the face of the large numbers of refugees arriving in Sweden in the current crisis. Such a contract could apply to newly-arrived refugee workers; in the same way that some countries have adopted training contracts (or separate minimum wages) for young workers.[14] Such a reduced rate would need to be temporary and phased out with tenure.

Alternatively greater differentiation in the collectively-bargained wage floors – which currently depend upon the age and experience of the employee – could be considered. The extent of these wage floors currently vary according to age and experience, is dependent upon the industry, however, agreements do not explicitly state how experienced gained abroad should be treated. Allowing wage floors to respond more elastically to Swedish labour market experience, or to documented language skills, may help migrants overcome this barrier to labour market entry.

Internships and apprenticeships have been limited in their scale

Unpaid temporary work – in the form of internships and apprenticeships – can be a good way to give new arrivals the chance to demonstrate their skills and gain early experience of the labour market. In Sweden there are a number of such programmes, some of which are targeted

particularly at participants of the introduction programme while others are open more generally to the long-term unemployed.[15]

The "Apprenticeship for new arrivals" is one such programme, targeted at participants of the Introduction Programme with limited Swedish labour market experience. The "Apprenticeship for new arrivals" can be used to support introduction programme participants wishing to enter a new profession, or those entering a profession in which they already hold experience gained abroad. The programme, which can last for a maximum of six months, or until the end of the introduction activities – whichever comes sooner – is free to employers and the participant continues to receive the introduction benefit. Furthermore, under the programme employers are compensated a total of SEK 150 per day to cover the cost of providing support and mentorship. Alongside this, the "Applied basic year", targets participants of the introduction programme who are over 30 years old and have attended less than nine years of education. The programme, which runs from between 6 and 12 months, incorporates a requirement that practical training on the job should complement by theoretical education (including language training) in order to deepen the participants professional knowledge. Employers who offer work placements under the "Applied basic year" are compensated at a rate of SEK 200 per day to support the costs of supervising the apprentice and providing on the job training. At the same time the PES is responsible for procuring the theoretical education undertaken as part of the programme. As under the "Apprenticeship for new arrivals" participants are unpaid but continue to draw their introduction benefit for the duration of the programme.[16]

Participation in both of these programmes, however, has been limited. In January 2016, 1 022 people took part in "Apprenticeship for new arrivals" and only 49 took part in "Applied basic year" – such that together they account only for approximately 2% of individuals enrolled on the Introduction Programme participants. Combining education and practical on the job training – as is envisaged in the applied basic year – can be an important tool in working towards sustainable employment (see for example Chapter 3 for a discussion of the career pathways approach adopted in the United States). However such combined programmes must be built upon sound co-ordination between education providers and the employment services, procuring theoretical education on an *ad hoc* basis for a very limited number of participants is neither scalable nor cost efficient. In addition, while some targeting may be necessary to help new arrivals overcome additional hurdles they face – such as lack of contacts within the Swedish labour market – excessive restrictions on the target population are likely to further reduce the scope of programmes, and indeed, when it comes to the "Applied basic year", PES caseworkers report difficulties in

identifying candidates that meet the age and education requirements, and can complete the programme for its full duration. Alongside these targeted programmes, introduction programme participants are also eligible to participate in internships available more widely for the long-term unemployed. However participation is again limited. In January 2016 only 1 376 individuals undertook internships of this sort as part of their introduction activities – accounting for a further 2% of participants enrolled on the Introduction Programme. With the launch of the "Sweden Together" initiative, discussed above, the PES has enhanced efforts to reach out to employers to propose the uptake of these internships. This is an important step in the right direction and these efforts will need to be prioritised to ensure that the majority of introduction programme participants are given some experience of the labour market prior to the end of the programme.

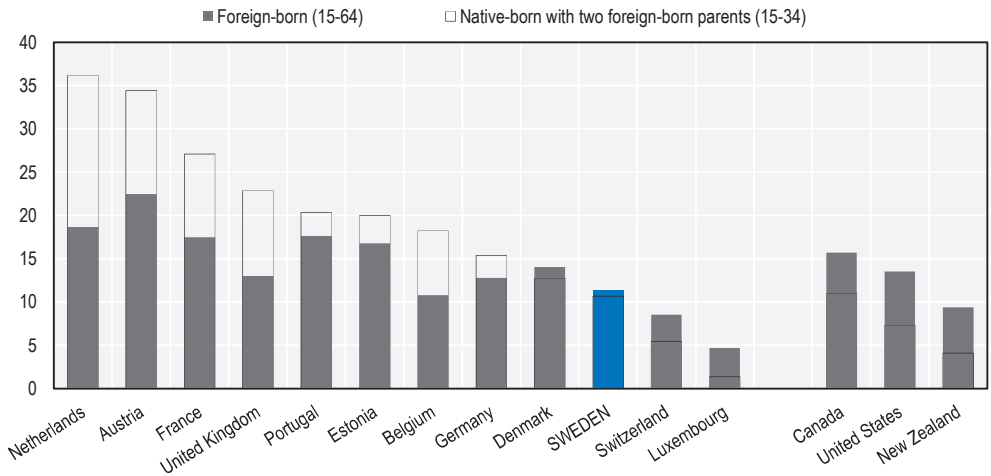
Tackling discrimination

In addition to the reasons outlined above, *discrimination* may also impact upon the willingness of some employers to hire migrants. Discrimination generally takes one of two forms. The first, known as "statistical discrimination", occurs when lack of information about a candidate's experience or qualifications causes risk-averse employers to avoid hiring him/her. The second and more pernicious, "taste-based" discrimination, occurs when employers simply prefer to hire candidates with a particular origin. In practice, it is often difficult to distinguish between these two types of discrimination, as statistical discrimination tends to be based upon prejudices rather than accurate perceptions about immigrants and indeed, the effects on the individual immigrant tend to be the same. Discrimination can also be indirect. Such indirect discrimination occurs when a person is disadvantaged by a provision or criterion that appears neutral but may put certain groups at a particular disadvantage.

From the perspective of the immigrant themselves, the proportion of foreign-born individuals that feel discriminated against in Sweden is among the lowest in the OECD. Indeed, Figure 4.9 illustrates that only 11% of the foreign-born consider themselves members of a group that is discriminated against. What is more, discrimination perceptions are similarly low when it comes to the native-born with foreign-born parents – a group who are often more sensitive to the effects of discrimination than the foreign-born themselves because among the native-born the effects of discrimination can less easily be attributed to other characteristics such as language skills or education.

Figure 4.9. Persons who consider themselves members of a group that is or has been discriminated against on the ground of ethnicity, nationality or race, selected OECD countries, 2002-12

As a percentage of all foreign-born/native-born with two foreign-born parents, persons aged 15-64 and 15-34



Source: OECD and European Commission (2015).

Despite these perceptions, field experiments in Sweden using fictitious applications with immigrant-sounding names and otherwise equivalent CVs have revealed that significant discrimination is prevalent in Sweden. Such studies have found: that immigrants must send twice as many applications to be invited to a job interview relative to comparable candidates with Swedish sounding names (Åslund and Nordstrom Skans, 2007); that a person born outside Europe would have to lower their salary expectations by 16% to get the same job-prospects as a person born in a Nordic country with equivalent skills and qualifications (Eriksson et al., 2012) and that the probability of being called to an interview for an applicant with Arabic sounding name was lower when the person responsible for the recruitment was a male; when the company had less than 20 employees and when it was located in a municipality with relatively high proportion of immigrants (Carlsson and Rooth, 2007).[17] Clearly discrimination is an issue though, given that immigrants themselves largely do not perceive it, it does not seem to be overt.

Anti-discrimination laws are difficult to enforce because discrimination is difficult to prove

Sweden has a long experience in anti-discrimination legislation – beginning with the Gender Equality Act of 1979. The most recent Discrimination Act, which entered into force in 2009, has consolidated anti-discrimination policy by replacing seven former laws against discrimination. The Equality Ombudsman (DO) supervises compliance with the Discrimination Act. In Sweden, policies to tackle discrimination against immigrants in the labour market vary from formal prohibition in legal standards to coercive and direct intervention of public authorities, often in co-operation with non-governmental actors (Box 4.2 touches upon the legal framework in Sweden).

Box 4.2. Swedish policy at a glance: Anti-discrimination policy

- The Discrimination Act of 2009 has consolidated anti-discrimination policy. The Equality Ombudsman (DO) supervises compliance with the Act.
- The DO registers and investigates complaints based on the law's prohibition of discrimination and harassment, and can represent victims in court free of charge.
- The 2009 act introduced a new compensation for discrimination – both to deter discrimination and to compensate for its effects.
- The DO monitors employers and education providers, through the use of equal employment policies to promote equal rights and opportunities.

The DO is tasked with raising awareness and disseminating knowledge and information about discrimination and about the prohibitions of discrimination, both among those who risk discriminating against others and those who risk being subjected to discrimination.

Local Anti-Discrimination Bureaus (ADBs), which are independent voluntary organisations, provide advice and support at local level regarding anti-discrimination laws.

In Sweden, as elsewhere, tackling discrimination through the courts can be a challenge as proving that it has occurred is difficult. According to the Swedish Discrimination Act, any person claiming to have been discriminated against on the grounds of their immigrant background must demonstrate circumstances in which they have been disadvantaged compared to how an individual without an immigrant background would have been treated in a comparable situation. If such differential treatment can be demonstrated then the employer may still demonstrate that substantive reasons, other than discrimination, motivated the alleged discriminatory behaviour (provision, criterion or conduct).[18] Employers,

however, often provide substantive explanations for their actions and, as elsewhere, it is difficult to determine whether discrimination has occurred during the recruitment process.

The difficulty in proving discrimination in this manner is highlighted in the numbers. And a recent report commissioned by the European Commission against Racism and Intolerance suggests that of the 900 complaints received every year by the Equality Ombudsman, only 1% ended in lawsuits (ECRI, 2012). To date, there have been eight lawsuits filed concerning discrimination on grounds of ethnicity, including one on indirect discrimination.

One of the changes implemented in the Discrimination Act from 2009 concerned the compensation offered to victims of discrimination. The Swedish Discrimination Act now states that anyone who violates the prohibition of discrimination under the Discrimination Act shall pay compensation to the person offended.[19] This compensation differs in two ways from that provided for under the previous legislation. In the first place compensation is now no longer considered to be solely an indemnity for damages, but instead has the dual aims both of compensating the victim *and* deterring prospective perpetrators. The second aim of the change was to increase the level of compensation for discrimination. However, determining the amount of compensation has proven to be a challenging task for Swedish Courts. In five of the eight lawsuits that have been filed concerning discrimination on grounds of ethnicity, the perpetrators had to pay compensation for discrimination which were set between SEK 5 000 (EUR 529) and SEK 80 000(EUR 8 470). The significant disparity between the minimum and the maximum levels of compensation paid suggests a degree of uncertainty in the Swedish Courts regarding the appropriate amount of the indemnity under the new compensation scheme. And while, in 2014, two rulings on the calculation of compensation for discrimination in the Swedish Supreme Court explained how Courts should calculate the compensation it has been suggested that the level of compensation for minor violations is often too low to have any deterrent effect (Equality Ombudsman, 2013).

Indirect discrimination manifests itself in overly stringent language requirements and in informal recruitment methods

The Discrimination Act distinguishes between different categories of discrimination, including direct discrimination and indirect discrimination. Evaluating claims of indirect discrimination involve assessing whether a provision, criterion or conduct which is perceived to put the claimant at a

disadvantage, in fact exists for a legitimate purpose. To be considered acceptable a provision must have an important objective.[20]

The most frequent occurrence of indirect discrimination during the recruitment process concerns the language requirements established by employers. Requiring Swedish as mother tongue is generally conceived as direct discrimination based on ethnic origin. Difficulties emerge however when employers request "a good knowledge of Swedish". While in many cases this is a reasonable requirement, it may nevertheless constitute a neutral criterion that can result in indirect discrimination. Where good language skills are necessary to complete the primary tasks of a job – for example if the job requires significant contact with customers – then the law allows for exemptions. According to the Court of Justice of the European Union, however, such exemptions should be applied narrowly. That is, while language requirements are in some instances permissible, if they are considered to be above those required for the position in question, they are considered to be ethnic discrimination.[21]

A second source of indirect discrimination can arise in Sweden due to the large number of vacancies filled via personal contacts (discussed above). If vacancies are filled when the employer and the job seeker already know each other, or when they have indirect connections that attract the job seekers' attention to a particular vacancy, then those without access to such networks are disadvantaged. Employers may choose to recruit through networks believing that they will gain a higher quality of candidate if they recruit among those they know, however, these stereotypes and structural attitudes' are at the very core of discriminatory behaviour.

In practice, it can be difficult to identify, let alone to prove, that indirect discrimination has occurred in a recruitment process. In many cases, discrimination is not overt, and sometimes the party that discriminates may be unaware that the conduct is discriminatory. Dynamics between employer and employee or job seeker can be subtle and intertwined in a complex manner. As a result, tackling the issue must often focus on raising awareness and increasing the transparency of recruitment practices and outcomes.

While the Equality Ombudsman is tasked with raising awareness and disseminating expertise and information about discrimination and the prohibitions against it a report by the National Audit Office in 2012 found that the Equality Ombudsman focused more on processing complaints rather than on preventive work. Since then, the preventive work of the Ombudsman has been enhanced through the development of support material and e-learning tools for employers. Nevertheless, raising awareness remains a challenge.

Equal Employment Policies are less well developed than elsewhere in the OECD

A set of measures that have been used by a number of OECD countries to address implicit discrimination are Equal Employment Policies (EEPs). The objective of EEPs is to confront non-intentional, systemic and indirect discrimination. Equal employment policies include a range of agreements on quotas and targets or the use of equality plans or codes of practice explaining what kind of human resource processes should be developed to respect non-discrimination principles and to enhance diversity. Such policies should include elements of monitoring, implementation, benchmarking, and evaluation. While quotas are generally compulsory, targets and goals on the other hand, are indicative and do not imply preferential treatment of a specific group. While the introduction of hard quotas has been relatively rare in European OECD countries, many countries have instead implemented policies based on flexible targets and experimented with the use of diversity charters, diversity labels and diversity plans (see Box 4.3).

Box 4.3. Diversity policies in France, Belgium and the Netherlands

A diversity label was established in **France** in 2008. The label is delivered for three years and is delivered by a commission including representatives of national administration, social partners, the National Organisation of Human Resources Managers and experts. An audit is performed by the French national organisation for standardisation, which may grant a certification. In 2013, more than 260 companies have received the label.

Since 1999, the **Flemish** Region of Belgium proposes so called "Diversity Plans" to employers, in co-operation with social partners. Flemish "Diversity Plans" are comparable to those used in other OECD countries, however with the different and innovative aspect that they targets SME's specifically rather than aiming at larger companies as many other countries do. Employers who want to improve introduce strategies for their staff's development and employability skills can receive financial support from the Flemish Department of Work and Social Economy as well as from dedicated "diversity consultants" through diversity and career plans. In 2012, 890 business and organisations submitted such a diversity and career plan (OECD, 2015).

The **Dutch** Act Stimulating Labour Participation of Minorities (*Wet Samen*) obliged companies to monitor the employment of immigrants and to report on the steps taken to realise an equitable workforce. Although there were no sanctions for non-compliance, a large number of companies responded to the obligations and a strong improvement in the labour market outcomes of immigrants was observed. While the monitoring was abandoned in the Netherlands following the perception that the administrative burden placed on employers was too high, in Sweden, monitoring the employment of immigrants at the company level could be done with information available from the Business register.

The 2009 Swedish Discrimination Act includes a type of EEP through its third chapter on so-called "Active Measures" (*Aktiva Åtgärder*). The provisions on Active Measures require employers to draw up an equality plan, an action plan for equal salaries, and a survey of earnings. However, to date, these plans apply only to gender related discrimination.[22] Alongside these "Active Measures", since 2010 Sweden has had a diversity charter, created by a non-profit association known as *Diversity Charter Sweden*. Diversity charters are voluntary commitments in which private companies pledge to promote diversity and equal opportunities at the workplace. In Sweden the network exchanges experiences and best practice concerning benefits of cultural, demographic and social inclusion within organisations. The signatories of the charter, however, are primarily large companies where recruitment strategies already tend to be less discriminatory and Swedish evidence suggests that selective hiring against immigrants tends to be more pronounced in smaller companies (Carlsson and Rooth, 2006). Beyond diversity charters, diversity labels additionally include a monitoring element where a certification is delivered based on an assessment of the implementation of the diversity measures.

While diversity labels remain voluntary, transparent labelling in this manner may encourage employers to address their diversity practices for fear of appearing not to support diversity should they not adopt diversity policies. Given that the rules on Active Measures in Sweden do not apply to enterprises with less than 25 employees, diversity labels targeting these companies could serve as an important instrument to tackle discrimination at work. Diversity consultants may be particularly valuable in Sweden to work with companies to examine their recruitment behaviour – including the language requirements attached to positions, as well as to provide training to address unconscious bias.

Notes

1. After ten years in Sweden, the share of foreign-born workers on temporary contracts falls substantially. This may suggest that such temporary work provides the foreign-born with a stepping stone into permanent work. However, disentangling this from the composition effect is not straightforward. The use of temporary contracts has increased substantially over the past decade (see Anderssen et al., 2012) and the prevalence of new arrivals on this type of contract may be a reflection of this institutional evolution.

2. There is no information on temporary contracts in the payroll data, and surveys that incorporate information on temporary work – such as the "Levels of Living" survey collected by Stockholm University – tend to be small scale and collected on an infrequent basis. This renders analysis conducted on sub groups problematic.

3. In contrast, Orrenius and Zavodny (2008) find that employment of immigrants in the United States is not harmed by minimum wages. However their analysis is based upon all migrants and does not distinguish between labour migrants and refugees. In addition, and as argued by the authors, there is likely to be substantial non-compliance among employers of undocumented immigrants.

4. PES employer checks prior to the arrangement of a placement include verification, via a database linked to the business register, that there have been no recent dismissals in positions similar to those for which a subsidised worker is requested. And a recent National Audit Office (NAO) survey found that the majority of employers in Sweden – 72% of those employing a "Step-in Jobs" worker and 61% those employing a worker under "New Start" – stated that they would not have hired the employee in the absence of the subsidy (Riksrevisionen, 2013).

5. The authors do not find a statistically significant difference in the magnitude of the impact and therefore do not investigate further. This is unfortunate because the authors identify systematic differences in the composition of the non-Nordic participant population (in terms of age, education, unemployment duration) that are likely to influence their post programme employment prospects.

6. Unlike "Step-in Jobs", "New Start Jobs" is not considered by the Swedish authorities as a labour market programme. This is because employers are systematically entitled to the subsidy when hiring any eligible employee.

7. This is partially because the foreign-born are eligible for the programme either if they are among the long-term unemployed or their residence permit was granted in the previous three years.

8. For example in terms of the associated benefits and insurance.

9. There is the concern that more able individuals, or those closer to the labour market are more able to take advantage of the programmes, thus the superior outcomes of programme participants may reflect pre-existing characteristics rather than intrinsic benefits of participation. In the case of "Step-in Jobs" the PES caseworker makes the referral on the basis of the extent to which they believe the candidate would benefit, and not all eligible candidates are referred. In the case of New Start Jobs, participation is contingent on the employer's willingness to hire the participant under the programme.

10. No significant impact was identified when "New Start Jobs" were excluded from the definition of employment. However, this is largely driven by the large number of individuals who participate in both programmes.

11. Indeed, the untargeted employment subsidy "New Start Jobs" becomes a cheaper alternative for employees paid a monthly salary of more than SEK 26 000 (equivalent of EUR 2 700). This should not be confused with the previous threshold figure of SEK 20 000 which refers to the threshold at which New Start jobs becomes cheaper when a firm must additionally ensure other workers in the company.

12. Participation in "New Start Jobs" (to which new arrivals who have been granted a residence permit as a refugee, person in need of international protection, or because of family ties in the preceding three years are eligible) among introduction plan participants was only 3% in 2013 – the disparity is likely due to the fact that this subsidy tends to target workers closer to the labour market.

13. Until recently, subsidies provided under "New Start Jobs" were without a cap. The current cap of SEK 22 000 is higher than that available under "Step-in Jobs".

14. While there are currently no OECD countries with a separate minimum wage for immigrant workers, several countries have applied minimum wage reductions for apprentices that depend both on their age and on their probable productivity, as measured by the year of training that they are in as in France, or their tenure in the firm as in Germany (see OECD, 2014).

15. In addition, there is also the possibility that a worker agrees to undertake an informal apprenticeship with an employer that could potentially offer him/her a job. Such informal agreements often involve working without a wage from the beginning.

16. "Apprenticeship for new arrivals" can be undertaken as part of the "Applied basic year".

17. Indeed, meta-analysis by Liebig and Huddleston (2014) shows that Sweden among the worst performers when it comes to the ratio of call-back rates for native- and foreign-born job applicants. However, given the different design of the studies compared by the meta-analysis, figures are not directly comparable.

18. Discrimination Act 2009, Chapter 6, section 3. See also the laws preparatory work; Prop. 2007/08:95 s. 561

19. Discrimination Act 2009, Chapter 2, section 1-2.

20. For example, a company might employ only persons who are at least 175 cm tall. Such a condition may appear neutral but puts specific groups at a particular disadvantage, such as women and people from certain ethnic groups that are more often shorter than 175 cm. If the employer cannot show that the purpose of being at least 175 cm tall is important and objectively acceptable in regards to the job (e.g. for safety reasons), this provision constitutes indirect discrimination.

21. Regulation (EU) No 492/2011, Article 3 (1). See C-15/69 Ugliola and 225/85 Commission v Italy.

22. Furthermore, in 2009, in order to reduce the administrative burden falling on employers, the requirements were loosened such that employers are now required to draw up a plan only once every three years (instead of every year as had previously been required) and companies with less than 25 employees are now exempted from the obligation to establish equality plans altogether (previously exemptions had held only for companies with less than ten employees). This relaxation of requirements was implemented as it was considered more important that employers establish credible working plans, rather than that these plans were updated annually. The Equality Ombudsman then scrutinises a number of selected employers each year. According to a recent Government Commission, while many employers already act in line with the provisions on Active Measures, systematising their use among all private sector employers, ensuring better and more coherent compliance, and facilitating the monitoring and evaluation of the measures by the Equality Ombudsman will require that they are formally defined and stated in law.

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Chapter 5

Helping migrants find work in Sweden

Where previous chapters have examined both the supply of skills embodied in Sweden's foreign-born population, and the demand of Swedish employers for these skills, this chapter focusses on finding work; on matching migrants with skills to employment opportunities that require those skills. The heavy reliance if job search in Sweden on networks can put migrants, who have more limited access to such networks, at a disadvantage and the Swedish PES, upon whom migrants rely more heavily than their native counterparts, has limited contact with employers. This chapter begins with an examination of the public support available for those seeking a job before proceeding to examine the hurdles facing, and support available for those seeking to have their qualifications accredited and their prior learning recognised in order to find the right job – that is a job that utilises their existing skills and experience.

Early integration into employment can have an important impact on the long-term integration prospects of newly-arrived migrants. Conversely, an inability to access employment can lead to a depreciation of skills and experience. Previous chapters have examined both the supply of skills embodied in Sweden's foreign-born population and the demand of Swedish employers for these skills. This chapter now turns to the challenge of matching supply and demand, and of smoothing the transition into appropriately skilled work.

Finding a job: Networks and the Public Employment Service

In normal circumstances, the introduction programme for refugees lasts for two years. Substantial investment is made during this period to overcome the hurdles facing these new arrivals – in terms of language abilities, foreign qualifications, skills deficits, and poor knowledge of the Swedish labour market and job application procedures. Following these two years of targeted integration activities, refugees and their accompanying family are expected to be able to function in Swedish society and search for employment alongside native-born Swedes. Support for job seekers at this point is untargeted.

When the introduction programme was first introduced, it was expected that those new arrivals closest to the labour market would self-select out of the introduction programme and into employment as soon as they were able to do so – such that the full two years would apply only for those in need of greatest support. In practice, however, this has rarely been the case; in 2014 only 7.2% of introduction programme participants (10.8% of men and just 2.5% of women) left the programme for employment within the first two years (Arbetsförmedlingen, 2015).

Many vacancies in Sweden are filled through informal networks

In Sweden, contacts made through informal networks – including friends, relatives and previous employers – are an important source of labour market information and a central component of job search. Indeed studies suggest that up to two thirds of all filled vacancies involve some form of informal contacts (Behtoui, 2008). This heavy reliance on networks to some extent undermines the role of the PES and contributes to the substantial ethnic workplace segregation that characterises the labour market in Sweden (see Åslund and Nordström Skans, 2010).

Immigrants, especially the newly-arrived, tend to have fewer contacts that are relevant to the labour market than do native-born Swedes. As a result, the predominance of informal recruitment means that, in practice,

many job vacancies, although not necessarily closed to immigrants, may be filled in such a way that they have little opportunity for their application to be considered, irrespective of how well they are equipped to meet the Swedish labour market.

In addition to having fewer labour market contacts, the networks available to immigrants are often largely concentrated among other immigrants – who are themselves more distant from the labour market, or are concentrated in lower-skilled jobs. Indeed studies have found that vacancies filled via networks of third-country nationals often provide lower salaries (Olli-Segendorf and Teljosuo, 2011) and that ethnic-enclaves (where networks tend to be highly concentrated) in Sweden tend to increase the propensity for welfare dependence (see Åslund and Fredriksson, 2009) and self-employment (Anderssen et al., 2011).

Edin et al. (2003) find that living in an ethnic enclave – with concomitant access to ethnic networks – improves labour market outcomes for less-skilled immigrants in Sweden. Yet, while ethnic networks may benefit those searching for unskilled work, the heavy reliance on personal networks puts skilled immigrants at a distinct disadvantage as compared to their native-born counterparts. Indeed, a survey conducted by Statistics Sweden found that 70% of highly educated third-country nationals consider lack of personal contacts to be the largest impediment to accessing a job matching their qualifications.

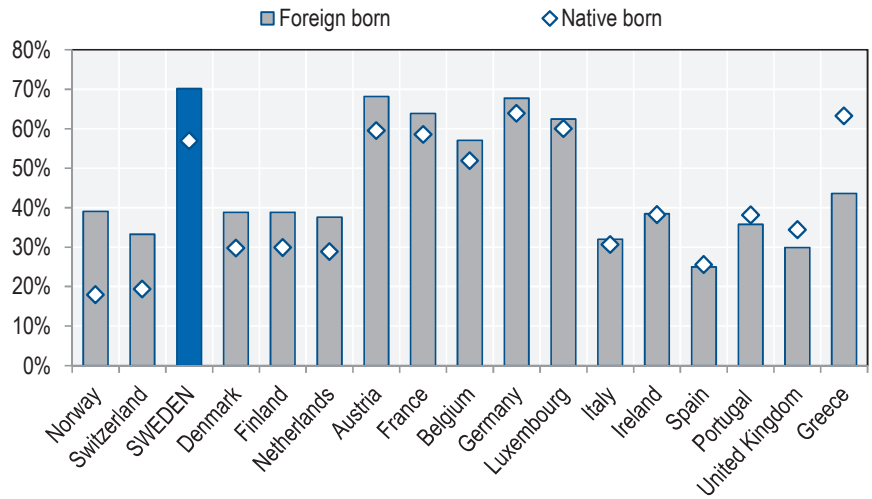
Despite its strong brokerage role, the PES has limited contact with employers

Job brokerage, the process of matching job seekers with employers who are seeking to fill vacancies, is the central function of the PES. The important role traditionally played by the Swedish PES in this respect is illustrated by the extent to which contact the PES is widely used as a job-search method. And though many vacancies are filled through other recruitment channels – such as informal networks as discussed above – Sweden is one of the few European countries in which contact with the PES ranks as the most important job-search method among the unemployed.[1] The job brokerage role of the PES is particularly important for migrants who often have more limited access to other recruitment channels. And, when compared to native-born Swedes, immigrants are over-represented among those relying on the PES as their primary source of job search support (Figure 5.1, Panel A). In contrast, the foreign-born in Sweden tend to make relatively limited use of direct contact with employers in their job search (Figure 5.1, Panel B).

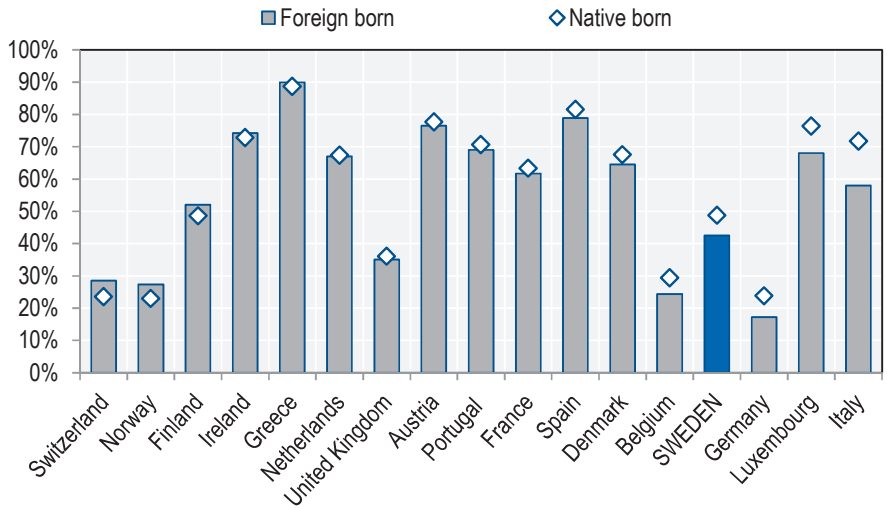
Figure 5.1. Methods used to find work, 2013

Percentage of unemployed (25-64)

Panel A. Contacted PES office to find work



Panel B. Contacted employer directly



Note: Data ordered according to the disparity in method use between foreign- and native-born individuals.

Source: European Union Labour Force Survey 2013.

The efficiency with which the PES is able to act as a job broker is dependent both on the reach of its vacancy database and on the relationship of the agency with employers. Sweden's vacancy database is relatively widely used. Though while employers in Sweden were previously *required* to notify the PES when they opened a vacancy, more recently such notification has been made voluntary and the ratio of PES registered vacancies to total new hires has fallen to 44% (Arbetsförmedlingen, 2014). The decreasing number of vacancies on the PES database has, to some extent, become a vicious cycle that disadvantages migrants as employers that do inform the PES of their vacancies report being overwhelmed by the number of applications from inappropriately qualified individuals whose benefit receipt is contingent on their demonstration of active job search. Nevertheless, the numbers registered remain relatively high in an OECD context.

Alongside the strength of the vacancies database, the ability of the PES as an effective job broker is dependent on the strength of interaction with employers. Employer engagement is critical to a well-functioning PES however a recent report by the Swedish National Audit Office (Riksrevisionen, 2015) notes that many Swedish employers feel the PES often finds it difficult to identify candidates with the requested educational and professional background, and lacks sufficient industry knowledge. The resultant reluctance of employers to use the PES to source candidates is particularly damaging to the employment prospects of migrants whose lack of networks renders the PES particularly important in their job search. Given that they lack employer contacts of their own; that the PES maintains strong contacts with employers is of vital importance for migrants. In Sweden, however, the organisational model of the PES is such that the relationship between PES caseworkers and employers is less well developed than elsewhere in the OECD. The organisational models used by PESs operating in OECD countries can be broadly divided into two types: models such as that in Sweden in which PES counsellors work with both employers and job seekers, and models in which PES have dedicated employer relationship staff. Countries with the latter organisational model include Austria and the United Kingdom where account managers at the regional or national level are dedicated to interacting with employers, and France, where the PES has formal agreements with large company networks and industry sectors concerning recruitment support (OECD, 2015). Both organisational models have strengths and weaknesses.

While generalist staff may be better positioned to match their clients with employment opportunities, there is a risk that their attention becomes heavily focused on job seekers, to the detriment of employers. On the other hand while dedicated staff can offer more specialised support to employers, there is a risk of disconnection between services to employers and job seekers.

In an attempt to fill this gap and help migrant job seekers overcome the disadvantage of their limited contact with the labour market, the social welfare services in the municipality of Goteborg have begun working with "recruiters" to offer help to companies in sourcing motivated foreign-born candidates with strong non-cognitive skills. These recruiters effectively act as head hunters operating in response to demand from employers, they conduct interviews with prospective immigrant candidates prior to deciding whether to refer them to the employer with whom they are working. Anecdotal evidence suggests that results of this experiment have been promising and efforts to evaluate and, if appropriate, apply the model in other municipalities would be worthwhile. In an effort to address this gap at the national level, in 2015 a new role was created within PES ("*Kundresurser*"). These new staff have been tasked with working to increase contact with employers and coaching of job seekers. The results of this new development, however, are yet to be felt. Elsewhere in the OECD efforts have been made to provide support for migrants from industry specific advisors with strong links to relevant employers. Such support can be provided either from within the PES or via externally funded organisations (see Box 5.1).

Box 5.1. Employment services catered to the needs of immigrants in Canada, France, and Norway

When searching for work in an unfamiliar labour market skilled migrants can benefit from tailored advice on work-search strategies and how to make contact with employers in their professional field. Such assistance can be more effective than generic job search support or CV writing workshops. Elsewhere in the OECD both Canada and Norway have found such support to be effective.

The **Ontario**-based immigrant organisation COSTI Immigrant Services offers tailored services to different categories of foreign-born persons. Within the programme, clients are offered work-search strategies and support in line with their professional field. Services include workshops on diversity and adapting to the Canadian workplace; credential evaluation assistance; writing job applications; accessing mentoring opportunities and searching for employers; interview preparation and one-to-one employment counselling. Service is offered in a wide range of different languages. There is no fee for the programme which is funded by the government.

In **France**, the PES has formal agreements with large company networks and industry sectors concerning recruitment support (European Commission, 2012b).

In **Norway** "NAV Intro", a branch of the Norwegian Employment Service, has been facilitating the labour market integration of immigrants and their children since the 1980s.

Box 5.1. Employment services catered to the needs of immigrants in Canada, France, and Norway *(cont.)*

While immigrants with medium-level skills are seen as being sufficiently taken care of by the regular mainstream services, alongside low-skilled immigrants the NAV Intro targets immigrants who are highly qualified, providing each with a specialised caseworker. The office has established close connections with employers, and ensures regular follow-ups for immigrants in work placements. NAV Intro offices, across the country, also assist the regular local NAV offices in their region to account for the needs of immigrants by providing training in counselling for persons with an immigrant background, advice in the design of programmes for immigrants with special needs, and general information on the merits of diversity in the workplace. NAV Intro also provides information sessions for employers regarding diversity matters.

Source: OECD (2012), *Jobs for Immigrants (Vol. 3): Labour Market Integration in Austria, Norway and Switzerland*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264167537-en; http://www.costi.org/programs/; and European Commission (2012), *How to Best Structure Services for Employers*, Brussels.

Alongside the PES, voluntary mentors can provide a supplementary job brokerage role for migrants (see OECD, 2007). Such mentorship programmes match immigrant job seekers with a native-born individuals with a similar background (e.g. sex, age and occupation) with the aim that the native-born person provides the immigrant with general information about host society procedures, institutions and practical issues (see Box 5.2 for a discussion of various mentorship schemes in use in other OECD countries). The mentor can also offer the immigrant the benefit of his/her own contacts and in some cases, even act as an intermediary to potential employers. Mentorship programmes which help to overcome information asymmetries; providing immigrants with access to personal networks and tacit knowledge about the functioning of the labour market while involving the native population have become increasingly popular among OECD countries in recent years. Indeed countries such as in Denmark and France have introduced these programmes on a large scale. Attempts to introduce mentoring programmes in Sweden have, thus far, been decentralised and report to have struggled to gain sufficient volunteers to cater to the large number of potential beneficiaries. The reasons for this are not entirely clear since, in other countries, practitioners report that finding mentors has not been an issue.

Box 5.2. Mentorship programmes in Denmark and Norway

Mentorship programmes in which native-born individuals, or established migrants, share their knowledge and contacts with new arrivals, can be particularly valuable for skilled-migrants searching for employment. In Sweden, where vacancies are frequently filled through non-formal channels, such programmes hold particular promise.

In **Denmark**, the *Kvinfo* mentorship programme that started in 2003 is an independent institution under the Ministry of Culture run through the regional branch. The programme uses a database of interested parties to matches immigrant women (especially refugees) with native-born women who have experience in the labour market. The mentor is expected to share his/her experiences, to advice the immigrant and open his/her network to the respective mentee. They discuss issues such as how to write job applications, job interview practices and how to establish contacts with potential employers and professional networks. The mentorship relationship is initially established through a formal agreement fixing a determined timeframe (generally between six months and a year). When the time-periods come to an end, the formal mentorship period ends however an informal mentorship relationship often continues as an informal friendship (OECD, 2007). Between 2003 and 2013, the Kvinfo Mentorship programme matched around 3200 mentees and mentors.

In addition to the goal of helping migrants to build professional networks and gain knowledge of the Canadian labour market, the "Mentoring Partnership" run by the Toronto Region Immigrant Employment Council (TRIEC) also provides employers with the opportunity to engage with persons with international professional experience. Employer partners contribute to the programme by engaging identified employee groups to become mentors, marketing the Mentoring Partnership internally to employees, and hosting orientation events for mentors.

The **Norwegian** Enterprise's Regional Federation for the Agder Region in Southern Norway established a mentorship programme for highly-educated migrants in co-operation with the local business school. Native students who participated in the project as mentors could obtain credits for their university in the framework of management development skills.

Two years has rarely been sufficient to find employment, particularly for the low-skilled

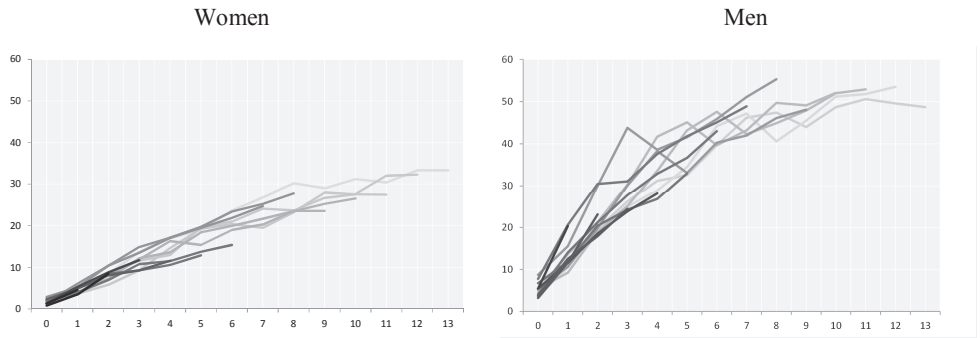
While two years may be enough for some of Sweden's new arrivals to prepare for Sweden's labour market, it is rarely sufficient to enable those with very low skills to enter sustainable and unsubsidised employment. Indeed, the majority of Introduction Programme participants require longer than two years to find employment.

Figure 5.2 which shows, for each refugee cohort, the proportion of the population that has entered employment according to the number of years they have been resident in Sweden. The numbers differ marginally from cohort to cohort. Beyond the influence of policy, this results from changing macroeconomic conditions and the changing composition of the migrant population in each cohort. Nevertheless, across cohorts, the pattern has

remained relatively constant. What clearly stands out from Figure 5.2 is that those who are most distant from the labour market require many years to find employment and, under the current integration system, a large number never do so. Disaggregating these figures by gender it becomes apparent that, among women, the hurdles are still higher. After eight years in Sweden, the employment population ratio among low-educated women tends to stabilise, with approximately 70-80% of women still out of work.

Figure 5.2. Employment population ratio of primary or lower secondary educated refugees and accompanying family by duration of stay, 2000-13

Percentage of women and men aged 20-64



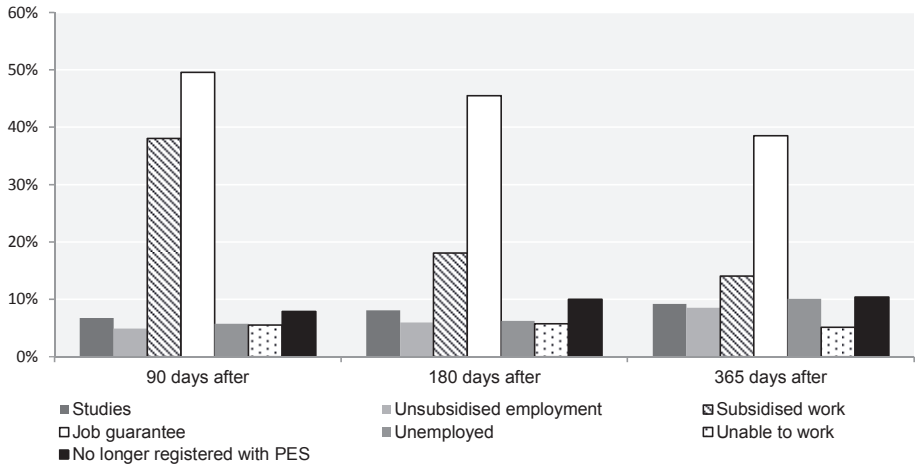
Note: Darker lines represent more recent cohorts.

Source: Data provided by Statistics Sweden.

After completing the introduction programme, the majority of migrants remain registered with the PES. Indeed in 2015, 90 days after finishing the introduction programme 50% of former participants were still enrolled in other labour market programmes, largely the Job and Development Guarantee (see below for a discussion of this programme), while only 31% of participants were in work or education (Figure 5.3). Of these 31%, the majority (19%) were employed in the subsidised employment provided by "Step-in Jobs", "New Start Jobs" (see Chapter 4 for a discussion of these programmes).

Figure 5.3. Status after the introduction programme, 2015

Status after 90, 180 and 365 days after finishing the introduction programme

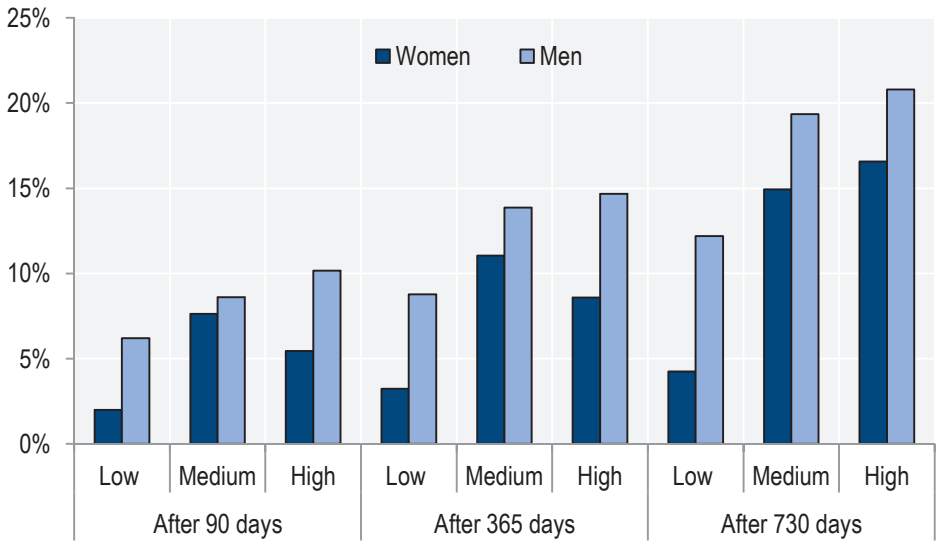


Source: Arbetsförmedlingen (Swedish PES) 2014.

Only 5% of former participants were in unsupported employment within 90 days of the end of the introduction programme. These low rates of unsubsidised employment are particularly pronounced among those with a low level of education, and tend to be quite persistent over time. Two years following the end of the Introduction Programme, only 12.2% of men and 4.2% of women who hold only a primary of lower secondary level of education had managed to enter regular (unsubsidised) employment (Figure 5.4).[2] This is worrisome since, in 2014, 37% of introduction programme participants arrived with this level of education, between 2010 and 2013, the figure hovered around 50%.

Figure 5.4. Introduction programme participants in unsubsidised work, by level of education, 2015

Status after 90, 365, and 730 days after finishing the introduction programme.
Participants who left the programme between 2010 and 2013



Source: Based on data provided by Arbetsförmedlingen (Swedish PES).

…But outcomes vary across the country

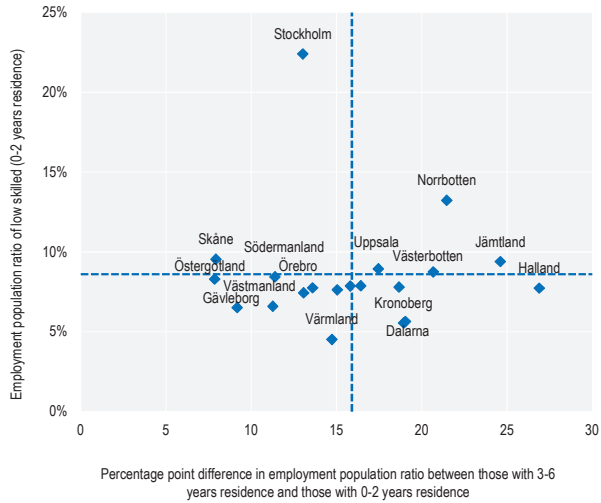
National guidelines on the labour market component of activities undertaken during the introduction programme are limited to the requirement that these activities contain a mixture of preparatory activities and labour market programmes and there is little data collected regarding the content of introductory activities undertaken by new arrivals across the country.

However, the extent to which local PESs are successful in moving migrants into work has varied across the country – particularly among the highly-qualified.[3] Indeed, while employment population ratios among the highly-educated tend to hover around the national average of 10% in the early years following arrival, the share that move into employment in the four years that follow varies substantially across the country – ranging from a 22 percentage point increase in Skane, to a 45 percentage point increase in Halland (Figure 5.5, Panel B).

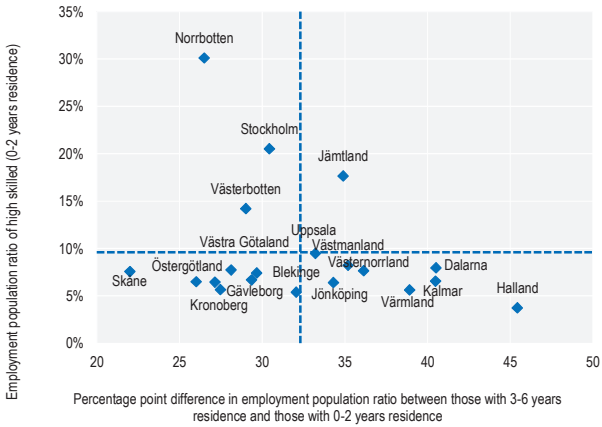
Figure 5.5. Employment pathway of refugees and their accompanying family, by education and duration of residence, 2014

Employment population ratio upon arrival, and percentage point increase in employment population ratio within first six years of residence

Panel A. Low (ISCED 0-2)



Panel B. High (ISCED 5+)



Note: This figure is based upon cross-sectional data and does not, therefore, account for the different compositional make-up of refugee cohorts.

Source: Based upon data provided by Statistics Sweden.

The motivation for moving responsibility for migrant integration to the PES was to overcome regional disparities that had arisen under the aegis of municipalities. To the extent that regional disparities remain it will be important to investigate the extent to which these stem from local labour market conditions, from local PES referral practices, or from lack of co-ordination between actors at the local level. This will require the collection of performance indicators both for inputs and for final outcomes – both to gain an insight into the relative performance of different parts of the organisation as well as to gain an understanding of what appears to be working. In Australia and Switzerland a rich set of job seeker characteristics and survey information on local labour market performance is used to compare local PES office performance on a regression-adjusted basis (OECD, 2013).

The post-introduction Job and Development Guarantee is, for many, a dead end

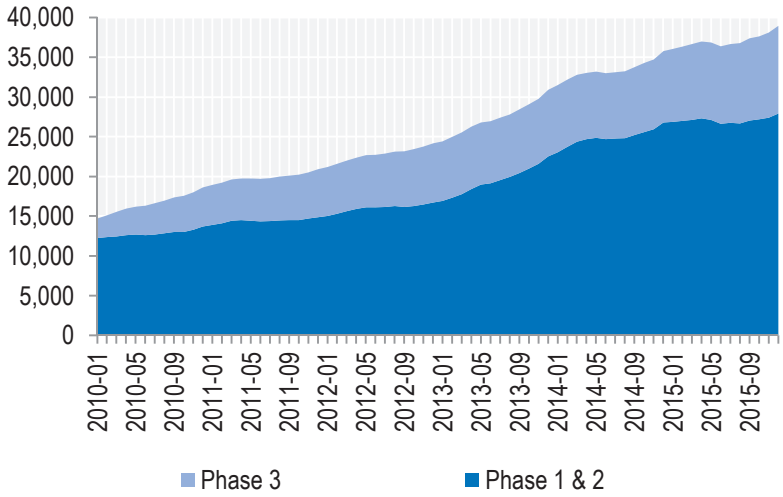
Following the introduction programme, many migrants move directly to the labour market programme *Job and Development Guarantee.* In 2015, close to half of former introduction programme participants were registered on this programme 90 days following the end of their introduction programme. Those under 25 are referred to the Job Guarantee for youth (3%), while those who are over 25 are referred to the Guarantee for the long-term unemployed (44%). Though these programmes are not specifically targeted at immigrants, there are a large number of immigrants among their beneficiaries. And indeed, by the end of 2015 the foreign-born accounted for over 55% of Job and Development Guarantee participants up from 33% in 2010 (see Figure 5.6). As a result activities targeting those specific hurdles that impede labour market success of the foreign-born should not be overlooked at this point.

The Job and Development Guarantee for long-term unemployed has, until February 2016, consisted of three phases. In a first phase, lasting 30 weeks, the participant is offered job search training and coaching, in the second phase, which lasts for a further 60 weeks, participants are offered work experience and in the final phase, which is open-ended, participants are given permanent publicly funded employment (Figure 5.7 outlines the various stages of this process).[4] Participants on the Job and Development Guarantee and the Youth Guarantee receive PES-funded activity support development support for up to 450 days.[5] Thereafter, those without other means are referred to the municipalities for welfare support.

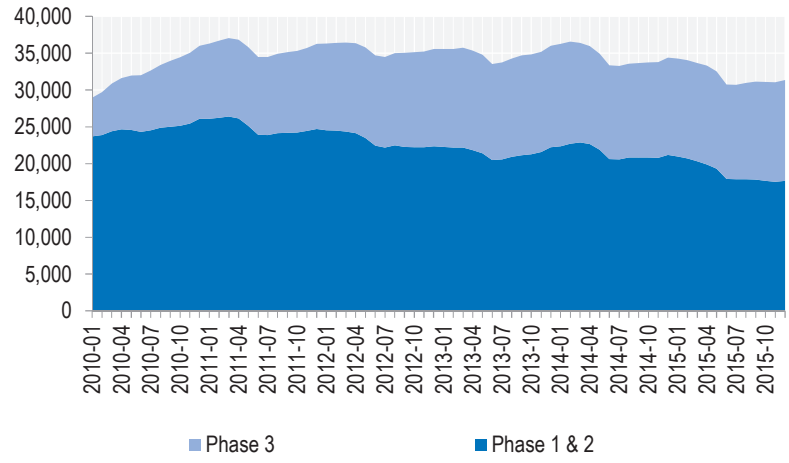
Figure 5.6. Job Guarantee participants by programme phase

Number of participants

Panel A. Foreign-born participants

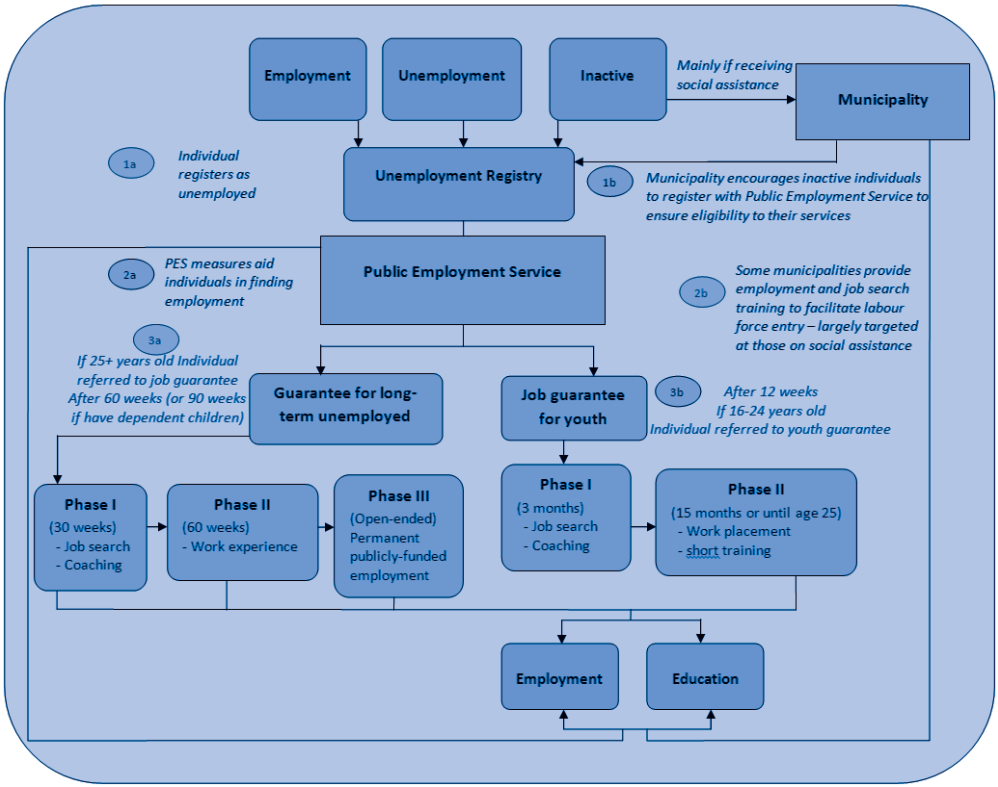


Panel B. Native-born participants



Source: OECD Secretariat calculations based upon figures provided by Arbetsförmedlingen (Swedish PES).

Figure 5.7. The pathway to work among established migrants



Source: OECD Secretariat analysis based on national legislation and regulations.

While the outcomes Job and Development Guarantee participants would have achieved in the absence of the programme are unobservable, some sense of the effectiveness of the programme can be ascertained from the proportion of participants that are able to leave the programme to move into employment. At 4% per month, outflow from the Job and Development Guarantee implies that participants remain on the programme for an average of about two years before finding work.[6] However, while close to 60% of job guarantee participants leave the programme in the first year; the remaining 40% experience considerable difficulties in moving out of the programme.[7]

Currently however, by the time participants reach phase 3 of the programme, the job search and training activities of the Job and Development Guarantee peter off such that those in need of the most support

to enhance their employability are not able to access it. Indeed many participants report being parked in subsidised employment with employers who have no intention of hiring them on a regular contract and, in some cases, offer very little in terms of a work programme. Learning at this stage is likely to be extremely limited and the employability of participants is not likely to be enhanced. By the end of 2015 there were 25 000 people enrolled in phase 3 of the Job and Development Guarantee; 45% of these were foreign born.

In response to this lack of success on the part of phase 3 to move individuals back into work, it has recently been announced that this third stage of the Job and Development Guarantee will be phased out and replaced with a greater focus on vocational training. Ensuring that training accompanies workplace experience is an important step in preparing those that have become distant from the labour market for productive work. However it is important that vocational programmes remain closely linked to the world of work and do not become holding bays for those migrants that are difficult to place. At the same time, those migrants arriving in Sweden without the skills that are necessary for participation in the Swedish labour market should be offered a structured route to gaining these skills, rather than being moved from short PES-run courses on the introduction plan, into job search and work experience courses during phases 1 and 2 of the Job and Development Guarantee, before moving back to education in phase 3.

And lack of continuity may mean some fall through the cracks, particularly women

Given the extent to which many migrants still require support following the introduction years, continuity at this stage is of critical importance. However, delays before starting the Job and Development Guarantee Programme are common and many migrants fall into unemployment while waiting to start. During the introduction programme, specific resources are devoted to migrants and the division of responsibilities are clear. After the two years, however, when the programme ends the PES has only a few activities targeted at migrants. “Step-in jobs” is one such programme, the majority of the other programmes are untargeted and enrolment is open to all unemployed people. The rationale behind the abrupt end to targeted programmes is the belief that after two years migrants should be integrated in Swedish society and further targeting would discriminate them unnecessarily from native-born individuals in need of support.

However many, particularly women, get lost in the mainstream and become increasingly distant from the labour force following the end of introductory activities. The introduction programme represents an important

opportunity to reduce the gap between women and the labour market. If the labour market activities of the introduction plan are able to bring women closer to the labour market and prepare them for work, there will be a long-term payoff – both for the women themselves, for their families and for society. However, if momentum is to be maintained, it is important to build on the initial steps taken during the introduction period. Currently, when introduction activities end, many women are becoming increasingly distant from the labour force and, in 2015, the proportion of former female participants no longer registered with the PES increased from 11%, 90 days after the end of the introduction programme, to 19% one year later (Table 5.1).

Table 5.1. Status after the introduction programme, 2015

Status after 90 and 365 days after finishing the introduction

	90 days after finishing the Introduction Programme		360 days after finishing the Introduction Programme	
	Women	Men	Women	Men
Working/studying	21%	39%	26%	39%
Work (subsidised)	3%	5%	2%	3%
Work (not subsidised)	3%	6%	5%	11%
Work New Start jobs	7%	22%	7%	18%
Studying	8%	6%	12%	7%
Programmes within PES	53%	47%	40%	37%
Job and Development Programme	48%	42%	34%	31%
Youth Job Programme	3%	4%	3%	4%
Unemployed	6%	6%	8%	12%
Prevented to take immediate work	9%	3%	7%	3%
Left PES	11%	5%	19%	9%
Total	100%	100%	100%	100%

Source: Figures provided by Arbetsförmedlingen (Swedish PES).

Women will often need additional support to boost their confidence through mentoring schemes, outreach, and support during the initial period of work (see Box 5.3 for some policies targeted specifically at women in OECD countries).

Box 5.3. Programmes targeted at women with a refugee background in Australia and Norway

In many OECD countries programmes have been designed to specifically target women with a refugee background in order to help them overcome the specific difficulties they face.

In **Australia** a number of such programmes have been developed with the goal of helping refugee women develop new skills and increase their participation in the labour market. Programmes in this ilk include the New Futures Training Program run by the Victorian Cooperative on Children's Services For Ethnic Groups (VICSEG) which trains people, predominantly women, from culturally and linguistically diverse backgrounds to be certified childcare workers. The programme has the dual aims of i) equipping these women with skills that are valuable in the workforce, and ii) diversifying the childcare sector so that it is better equipped to meet the needs of families from various backgrounds. In addition to training towards the attainment of a childcare certificate the programme also offers: pre-employment training to familiarise participants with the Australian labour market, mentoring from community members currently in the childcare sector, and follow-up supervision in the workplace. The programme has been successful in increasing labour force participation and levels of employment for women. Alongside this the Stepping Stones to Small Business programme offers mentoring, business training and support as well as help and support in gaining access to micro-finance loans.

In the **Norwegian** municipality of Levanger, a new model for shaping measures and ways of co-operation has been piloted which gives women arriving as refugees or family migrants with low education a new opportunity to find regular work. In co-operation with the adult teaching centre, the municipality and local employers, the PES NAV developed an intensive 6-step model to integrate this target group into the labour market. In the first step, a curriculum has been developed jointly by teachers and professionals for the sectors of health, cleaning and early childhood education (kindergarten). After having passed the recruitment in a second step, the women are provided with three lessons of practical training, together with a workplace supervisor in the third step. These are accompanied by three lessons of theoretical training per week, for a total of 13 weeks. The fourth step consists of a one-year municipal work placement to deepen the understanding of the tasks and routines. This is followed by a fifth step which provides practice with or without a mentor in an ordinary work place. The mentor is chosen on a voluntary basis and receives compensation. As the sixth step, the objective is to find a regular job for the participants. During the programme the participants are familiarised with and use an e-learning platform dokker.no for planning, documentation, communication and assessment.

Source: Australian Refugee Council, http://www.bsl.org.au/services/refugees-immigration-multiculturalism/stepping-stones/, OECD (2016) and Froy and Pyne (2011).

Finding the right job: Recognition, validation and bridging

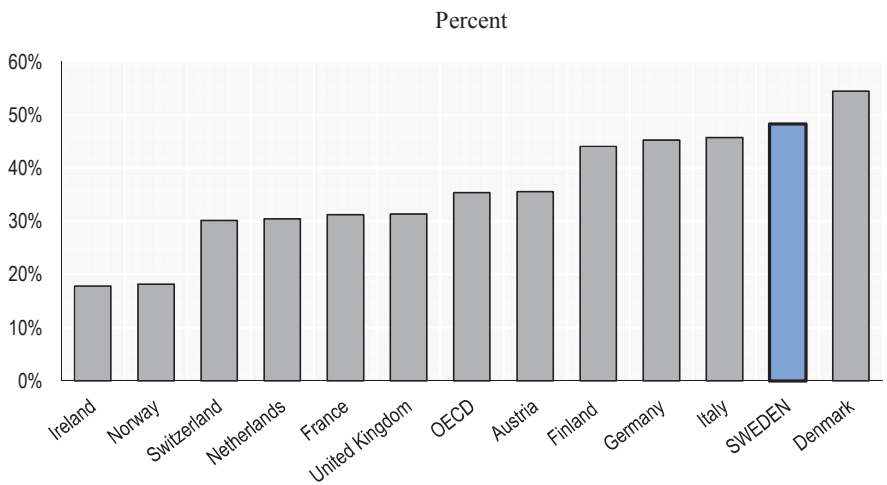
The Swedish integration system has, for some years, put a heavy emphasis on facilitating the transition of new migrants into employment. Beyond this, the emphasis of more recently policy has moved from helping migrants take steps towards employment, to helping them take steps towards

quality employment. Qualification recognition is an important part of this process however, in many cases, the qualification that an immigrant brings with them is not deemed sufficient to practice the relevant occupation in Sweden. When this is the case, areas of weakness will need to be bridged before migrants are able to use their skills on the labour market.

Migrants trained abroad face particular barriers to using their formal qualifications

Formally assessing foreign qualifications, prior learning and work experience against domestic education and training standards helps migrants to highlight their skills, increase transparency over their qualifications and make them easier to interpret by local employers. In Sweden, where a relatively high share of highly-educated immigrants have obtained their education and work experience abroad (Figure 5.8), efficient evaluation of foreign qualifications and work experience is particularly important.

Figure 5.8. Persons aged 25-64 who obtained their education outside the host country, 2012-13



Source: European Union Labour Force Surveys 2011-2013.

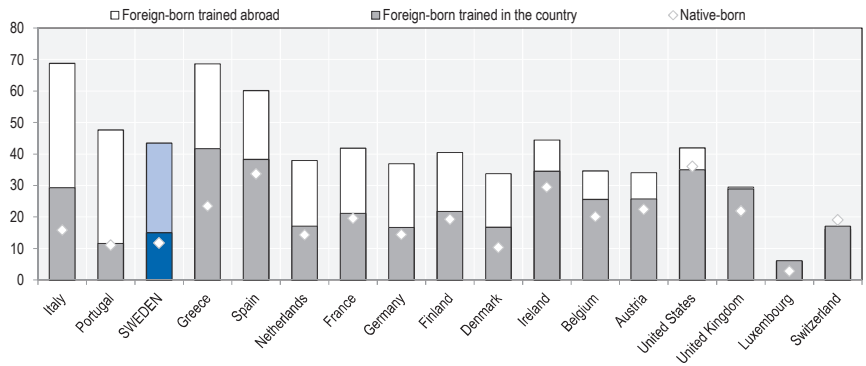
Across the OECD, education acquired outside the OECD is strongly discounted in the host-country labour market. A typical consequence of this is over-qualification. Over-qualification among the foreign-born frequently occurs when, unsure about the value of migrants' foreign qualifications, employers are unwilling to offer employment at a commensurate level. Migrants who are pushed to find work in a hurry – to become self-sufficient,

to integrate in Sweden and potentially to support a family – are particularly vulnerable to becoming stuck in a "survival job" for which they are overqualified.

In most OECD countries, the country where a person obtained their highest qualification is a stronger determinant of wages and the probability of being over-qualified than is their country of birth and this pattern is particularly stark in Sweden. While there are large disparities in over-qualification rates between native- and foreign-born employees in Sweden, much of the gap is driven by over-qualification among those immigrants with qualifications obtained outside Sweden. Where 44% of highly-educated migrants with foreign qualifications are formally overqualified for their job, the same is true for only 13% of the highly educated immigrants with Swedish qualifications. Alongside Sweden, only Italy and Portugal see overseas training so heavily penalised (Figure 5.9).

Figure 5.9. Over-qualification rates among native- and foreign-born by where qualification obtained, 2012-13

Percent of individuals aged 15-64 who are not in education



Note: Data are ordered according to the disparity in over qualification rates between the native-born and the foreign-born who were trained abroad.

Source: Adapted from OECD and European Union (2015).

Sweden has a relatively advanced recognition framework…

The recognition of foreign higher qualifications has a long history in Sweden, dating back to 1987. Since then, recognition has evolved from a relatively strict comparison of training contents to a more flexible assessment of qualifications based on a variety of programme characteristics.[8] Responsibility for the recognition of foreign qualifications has, since 2013, been the responsibility of the Swedish Council for Higher

Education.[9] Alongside this the assessment and recognition of foreign qualifications in occupations that are regulated by law has always been the responsibility of the competent sector organisation (see Box 5.4). Figure 5.10 below illustrates how authority is divided among the relevant agencies depending on whether recognition is undertaken for work or education purposes, and in regulated or unregulated professions.

Box 5.4. The current policy framework for the recognition of foreign qualifications in Sweden

Co-ordinating bodies

- Since 2013, the assessment and recognition of foreign upper-secondary, post-secondary, and tertiary education for labour market purposes is undertaken under the aegis of a new agency, the **Swedish Council for Higher Education**. In 2014, the agency received more than 18 000 applications, of which more than 14 000 resulted in recognition statements.[1]
- Applications for recognition for the purpose of further studies are also treated by the Swedish Council for Higher Education – as long as they are for upper-secondary qualifications. Persons who want to pursue studies at the master level or above in Sweden have their higher education credentials evaluated during the process of admission by the competent **higher education institution**.
- Applications for recognition of degrees – both academic and non-tertiary – in *regulated* professions are assessed separately by each **regulatory authority** for their respective professions. The most important ones are the National Board of Health and Care (*Socialstyrelsen*), which recognises the qualifications of doctors, nurses, dentists (and 18 other professions in the health care sector) and the Swedish Board of Agriculture, which validates veterinary qualifications. The Swedish National Board for Education (*Skolverket*) recognises teaching qualifications.

Eligibility

All immigrants with a valid residence permit can apply to have their foreign qualifications assessed and recognised at the Swedish Council for Higher Education. Asylum seekers already in the country can apply for recognition while their request for asylum is pending.

Language

Applications may be submitted for recognition either in Swedish or in English. Furthermore, translation is not required for qualification documents in Danish, Finnish, French, German, Icelandic, Norwegian and Spanish.

Costs

Recognition of qualifications in non-regulated professions is free of charge. Recognition of academic qualifications in regulated professions is usually subject to a fee (between EUR 50 and EUR 200), and so is recognition of non-academic qualifications in regulated professions (around EUR 990). Unemployed persons may have their qualifications assessed and recognised as part of a labour market programme.

Box 5.4. The current policy framework for the recognition of foreign qualifications in Sweden *(cont.)*

Outcome of the recognition procedure

The outcome of the recognition procedure depends on the type of qualification and the purpose for which recognition is sought.

- Recognition of education credentials for the purpose of *further study* results in an evaluation report stating whether the applicant meets the entry requirements for programmes at Swedish Higher Education Institutions.

- Applicants in unregulated occupations who have their qualifications recognised for *labour market purposes* receive a statement describing their foreign qualifications and comparing it in level and subject to an equivalent Swedish qualification. The result is a recognition statement indicating full or partial equivalence with a Swedish degree. Along with the statement the applicant receives a letter with concise information on how to proceed with studies or start working. Since 2012, there is also a separate cover letter addressed to employers. A Swedish degree is obtained only if the relevant educational body assesses actual competences after being admitted and registered as a student.

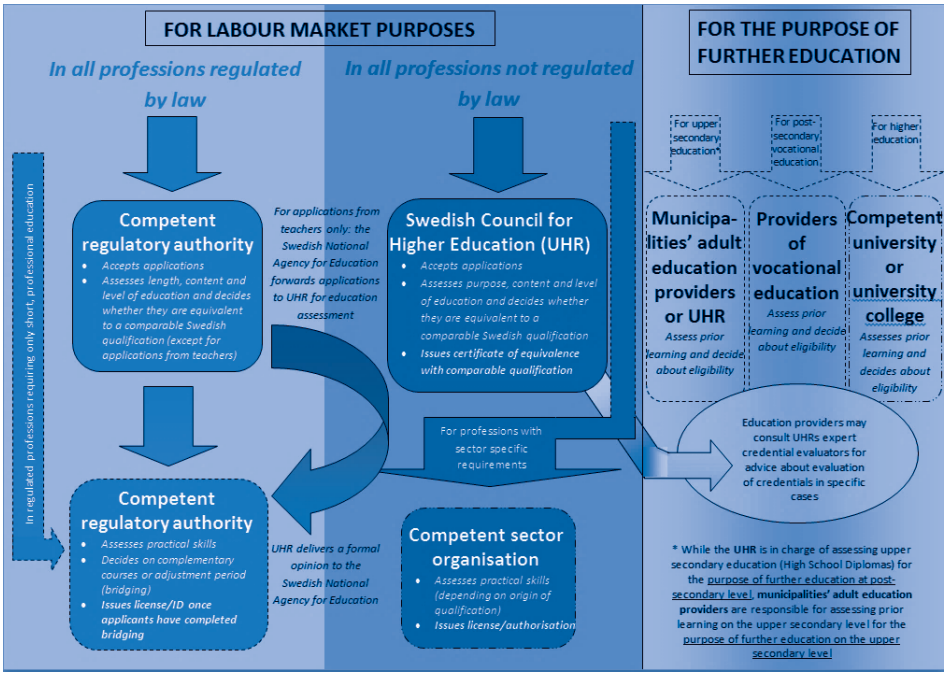
- Recognition in regulated professions results in a legally binding certificate of equivalence provided that the applicant has completed additional competence requirements (such as Swedish language, a knowledge test, and a supervised trial period at the workplace).

1. This does not include those applications that are transferred to UHR from the National Board for Education (about 1 200 in 2013).

Source: Swedish Ministry of Employment.

In recent years Sweden has taken significant steps towards increasing the clarity of the recognition process and reducing the number of actors involved. In 2013, the Swedish Council for Higher Education (UHR) was given the mandate to assess post-secondary and vocational training from the Agency for Higher Vocational Education, and with this move a single unit in charge of assessing and recognising foreign upper-secondary, post-secondary, and tertiary education for labour market purposes in all occupations that are not regulated by law was established. This simplified framework increased the transparency of the process such that it is now easier for applicants to know who is responsible for assessing their qualifications.

Figure 5.10. Credential recognition and validation in Sweden



Note: Solid lines represent procedures related to the assessment and recognition of formal qualifications. Dotted lines represent procedures for the recognition of prior learning (RPL). Sector organisations and universities or university colleges may be competent to assess and recognise both formal qualifications and prior learning, which is why the lines surrounding these institutions are a mix between dotted and solid.

Source: OECD Secretariat analysis based on national legislation and regulations.

Partially in response to this, and partially a result of the increasing number of inflows and attempts to integrate the recognition procedure within the Introduction Programme, recent years have seen a significant increase in the number of qualifications submitted for recognition. The increase has been particularly pronounced at the Swedish Council for Higher Education, where the number of applications has nearly doubled over the past three years, reaching 24 800 in 2015 (Table 5.2).

When it comes to qualifications in regulated professions, the recognition procedure still involves many actors, each with heterogeneous procedures, fees, processes and bridging courses (see Box 5.4 above). The majority of applications for the recognition of foreign qualifications have been filed in the health sector, with the National Board for Health and Welfare, and in the teaching profession.[10]

Table 5.2. Applications for recognition of foreign qualifications received by the Swedish Council for Higher Education and the National Board of Health and Welfare, 2012-14

Type of degree	2012	2013	2014	2015	Change 2012- 2014/15
Secondary education	5 377	6 082	8 442	10 340	92%
Post-secondary vocational education	792	1 260	1 837	2 760	248%
Academic training	5 431	6 643	7 811	9 775	80%
Teacher training	1 005	1 228	1 193	1 896	89%
Sub-total at Swedish Council for Higher Education	12605	15 213	19 283	24 771	97%
Health occupations (from non-EU/EEA countries)	1 229	1 454	1 973	n.a.	61%
Health occupations (from EU/EEA countries)	2 601	2 289	2 457	n.a.	-6%
Sub-total at SoS	3 830	3 743	4 430	n.a.	16%

Note: Applications for recognition of secondary education, post-secondary vocational education, academic training and teacher training are treated by the Swedish Council for Higher Education. Applications for recognition in health occupations are treated by the National Board for Health and Welfare (SoS). The number of applications for recognition of secondary and post-secondary vocational education, as well as the number of applications received for the recognition of academic training and teacher training includes applicants from EU/EEA countries.

Source: Data received from *Universitets- och högskolerådet* (Swedish Council for Higher Education), 2016 and *Socialstyrelsen* (National Board of Health and Welfare) 2015.

Box 5.5. The outcome of the recognition procedure for foreign qualifications

Rejection rates are an important indicator of the performance of a recognition system. Depending on the context, high rejection rates can reveal complex regulations and a lack of information, resulting in incomplete or ineligible applications, or rigid treatment by authorities. They may also reflect deviations in training standards or education requirements for particular professions. Data from the Swedish Council for Higher Education suggests that the likelihood to obtain a recognition statement varies significantly with the type of qualification. Secondary qualifications are usually recognised (with 87% of the decisions made in 2015 resulting in a recognition statement) and the same was true for almost three in four applications for the recognition of higher education credentials. At the same time, in 2015, merely 58% of decisions made on post-secondary vocational education resulted in a positive recognition (UHR, 2016).[1] And, among those seeking recognition in the teaching profession, the Swedish Council of Higher Education estimate that, in 2015, only 36% of cases assessed resulted in a positive recognition of credentials.[2]

Box 5.5. The outcome of the recognition procedure for foreign qualifications *(cont.)*

Data from the National Board of Health and Welfare provides some evidence on the outcome of applications in the health sector but overall approval rates can only be estimated. This is due to the relatively long processing times at the National Board of Health and Welfare which can imply that one year or more elapses between the initial registration of an application and the issuance of a licence. As a result, it has not been possible to link the number of registered applications in a given year to the number of approvals made in the same year. Based on the number of approvals for bridging programmes that have been issued by the National Board of Health and Welfare it appears that doctors and dentists generally have among the highest approval rates, while applications from nurses are only recognised in less than half of all cases. Recognition is even rarer in some specialised professions such as midwifery, where there have been no recognitions in recent years.[3] Underlying these difficulties in the nursing profession is the fact that nursing requires a more advanced level of training in Sweden than it does in many origin countries. And while nurses in Sweden must complete training at university, the required training in many origin countries is at a lower academic level or too short in length. Midwifery, for example, which is a regulated profession in Sweden, requires both a diploma as a general care nurse and specialised studies as a midwife. Applications from countries where midwifery is a separate profession, not requiring a basic nursing degree, are therefore rejected.

1. According to practitioners at the Swedish Council for Higher Education, the relatively higher number of rejections for post-secondary vocational qualifications can be explained by the fact that many of the qualifications submitted as "post-secondary vocational qualifications" do not easily compare with a qualification in the Swedish education system.

2. Unfortunately, no information is available about the reasons underlying the low approval rates for teacher qualifications at the Swedish Council for Higher Education. Please note a positive decision about a teacher qualification from the Swedish Council for Higher Education is not equivalent to a recognition statement. While a positive decision is a requirement to obtain recognition, a recognition statement in the teaching profession can only be issued by the National Board of Education upon assessments of the person's actual competencies and completion of additional training.

3. While no initiatives have been taken in midwifery, universities offering bridging programmes have great autonomy in setting the entry requirements and validating the competence of applicants to the programme. According to the ordinance that regulates the bridging programmes the entry requirements to be able to attend a bridging programme is a finished foreign education that corresponds to a Swedish higher education and the entry requirements deemed necessary by the higher education institution for the students to be able to benefit from the education. The University in Gothenburg, for example, has for a number of years accepted applicants to the bridging programme for nursing from those who have not received an approval from the National Board of Health and Welfare. These students have not been found to have poorer results during the programme and, following the bridging course, have been granted their diploma to practice in Sweden.

…but processing times are long, especially in the health sector…

With the growing number of applications, processing times have slowed down significantly at all institutions involved in the recognition process. With additional resources and internal reprioritisation the Swedish Council for Higher Education has, thus far, managed to keep processing times for assessment of foreign educational credentials in non-regulated professions under five months. The increase in waiting periods for applications in the health sector, however, has been stark. And by September 2015 the waiting period between filing of an application and the first step of the assessment procedure (the evaluation of educational credentials) took, on average, a full year – increased from just five months in 2013.

Long processing times are problematic, particularly in regulated professions, where they effectively lengthen the period of time during which immigrants cannot access the appropriate labour market. To shorten lead times and meet the increased demand for recognition of foreign qualifications, additional resources for assessment activities have been allocated to the bodies in charge of recognising qualifications in regulated professions. In 2016, an additional SEK 8 million have been allocated to the Swedish Council for Higher Education, with a further 12.5 million planned for 2017. The National Board of Health and Welfare will receive an additional SEK 65 million in 2016 and another 42 million in 2017.

In addition to these increased resources, a reorganisation of tasks may help to enhance efficiency and speed up the lengthy recognition procedure in health professions. Such a reorganisation may take the form of moving responsibility for the assessment of educational credentials in health professions to the Swedish Council for Higher Education. In this manner, the assessment of all qualifications would be concentrated within one authority with expertise on foreign education systems. At the same time such a move could free resources to enable the National Board of Health and Welfare to focus on the later stages of the recognition process.[11] A further advantage of moving the assessment of education credentials from the National Board of Health and Welfare to the Swedish Council for Higher Education would be that the latter has the possibility to issue a statement of partial equivalence in cases where a qualification is perceived to differ too much in length and level from a domestic degree to merit a full equivalence. The National Board, on the other hand, can currently only issue a negative decision in such cases, which essentially excludes the person from the possibility of participating in bridging programmes.

…and barriers remain for those who have not completed their degree or lack formal documentation

Recognition of foreign qualifications can be extremely difficult for persons who have no proof of their degrees, or those who were not able to finish their course before migrating. This poses a particular problem for humanitarian migrants, who are frequently unable to bring proof of their qualification with them and who, when fleeing war and persecution, are more likely to have had to abandon their studies prior to completion. In 2014, the Swedish Council for Higher Education has started to issue a so-called background paper ("*Beskrivning av utländsk utbildningsbakgrund*") to refugees who do not have access to their educational documents. This paper provides a description of the educational background of the applicant's degree, based on his or her own description of the contents of the stated degree, as well as informal documents, the applicant's CV and reference documents held by UHR. Nevertheless, relatively few of such documents have been issued so far and applicants who are unable to provide documentation of their qualification are largely excluded from the formal recognition procedure. Given the large number of humanitarian migrants in Sweden this poses a problem and, in 2015 the Swedish Council for Higher Education rejected approximately 1 000 applications for recognition due to a lack of documentation.[12]

To overcome barriers related to the absence of official documents, it is important that providers of formal qualification assessments develop alternative assessment methods to ensure that completed education does not have to be repeated. In doing so they can rely on alternative forms of documentary proof that may include affidavits in which applicants describe their situation and knowledge, endorsements from professional associations, testimonies from instructors and other evidence of enrolment in an education establishment, such as published lists of registered students, student IDs, text books and other study material, notifications of attendance for state examinations, proof of tuition fee payment, and proof of professional status (OECD, 2016).

In Sweden, in an effort to address this gap, the government has recently initiated a four-year pilot scheme aiming to assess and recognise the tertiary level skills of persons with foreign qualifications, including new arrivals covered by the Introduction Act who lack full documentation of their previous education. Other OECD countries have been using various combinations of assessments, assignment and skills mapping to tackle this question for some time (Box 5.6).

Box 5.6. Recognition of foreign qualifications in case of missing or insufficient documentation

Given the circumstances under which many humanitarian migrants left their native country it is not always possible for them to bring with them proof of their qualifications, many countries are now working to develop recognition systems that do not require such formal documentation.

Norway rolled out a national recognition scheme for humanitarian migrants with little or no documentary proof of their higher education credentials. It is known as the Recognition Procedure for Persons without Verifiable Documentation (the UVD procedure) and, since 2013, has been carried out by expert committees commissioned and appointed by the Norwegian Agency for Quality Assurance in education (NOKUT). The procedure involves a combination of academic assessments, home assignments, and a mapping of work history. It results in a formal decision on whether to recognise foreign qualifications as equivalent to a Norwegian higher education degree. A survey of applicants suggests that more than half of the refugees who had their skills recognised in 2013 either found a related job or entered further education.

In **Germany**, humanitarian migrants and asylum seekers with little or no documentary proof of their foreign qualifications can have their professional competencies appraised under the terms of the Professional Qualifications Assessment Act through a so-called "qualification analysis" which assesses skills, knowledge and capabilities on the basis of samples of their work. To increase the number of quality-assured qualification analyses carried out across Germany, the Federal Employment Agency has designed a pilot project with funding from the Federal Ministry of Education and Research. The pilot supports qualification analysis practitioners through decentralised training sessions, individual consultations, work tools, knowledge management and a special fund that offers financial support to applicants for qualification analysis.

In the **Netherlands**, the Central Agency for the Reception of Asylum Seekers (COA) assists refugees who have been granted residence in compiling portfolios of their prior learning, education and work experience. The aim is to help refugees find their place in the Dutch labour market. However, they still need to supply formal proof of their qualifications. To plug that gap, the Dutch Centre of Expertise for International Credential Evaluation has worked with several refugee organisations and the business community to develop a credential evaluation instrument from the information provided by refugees.

Beyond formal qualifications, recognition of prior learning documents non-formal competences

In addition to the recognition of formal qualifications, there is the much broader issue of the recognition of prior learning (RPL).[13] RPL focuses on the assessment of non-formal and informal competences gained, not through structured programmes, but in the context of short courses, work experience, leisure activities and volunteering. The aim of RPL is to provide formal

recognition of these competences in a way that has value in the labour market and within the education system. As such recognition of prior learning is a complement to the assessment of formal qualifications and may be particularly important for immigrants, who have acquired their job related skills in a very different context. In addition, RPL can provide a relatively quick and cost-effective means to identify individual needs for further training and to prevent the duplication of training content.

Since 2009, the Agency for Higher Vocational Education co-ordinates activities related to RPL in Sweden. And although RPL was initially established in the framework of a life-long learning strategy for the entire population, in 2007 sector-specific RPL models were developed for immigrants in co-operation with industries.[14] In 2014, the PES undertook particular efforts to increase the number of new arrivals who have their skills assessed according to a sector-specific RPL procedure. As a result, the number of immigrants in the introduction programme who participated in sector specific RPL activities tripled – from 115 participants in 2013 to 355 participants in 2014. Despite the stark increase, this number continues to represent only a marginal share of the 42 160 new arrivals that were covered by the introduction programme at the end of 2014 (Arbetsförmedlingen, 2015).[15]

Since 2014, significant efforts have gone into the development of further sector-specific RPL models for new arrivals. They typically entail a general mapping of competencies and a skills assessment at the work place and result in the issuance of a license or an equivalent industry specific certificate. Such models have been put in place in a total of 20 sectors, covering 140 occupations. However, although they are used by a wide range of actors including the PES, individual employers, and adult education providers, existing industry specific RPL models are still widely under used by immigrants.

As outlined in Box 5.7, the four principal providers of recognition of prior learning are the municipality's adult education providers, the providers of vocational education and the universities or university colleges and the sector organisations. While the first three institutions recognise the prior learning of people who would like to enter the education system, sector organisations have developed RPL procedures for persons whose plan is to work.

Box 5.7. Swedish Policy at a Glance: Skills assessment and recognition of prior learning

Co-ordinating body: From early 2016, the National Delegation on Validation will take over from the Agency for Higher Vocational Education in order to monitor, support and co-ordinate the development of a comprehensive national structure for the assessment and recognition of prior learning and education.

Main actors involved: Responsibility for recognition of prior learning in Sweden is currently split between various institutions, depending on the type of competencies that are to be assessed and the purpose for which RPL is sought:

- The *municipal adult education system* recognises secondary and vocational competencies for access to vocational education at the upper secondary level.
- The *providers of vocational education* recognise secondary and vocational competencies for access to vocational education at the post-secondary level. RPL within the vocational training system usually involves a mentor or instructor from the workplace.
- The *universities or university colleges* recognise prior learning for the purpose of entering a higher education programme.
- Immigrants who want to work in an occupation with sector specific requirements may require a license or ID to practice their occupation in Sweden. Licenses and IDs are issued by the *competent sector organisation* upon an assessment of the immigrant's practical skills. Such assessment is based on occupation specific sector models, developed jointly by employers and union representatives.

Immigrants that are covered by the Introduction Act are referred to the competent provider of RPL by the *PES*, based on their profile and individual needs. Where RPL relates to the labour market, the PES often performs the procedure on behalf of, or in co-operation with, other competent bodies. In 2014, the PES had a special mission to increase the scope of validation of professional competences among new arrivals.

Costs: Recognition of prior learning is free of charge both within the education system and when undertaken as part of a labour market programme. Where sector specific RPL is not performed as part of a labour market programme a fee (EUR 50-200) may apply for applicants who require a license to practice.

Outcome of the RPL procedure: If RPL is performed within the education system, the results are usually educational marks (in adult education) or formal educational credits (in higher education). Where RPL is performed for labour market purposes, succesful candidates are awarded occupational certificates or licenses, provided that sector-specific validation models were used.

Source: Arbetsförmedlingen (Swedish Ministry of Employment).

To facilitate co-ordination and clarify responsibilities among the various actors involved in the assessment and recognition of prior learning in Sweden, various reports have underlined the need for a central body to steer the overall process and act as an intermediary board between the various actors involved in the process (Arbetsförmedlingen, 2015; UHR, 2014). Between 2009 and 2015 the Swedish National Agency for Higher Vocational Education had been given this role, however, representing just one player in the multi-layered RPL system, the agency has experienced some limitations in strengthening co-ordination and enhancing clarity.

The recent decision to establish a national delegation in charge of the co-ordination and development of RPL will put in place a more representative body, composed of delegates from all the relevant authorities in the field of RPL and foreign qualification recognition, including the PES, the Swedish Council for Higher Education and the Social Partners. As such, the delegation should be in a position to monitor, mediate and improve RPL activities regardless of whether these are anchored in the education system or the labour market institutions. The new body is expected to submit regular proposals to the government about how to improve the overall structure for RPL and skills assessments. For this task, the delegation has been allocated a budget of SEK 5 million over the period 2016-19.

The extent and scope of bridging in Sweden remains limited

Bridging began in Sweden at the beginning of the 1990s when various university courses were introduced, largely on a temporary basis, to target professions facing shortages in labour supply – largely within the health sector. The number of professions covered by bridging courses was expanded in the 2000s as the Ministry of Integration began to finance these courses on a regular basis, expanding this list of professions to include jurists, law graduates, teachers, advanced administrators, and later physicians, nurses, dentists and veterinarians.[16]

In a recent evaluation of the complementary education in Sweden, Niknami and Schroder (2014) match course participants to non-participants on the bases of demographic, labour market and educational characteristics. The authors find that complementary education has a positive impact both on the probability of employment and on the incomes of those undertaking such education in both the teaching and administrative professions. The authors identify a 17.5 percentage point increase in the probability of employment of those undertaking complementary education in teaching and a 15.4 percentage point increase among those undertaking administration programmes.

The number of professions in which bridging courses are offered, however, remains restricted. And, prior to the Fast Track agreements currently under negotiation (see below), bridging has largely been limited to the regulated professions including the teaching (500 places in 2016), health (165 places for physicians, nurses and dentists), and legal professions (30 places open to jurists). Furthermore, even in the teaching profession, where the bridging offer is most developed, Niknami and Schroder (2014) estimate that less than 1% of immigrants who meet the eligibility criteria for these bridging courses participate in such a course.[17] The availability of bridging places will, to some extent, be addressed through the Fast Track initiative and indeed, in the teaching profession alone, the PES has contracted with universities to procure courses for 500 participants of the new "Fast Track for Teachers" (see Box 5.10 below). This, however, is separate from the validation courses offered by universities and it is hoped that participants will later apply to take part in the bridging programmes for teachers. However, there remains much work to be done in order to achieve the scale needed to ensure that migrants arriving with skills and qualifications are able to use their competences in Sweden.

And some bridging courses can be difficult to access for those in employment

The emphasis on rapid labour market integration that has arisen from the labour market focus of integration in Sweden can, to some extent, create a conflict with the goal of finding appropriate employment that takes full advantage of each migrant's skills, qualifications and experience. While encouraging new arrivals into early employment can bring benefits in terms of their short-term integration, language acquisition and self-esteem it can entail long-term costs if these migrants become stuck in "survival jobs". Highly-qualified immigrants who take up employment in positions for which they are overqualified are likely to be at a particular disadvantage when it comes to taking advantage of bridging courses in Sweden. In the first place, given that these immigrants are no longer among the unemployed, they are ineligible for PES support and may struggle to identify appropriate bridging courses.[18] In the second place, the time commitments imposed by a survival job can mean that a "topping up" existing qualification alongside work is rarely a feasible option. Bridging courses are organised by the higher education institutions. They are largely full time and last for a number of years. Bridging courses for health care professionals last for one year while those in legal profession tend to last for two years.

The teaching profession, and to some extent the legal profession, provide an exception to this inflexibility and some higher education

institutions offer bridging programmes for teachers that are part-time. In addition modular courses enable institutions to take existing studies and subject knowledge into account before deciding which modules are necessary to top-up knowledge gaps and thereby to tailor the course duration to the needs of the individual. Lastly some of the courses on the bridging programmes for teachers can be partially undertaken via distance learning enabling those with family or employment commitments that render travel to the university difficult to supplement their learning from home. This flexibility, however, could be expanded in the bridging courses available in other professions as has been done in Germany (see Box 5.8).

Box 5.8. Individualised bridging in Germany

In 2012 a new Federal Integration Act entered into force in Germany covering 600 occupations – both regulated and non-regulated. A primary innovation of the act was to ensure that equivalence between foreign qualifications and German occupational profiles is now assessed on an individual basis such that where further bridging measures – such as training or experience – are needed they can be tailored to the requirements of the individual thereby avoiding unnecessary repetition.

Given that the outcome of individualised recognition is liable to be quite unique the resultant bridging requirements are unlikely to be fulfilled by any one specific course without substantial repetition. As a result where an individual is found to require further practical training to achieve equivalence with a German qualification

Bridging for an individual that is found to require further theoretical training in order to achieve equivalence will likely involve a degree of participation in regular courses. Some regulated professions are now co-operating with recognition authorities and educational institutions in order to divide the course work into several modules. These modules can then serve as an orientation to recognition authorities who are able to require candidates to attend only those modules relevant to the competencies that they are found to be lacking. The flexibility inherent in this modularisation enables a more individualised bridging offer that is able to avoid unnecessary repetition.

Practical experience on the job is also often required as part of the individualised recognition notification. If an individual is found to require additional hours of experience in a German professional context then the educational institute conducting the bridging course will use their networks to identify an appropriate job or internship, and support the candidate in applying to the position.

Source: Tür and Tür (see http://www.tuerantuer.de/integrationsprojekte/migranet.html).

Alongside flexibility in bridging courses, co-operation with employers is critical in facilitating the combination of employment and bridging. Effective bridging courses are built upon a partnership of actors that extends beyond colleges and universities to regulatory bodies, employers and the

immigrants themselves. In particular, involving employers can be critical to the success of effective and flexible bridging programmes.

In the first place, given that it is ultimately up to employers to accept the recognised skills of migrants as "equivalent", employer involvement in recognising learning, identifying knowledge gaps that require bridging, and implementing assessments and training, is critical to the success of such measures. Some efforts, undertaken in Denmark and in the Netherlands, to engage employers in the assessment of the skills of migrants are outlined in Box 5.9.

Box 5.9. Employer involvement in skills assessment in Denmark and the Netherlands

In close co-operation with employer organisations and trade unions the **Danish** Ministry of Employment has established five Regional Knowledge Centres for the Clarification of Competences of Refugees and Immigrants. Created back in 2004, the centres have since supported employers, local authorities and job centres in assessing immigrants' practical, interpersonal and social skills rather than providing formal recognition of foreign qualifications. Based on different assessment activities, most of which happen in the work place, immigrants are issued a digital "Competence Card" that sets out their skills, and which employers can consult online. A robust evaluation of the Competence Card is still outstanding but anecdotal evidence suggests that awareness of and interest in the tool has grown among employers since the launch of the centres.

The **Netherlands** provide a good practice example of successful engagement with employers and social partners. In some industrial branches, trade unions and employer organisations run so-called Training and Development Funds to promote industrial training of employees. These funds are also used to assess skills and competencies of employees.

Beyond recognition of skills, employer involvement is also important to ensure that the skills addressed through bridging programmes are relevant. And, by providing work experience placements, employers can enable participants to gain the practical experience of the Swedish labour market that is a necessary complement to formal credentials. The incentive for employers to support bridging activities for their existing employees will depend, inevitably, upon the degree to which the professional field is relevant to the current position of the employee and to their future career within the company. If additional education is likely to help a foreign-born worker to improve their productivity within the company, then employers have a strong incentive to co-operate with the institutions providing the bridging programme – through flexible hours and the provision of on-the-job training, for example. If, however, the migrant is employed in a field that is distant from their existing qualification – and hence distant from the

intended bridging course – then the employer is likely to be less flexible in aiding the migrant to combine bridging with employment. With this in mind it is of paramount importance that migrants enter a field related to their experience such that, with the support of their employer, they are able to progress along a career pathway combining flexible bridging courses with practical training on-the-job.

The "Fast Track" initiative is an important step towards making pathways quicker and more flexible

Acknowledging the importance of the effective use of migrant skills, the Swedish Government has devoted much emphasis and substantial resources towards streamlining activities to match skill supply with labour demand in key sectors, and bridging is an important component of this effort. To this end, the budget bill for 2016 saw substantial allocations to bridging programmes, including additional funding for student aid, and the government has earmarked further resources for the years 2016-19 to create "Fast Tracks" in 20 different professions. These fast tracks will combine trade customised bridging education (including vocational Swedish) with validation of credentials and recognition of prior learning to provide an occupational certificate (see Box 5.10).

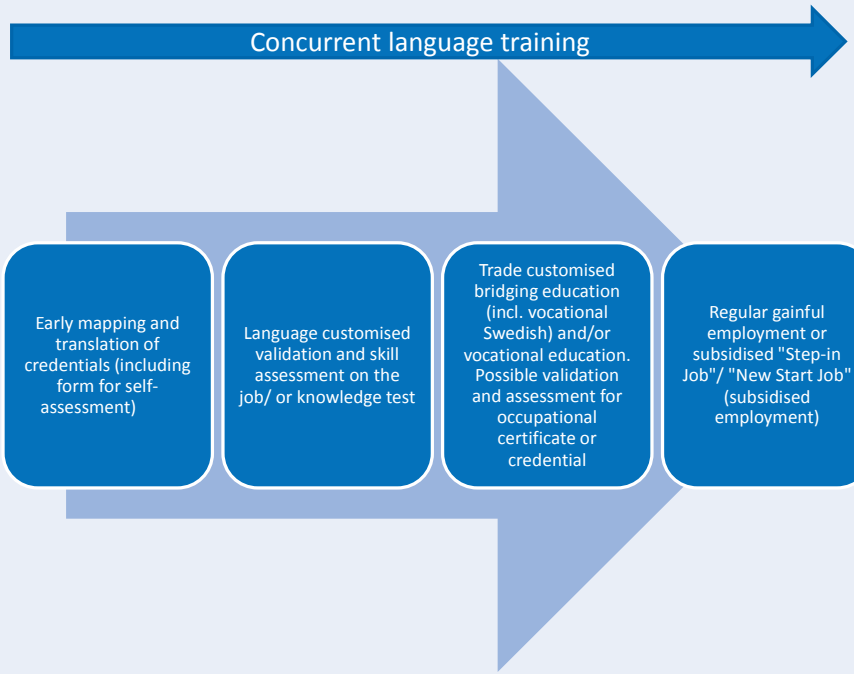
Box 5.10. Swedish integration policy at a glance
The Fast Track: Combining recognition and bridging

In 2014, over one-quarter of the new arrivals in Sweden with an introduction plan had tertiary education. Many of them have both training and experience in shortage occupations such as engineers, teachers, technicians and doctors. The goal of the Fast Track initiative proposed in the Swedish National Reform Programme 2015 is to co-ordinate existing PES measures into a streamlined package for migrants arriving with skills in these shortage occupations. In addition, social partners may apply for funds to develop initiatives such as the translation of validation models in other languages. The Fast Track initiative will speed up the entry of skilled immigrants into shortage occupations by beginning activities to map, validate and bridge the skills of migrants identified as eligible for the programme in the mother-tongue of the migrant. Language tuition will be offered concurrently throughout the process but will not be required prior to the commencement of validation and bridging efforts (see Figure 5.11).

Tripartite Fast track discussions are currently ongoing in 14 sectors covering 20 different professions. Several sectors have already reached agreements on fast tracks, most importantly a number of licensed professions where there is shortage of labour including physicians, pharmacists, dentists, nurses, teachers and kindergarten teachers. For blue collar workers fast tracks have been agreed in occupations such as painters, butchers, chefs and professional drivers as well as for construction engineers and industrial engineers.

Box 5.10. Swedish integration policy at a glance
The Fast Track: Combining recognition and bridging *(cont.)*

Figure 5.11. The Fast Track initiative process



To overcome the restriction on tertiary education undertaken under the introduction programme the PES has procured contract education from Sweden's universities. Procuring tailored courses in this manner has enabled the PES to temporarily bypass the language requirements that bridging courses entail. However, obtaining a sufficient number of places and co-ordinating tenders has, to some extent, slowed largescale implementation. Nonetheless, the first fast tracks will begin operating in February 2016.

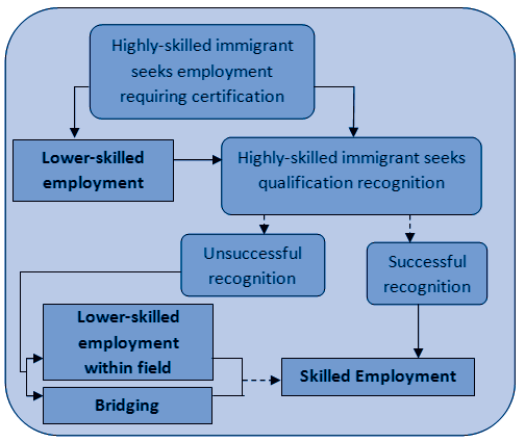
In the teaching profession, for example, where the skills of up to 1 500 newly-accepted refugees with experience as teachers are needed to help accommodate newly-arrived minors into school, the PES has procured 500 places on contract education provided in the universities, through the "Fast Track for Teachers". These courses will initially concentrate on bridging – notably regarding Swedish pedagogy – and building language skills alongside this process. At the end of the course teachers will be able to continue their language studies alongside work by working four days a week in the classroom in their mother tongue, and devoting one day to Swedish language classes.

For this, the government proposes to earmark SEK 376 million for 2016, SEK 532 million for 2017, SEK 422 million for 2018 and SEK 339 million for 2019.

An important innovation of the Fast Track initiative is its acknowledgement that language skills need not be a prerequisite – either for recognition of qualifications and prior learning, or for bridging. To this end, the Fast Track initiative is building upon previous efforts to overcome language hurdles piloted in the field of RPL. Where language difficulties impede fast recognition and bridging, the PES alongside industry representatives have developed targeted programmes combining skills assessment with language support.[19] It is this concurrent language tuition model that has been adopted in the Fast Track model.

A potential complement to the Fast Track initiative may be to adopt a career pathway approach similar to the alternative career approach adopted in Canada (see Box 5.11). Such an approach may be an important step towards reconciling the dual aims of early labour market entry with the need to top-up migrant skills through bridging. Career pathways can incorporate both bridging courses and bridging jobs. A bridging job can provide a flexible complement to bridging courses, enabling immigrants to identify employment that requires little or no upgrading upon arrival but that relates to the profession in which they were originally educated and trained. Such positions utilise the skills and experience the migrant has already developed in the field, and can be pursued alongside bridging courses. In this manner bridging jobs can put new arrivals on a pathway to work while building upon their existing skills, gaining professional work experience, learning work-related language and networking with individuals within the sector. In order that bridging jobs remain distinct from survival jobs, however, it is important that bridging courses are indeed pursued alongside bridging jobs and the goal of skilled employment is maintained.

Figure 5.12. Careers pathways into skilled employment



Source: OECD Secretariat analysis based on national legislation and regulations.

Box 5.11. Work alongside bridging in Canada and Germany

Combining work and participation in bridging courses ensures that early contact with the labour market does not impinge upon the ability of qualified migrants to eventually enter employment in which they are able to use their skills and qualifications. The most effective programmes that combine employment and bridging courses provide early work experience within a field that is closely related to the subject area of the bridging material.

In **Canada,** since only 20% of immigrants in licensed occupations obtain a professional license in their field, Citizenship and Immigration Canada (CIC) has been working with partners to explore alternative careers – to be pursued while working towards gaining the requisite license, or as a new career choice in itself. Since 2013 CIC, together with Settlement service provider organisations and provincial and territorial counterparts, has worked with over 800 highly-skilled immigrants in sectors including finance, biotechnology, health, accounting and engineering, to explore alternative career options and connect immigrants with employers.

The model brings together stakeholders – governments regulators, professional associations, educational institutions and employers – to provide information to internationally trained individuals on alternative career pathways, licensing practices and connects them with employers to discuss job options.

Figure 5.13. Alternative careers: Non-regulated alternatives to engineering

Source: Canadian Council of Technicians and Technologists and Canadian Technology Immigration Network. See http://www.engineeringcareerpathways.ca.

In addition, a new programme in **Germany** called Early Intervention works to assist refugees and certain asylum seekers to determine what their skills are, how these are relevant to different occupations and how to apply them in sectors where there are shortages. Similar to the alternative careers model adopted in Canada, migrants may then begin working in a job that requires a lower level of qualifications than the job for which they are formally qualified (for example as a nursing assistant rather than as a nurse) with the aim of moving into a more qualified position when they have attained fluency in German and have experience of the German nursing sector. Importantly, migrants are given the opportunity to study language alongside their initial position in order to ensure they progress towards their goal and do not remain stuck in a position for which they are over-qualified.

Notes

1. Alongside Sweden, only in Belgium, Germany, Norway, and the Slovak Republic do the unemployed rely so heavily on the PES (see Figure 5.1).

2. Often as a result of family obligations women face longer delays before beginning introduction activities, and when they do begin, they are less frequently referred to subsidised wage programmes such as "Step-in Jobs" and "New Start Jobs".

3. In the case of highly-educated migrants, PES caseworkers in some areas of the country report struggling to find the sufficient provision of appropriate activities in order to fill the 40 hours required by the introduction programme.

4. As of February 2016 the programme is no longer divided into three phases, instead participants will get support that is tailored to their individual needs.

5. The level of this support, for those who do not qualify for unemployment compensation, is marginally below the introduction benefit available to new arrivals on the Introduction Programme (see Box 2.3).

6. The total outflow – including those who leave to undertake education, and who leave for health insurance, is approximately 5% per month. This results in an expected duration of stay in the Job and Development Guarantee of approximately 13 months.

7. There are a number of explanations for this tendency. In the first place this is a sorting effect – as the most employable leave the programme the fastest and with the most ease leaving only those that are the most difficult to place. In the second place the slowing exit rate may, to some degree, result from the negative signal sent by prolonged enrolment in the programme. Finally the changing content of the programme as participants move from phase to phase may also be playing a role.

8. While in previous decades a recognition statement was only issued under the condition that a foreign qualification corresponded in detail to a Swedish qualification, today's procedure puts a greater emphasis on the purpose for which education or training were sought (e.g. if it is vocational or academic), on the scope and content of the programme, and on the level of education in the foreign education system. In this manner the Swedish Council for Higher Education values foreign degrees, not only vis-à-vis the

Swedish qualification framework, but in relation to the education and training system of the country in which the qualification was obtained.

9. In addition agencies, particularly the Swedish Council for Higher Education, co-operate with stakeholders at the European level, and benefit from international agreements such as the EU Professional Qualifications Directive, and the Lisbon Recognition Convention, which has been incorporated in the Swedish Higher Education Ordinance in 2001.

10. Medical doctors were the single largest occupational group, accounting for more than 2 000 applications in 2014, 765 of these applications were made for qualifications from non-EU/EEA countries. Nurses followed with about 750 applications, of which more than 300 were for qualifications from non-EU/EEA countries, followed by dentists and pharmacists (Socialstyrelsen, 2015). Between 2014 and 2015, the number of applications for recognition of teaching qualifications increased by nearly 60%, from 1 200 applications in 2014 to 1 900 in 2015.

11. Along these lines, in the teaching profession, while the National Board of Education receives applications and issues licenses, the Swedish Council for Higher Education, facilitates this process by evaluating professional qualifications and advising the National Board, which then decides about recognition and supplementary training.

12. While migrants in this situation may be able to apply for admission to a university, college, or municipal adult education programme, where competences can be assessed in relation to the programme, this is a lengthy process and one which is not widely used.

13. In the Swedish context, RPL and the recognition of formal qualifications is often subsumed under the more generic umbrella term "validation". Validation has been defined in the Education Act as a "process that involves a structured assessment, valuation, documentation and recognition of knowledge and skills that a person possess, regardless of how they were acquired" (Education Act, 2010:800).

14. These models were tested in a joint pilot project ("Win" project) by the Agency for Higher Vocational Education and the Swedish Public Employment Service during 2009 and 2011. A total of 160 newly-arrived immigrants had their skills assessed under the project.

15. In those sectors in which there is no sector specific validation model, the Public Employment Service has developed alternative procedures for skills assessment, generally known as "qualification portfolios" and "occupational assessments". Qualification Portfolios serve as an entry point assessment and establish a person's professional profile by identifying his or her knowledge and previous experience. These individuals may then be referred for occupational assessment, in the form of internships that provide an

opportunity to showcase professional skills to tutors and employers at the workplace while gaining important insights about occupational practices in Sweden. However, despite efforts to overcome obstacles related to a lack of Swedish language proficiency, the number of new arrivals who participated in an occupational assessment remains limited with a total of 360 participants in 2014.

16. Bridging courses for advanced administrators are not covered by the recently allocated funds for bridging.

17. Among those that participate, migrants from Europe (outside EU15 countries) make up 38% of participants and are over-represented relative to the population of eligible candidates, while migrants from Africa are underrepresented in the programmes and account for just 1% of participants in bridging courses in the teaching profession. Aside from origin, women, younger migrants and more recent arrivals are more likely to participate in bridging courses when they are eligible.

18. Full-time participants of bridging courses are also ineligible for PES support. However, those working part time, or nights/weekends can still qualify for support.

19. A trial project, conducted by the PES, showed that assessment prior learning that took place alongside other integration activities aimed at language proficiency and labour market integration, was more successful in identifying immigrant's actual skills than the traditional assessment procedure (Arbetsförmedlingen, 2015).

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Annex A

Wage subsidy net cost calculations

This annex gives an overview of the net cost calculations underlying the numbers quoted in Chapter 4.

Average duration

Referral to the programme is initially made for a period of six months and is renewable for a further six months if deemed appropriate by the PES caseworker. The calculations presented in what follows are based upon assumed programme duration of 200 days. This is the average duration presented in National Audit Office (2013). Additional estimates are presented for the maximum duration – a full year.

Earned income during programme participation

The family is assumed to have no income source other than from employment and cash benefits. The subsidy is provided at 80% of total wage costs and capped at a maximum of SEK 800 per day. Given the average duration of 200 days, this gives a total subsidy of 17 600 for those earning at the subsidy cap – given that the average wage for a Step-in-Jobs worker is above the subsidy cap this is also the total subsidy for the average worker. Combined with the employer contribution to wage costs this gives total wage costs which when discounted to account for charges associated with old-age pensions, survivor's pensions, sickness insurance, parental insurance as well as work injury charges, labour market charges and general payroll tax, comes to a gross wage of SEK 19 180 for those on the average subsidy and SEK 16 740 for a worker earning at the wage cap (see Table A.1).[1] These wages account for 56% and 49% of average wages in Sweden respectively (as calculated according to OECD, 2015, see below).

Table A.1. Breakdown of wage costs under the Step-in Jobs Programme, by level of subsidy

		Average subsidised Step-in Job	Step-in Job subsidised at wage cap
	Subsidy rate	80%	80%
	Duration	200 days	200 days
	Daily subsidy	800 SEK	800 SEK
Wage costs	Employer contribution	7606	4400
	Public contribution	17600	17600
	Total	25206	22000
	of which (holiday pay, sick pay, payroll taxes)	31.40%	31.40%
	Total gross wage	19180	16740
	% of average wage	56%	49%

Calculation of average wages

Calculations are based upon data from the September survey of Swedish employers' survey and are reported in OECD (2015). The calculations are based on the earnings of a full-time adult worker (including both manual and non-manual). They relate to the average earnings of all workers in sectors B-N of the International Standard Industrial Classification of All Economic Activities (ISIC Revision 4, United Nations). No account is taken of variation between males and females or due to age or region. The earnings calculation includes all cash remuneration paid to workers in the industries covered taking into account average amounts of overtime, cash supplements (e.g. Christmas bonuses, 13th month) and vacation payments typically paid to workers in the covered industry sectors. For more details see http://www.oecd.org/ctp/tax-policy/taxing-wages-methodology-and-limitations-2015.pdf.

Participants by family types

In addition to the dependence of in-work benefits on assumptions about the level of earnings received during programme participation, the extent of in-work and out-of-work benefits an individual is eligible to is dependent on their family situation. As a result, the government savings that result from the programme are dependent on the family situation (for example single, couple, number of children, etc.) of the participant. The analysis presented provides estimates calculated on the basis of two assumptions about the household of the claimant. In the first place estimates are provided for *single* individuals and in the second place they are provided for a *couple with two children* in which only one of the adults is moved into salaried employment.

Calculation of net costs

The net costs are calculated on the basis of the OECD work on benefits and wages and represent the sum of the monetary benefits of the programme – including the income tax the individual would earn in work and the annual welfare that is saved as a result of moving an individual into work. The level of income tax is calculated according to the wage level to which the subsidised job would take them, as outlined above, this is to 56% of average wages in the case of a worker earning the average Step-in-Jobs wage, and 49% of average wages for a worker earning at the subsidy cap. Annual welfare saved includes the social assistance, housing benefit and family benefit that, dependent on their family situation as outlined above, the individual would have received if out of work.

In addition to the costs of the subsidy, the costs include the in-work benefits that accrue to low-income workers as well as any other benefits – such as housing benefit and family benefit – that accrue to low income workers. These additional costs are, again, dependent on the income bracket into which the subsidy places the worker (see Table A.2).

Table A.2. Breakdown of benefits and costs (in SEK) that accrue under the programme per year, by family situation

	Wage at the average subsidy rate (56% of average wages)		Wage at the average subsidy rate (49% of average wages)	
	Single	Single earner couple + two children	Single.	Single earner couple + two children
Benefits				
Annual welfare (SA+HB+FB) saved	128 155	204 835	128 155	204 835
Income tax at X% of AW	49 186	49 186	41 113	41 113
Costs				
Programme costs	17 600	17 600	17 600	17 600
In work benefits at X% of average wage	17 839	17 839	15 907	15 907
Other benefits (FB+HB) when earning x% of average	0	43 800	0	48 600

Lastly, these costs and benefits are aggregated, at each wage and for each family type over the average duration of the programme, or over the maximum (one year) of the programme. The resultant net costs range from SEK 14 256 in the case of a couple with two children in which one adult is moved into work at the average level of the "Step-in Jobs" subsidy for an average programme duration, to SEK 57 829 in the case where a single migrant is moved into employment earning at the subsidy cap for the maximum duration of the programme (see Table A.3)

Table A.3. Calculation of approximate net costs (in SEK) over the duration of the programme

	Wage at the average subsidy rate (56% of average wages)		Wage at the average subsidy rate (49% of average wages)	
	Single	Single earner couple + two children	Single	Single earner couple + two children
Over duration				
Programme cost for average duration	160 000	160 000	160 000	160 000
Social welfare saving over duration	134 349	192 440	128 233	182 859
In work welfare	13 514	46 696	12 051	48 869
Net cost	39 165	14 256	43 818	26 010
Over one year				
Programme cost over one year	211 200	211 200	211 200	211 200
Social welfare saving over duration	177 341	254 021	169 268	241 374
In work welfare	17 839	61 639	1 590	64 507
Net cost	51 698	18 818	57 839	34 333

Note

1. For 2014 these charges amount in total to 31.42% of the total salary.

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Working Together

Skills and Labour Market Integration of Immigrants and their Children in Sweden

Immigrants and their children account for 20% of the population in OECD countries. Their integration is essential to ensure social cohesion and the acceptance of immigration by the host country society, yet their skills potential is often underused. This series of country reviews looks at how countries are faring with respect to building and using the skills of immigrants and their children for labour market integration. Each review analyses the framework and instruments in place in light of the challenges faced and the outcomes obtained, and concludes with a number of country-specific recommendations.

Contents

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