

# Refugee Integration in the EU: Challenges and Economic Impact

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## Summary

This paper aims to bring attention to some challenges and economic aspects of the refugee integration in the European Union and address the integration of people granted refugee status and subsidiary protection as an essential factor for their acceptance by the local population and for the relief of the economic burden on all Member States. Failing to integrate the large number of refugees would put at risk the integrity of the EU and increase the gap in economic and social terms between natives and residents of third countries, creating a breeding ground for criminal and terrorist groups. In this context, the paper argues that without a thorough analysis of the local economy in the long term and without involving the local population in a transparent way in the integration of refugees, not much success will be made while the current challenges will persist and worsen.

The present study pays particular attention to the challenges of integrating refugees in Bulgaria where political actors use the refugee and migrant crisis for its own purposes, thereby creating tensions among the local people while regarding the country mainly as a transit one. Finally, the study is aimed at raising awareness

of the importance of education for all refugee children and those who would like to pursue a university or higher academic degree, which thus are a suit to follow.

For the purposes of this paper a case study and statistical analysis have been used, while any data available after 1 April 2017 falls outside its scope.

### Key words:

Refugee crisis and integration, economic impact of refugees on host countries, European Union, refugee children and education, refugee integration in Bulgaria

**JEL Classification:** E24, F15, F59, I24, J49

## 1. Introduction

Over the last few years the refugee and migrant crisis in Europe has been one of the topical issues on the political agenda of the European Union (EU). The civil war in Syria and Libya and other armed conflicts as well as the worsening living conditions in many countries in the Middle East and Africa have resulted in unprecedented refugee and migrant flows towards the EU, given that more than 2 million people have tried to enter Europe in search of a better life. In 2015 alone, more than 333,000 asylum seekers were granted protection status by the 28 EU member states, which shows a 72-percent increase compared to the previous year.<sup>1</sup>

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<sup>1</sup> Eurostat, (2016). EU Member States granted protection to more than 330 000 asylum seekers in 2015, available: <http://ec.europa.eu/eurostat/en/web/products-press-releases/-/3-20042016-AP> [accessed 24.11.2016]

Under such circumstances, refugee integration has been given particular attention. While the main reason for migration flows towards the EU is the presence of armed conflicts, other causes such as economic insecurity, income inequality between countries of origin and countries of final destination, demography and climate change also need to be taken heed of. It should be noted that many of those that have entered the EU do meet the necessary requirements to be granted refugee status or subsidiary protection, while the so-called economic migrants and even suspected terrorists have been detected among the newcomers. In this regard the increasing number of people coming from the countries of origin considered to be "safe", the terrorist acts carried out in Europe, as well as the long period needed for integration have created new obstacles to the "open-door" refugee policy and, as a result, political divisions and economic interests have divided the EU over the issues of migration policy.

The EU-Turkey readmission agreement has made some progress, yet it also led to the dependency on Turkey in terms of the number of migrants on the EU's doorstep. Moreover, the EU's refusal to offer Turkish citizens visa-free travel due to the country's failure to comply with certain requirements further complicates the current situation. In addition, in the last few months the migrant and refugee crisis has precipitated the change of government in some of the leading in economic terms countries in the world. Under such circumstances, refugee integration should be addressed as an important part of the migration policy of the EU and every single Member State in the years ahead through new and common integration policies.

## 2. Definitions and literature review

In recent years there has been a debate on the words used by politicians, media and

state institutions to describe refugees. Very often both terms "migrants" and "refugees" are used interchangeably, which leads to misunderstandings, tensions and even abuses. Therefore, making a distinction between refugees and migrants would contribute to speeding up and accepting refugees by the host society and thus to their integration.

In fact the 1951 Convention and Protocol Relating to the Status of Refugees and the United Nations High Commissioner for Refugees provide clarity on whom can be considered a refugee. The same goes for many EU countries. Yet, due to the time needed for an asylum seeker to receive an approval of their application for international protection, the term migrant is often used. We can therefore assume that the difference between forced and voluntary migrants is based on the motives behind each individual's decision to settle in a given country of final destination, which can be a useful tool for policymakers (e.g., Valtonen, 2016). However, some argue that it is often difficult to make a clear distinction between those who migrate due to economic disadvantages and poverty and the people that are fleeing from armed conflict or other forms of oppression (Foster, 2007 cited in McKay, 2008, p.15). What is more, there are areas of common experience between refugees and migrants and hence, they should not be seen as two completely separate and different groups (ibid, p.16).

For the purposes of this paper, all beneficiaries of international protection, that is, people granted refugee status or subsidiary protection, shall be referred to as refugees, while migrants are presumably the people that enter the EU with a still unknown legal status. This means that such a person can be an asylum seeker and possibly a refugee, but there has not been so far a legal decision on his/her request or an economic migrant.

As for the term "**integration**", it is mainly understood as a process of mutual adaptation between a host society and immigrants (including refugees), committing them to a common goal. However, the essence of the process may vary from country to country and often individuals decide to control actively and selectively given aspects of the integration process<sup>2</sup>.

Newcomers' integration can be interpreted from a social, cultural, political and economic perspective. This means the term should not be narrowed to integration into the labor market. Therefore, it is essential for the EU as a whole and for every member state to adopt an appropriate integration policy that takes account of all these aspects. Often immigrant integration is seen a prerequisite for sustained economic growth and as a key to a successful EU as well as to an effective refugee protection on EU territory.<sup>3</sup> However, according to Olwig (2013, p.7) integration programmes often treat refugees not in terms of what they can offer to the host country and society, but with regard to what the newcomers lack. Furthermore, a large portion of the hitherto implemented integration policies have been targeted at immigrants in general and not at refugees in particular, as the latter were placed under the broader category of immigrants (Poteet, 2016).

It is also worth noting that most of the literature on refugee integration in the EU is narrowed to mainly western countries which suggests that many states lack experience and currently face serious challenges, even though they have a relatively small number of refugees. This is particularly true for most of the ex-communist countries, as Shevel (2011) has found.

At EU level, refugee integration policies have evolved over the years through several key documents: the Common

Basic Principles, the European Agenda for Integration (2011), the Common Basic Principles – Ten Years On (2014) and the Integration Action Plan (2016). Considering the existing challenges of integration of third countries nationals and the increased mixed migration flows towards Europe, the Plan focuses on some specific measures to be taken in 2016-2017, such as Skills Toolkit for asylum seekers and refugees for the timely identification of their skills and qualifications as well as for the recognition of their academic background.

### 3. Costs of the refugee crisis

As for the economic impact of the refugees on the host countries and more precisely on the EU, this usually depends mainly on the degree of the refugee integration in economic terms. However, currently many asylum seekers do not meet the necessary requirements to receive international protection. Thus they bring additional economic burden for the receiving States, and this focuses public attention on the costs of the refugee and migrant crisis.

It should be pointed out that in economic terms, the care and support for refugees in the EU member states costs several times more than in neighbouring countries to the country of origin, mainly due to their higher standard of living. The costs also depend on the State where a refugee status or humanitarian protection has been granted. For example, if a language course in a given EU member state costs 200 euro, in another one its price might be several times higher. For instance, some of the host countries such as Germany, Austria and Sweden spent on refugees in 2015 respectively 0.5%, 0.73% and 1.35% of their GDP<sup>4</sup>. Nonetheless, the refugee

<sup>2</sup> A New Beginning: Refugee Integration in Europe, United Nations High Commissioner for Refugees, 2013, Bureau for Europe, p. 13, available: <http://www.refworld.org/docid/522980604.html> [accessed 29.12.2016]

<sup>3</sup> Ibid, p. 10

<sup>4</sup> Who bears the cost of integrating refugees? (2017). Migration Policy Debate, N°13, OECD

support costs cannot be calculated precisely for all countries because there are no readily available data. The whole picture is further aggravated by different political interests and dissemination of misinformation without a thorough analysis on the economic effects in the long run.

At EU level, the European Refugee Fund (ERF) 2008-2013 of EUR 630 million supported the Member States in regard to receiving refugees and displaced persons, effective asylum procedures, resettlement programmes and integration actions. Currently, the Asylum, Migration and Integration Fund (AMIF) with a total of EUR 3,137 billion for the period 2014-2020, promotes "the efficient management of migration flows and the implementation, strengthening and development of a common Union approach to asylum and immigration", as well as the fair and effective return strategies and a refugee relocation system comprising measures for burden- and responsibility-sharing.<sup>5</sup> However, as of 28th February 2017, only 13,546 of 106,000 asylum seekers from Italy and Greece have been relocated since the launch of the relocation scheme in September 2015<sup>6</sup>, which has put additional financial burden on both countries.

This shows that the EU is not united on this topic and more political disagreement is likely to follow. To the above-mentioned amounts should also be added the EU Emergency Trust Fund for Africa of EUR 2.5 billion and the Refugee Facility for Turkey of EUR 3 billion to combat irregular migration.

As it is well known, international migration creates significant financial and social benefits for immigrants, their families, as well as for the countries of origin and those of final destination. The International Fund for Agricultural Development indicates that in 2014 migrants living in 26 countries in Europe sent \$72.9 billion in remittances to over 50 developing countries all over the world.<sup>7</sup> In most cases these remittances contribute to improving the economic situation in many of those countries and thus to their relative stabilization. This is particularly important to fragile states, where the money sent by emigrants can be seen as a tool to prevent the further movement of large groups of people to another country. Tables 1 sheds some light on how important the migrant remittance inflows are to given countries that have been a source of increased migration flows towards the EU in the last few years.

Table 1. Personal remittances, received as a share of GDP for selected countries (%)

Country	2008	2009	2010	2011	2012	2013	2014	2015
Afghanistan	1,4	1,2	2,1	1,0	1,2	1,6	1,3	1,6
Bangladesh	9,8	10,3	9,4	9,4	10,6	9,2	8,7	7,9
Burkina Faso	1,2	1,2	1,3	2,1	1,9	2,6	3,2	3,7
Gambia	6,7	8,9	12,1	11,9	15,5	20,0	21,3	19,2
Ghana	0,4	0,4	0,4	5,4	5,1	3,9	5,2	13,3
Kosovo	18,3	18,7	17,1	16,8	16,3	15,9	16,1	16,7
Liberia	6,8	2,2	2,4	23,3	29,7	19,7	25,1	31,2
Mali	4,4	4,5	4,4	6,0	6,7	7,0	6,6	7,0
Nigeria	9,2	10,8	5,3	5,0	4,5	4,0	3,7	4,4
Pakistan	4,1	5,2	5,5	5,7	6,2	6,3	7,1	7,1

Source: World Bank

<sup>5</sup> Asylum, Migration and Integration Fund, available: [https://ec.europa.eu/home-affairs/financing/fundings/migration-asylum-borders/asylum-migration-integration-fund\\_en](https://ec.europa.eu/home-affairs/financing/fundings/migration-asylum-borders/asylum-migration-integration-fund_en) [accessed 06.02.2017]

<sup>6</sup> Tenth Report from the European Commission on Relocation and Resettlement, 02.03.2017, Brussels, p. 3

<sup>7</sup> Sending Money Home: European flows and markets, 2015. Annual Report of the International Fund for Agricultural Development

Given the data from table 1, we could assume that, due to the importance of the migrant remittance inflows, the uncertain economic, political and security environment and rapid population growth in most of them, it is unlikely that the indicated numbers will decrease significantly. In fact, population growth is likely to increase further the pressure on the EU doors in the coming years. In the table Syria and Libya are intentionally not presented, given that the two countries are a major source of refugee flows, while many of the people coming from the selected states fail to meet the refugee status requirements.

It is also worth pointing out that a large part of the costs spent on refugees remains in the local economy through different types of jobs and business areas related to the settlement process – accommodation, education, security, stores, among other sectors. For example, in Italy most of the daily cost (between 30 and 35 euro for adults and 45 euro for minors in 2014<sup>8</sup>) for accommodation of asylum seekers goes to accommodation centers providing the necessary food and shelter.

#### 4. Challenges of integrating refugees

Refugee integration is implemented through a number of measures in several priority areas: learning the official language of the host country, access to education, employment and healthcare, family reunion, social assistance, recognition of skills and qualifications, participation in the social and cultural life of the host community. All these measures and tools are considered key factors for successful refugee integration. However, the measures depend on the specific country, as the socio-economic, cultural and political characteristics in the receiving countries are not similar and the

newcomers in every single State differ in many aspects such as religion, ethnicity, etc.<sup>9</sup>Due to this, while all or some of the above-mentioned measures may be implemented in one country, in another country only few of them could be applied, often with limited scope.

In addition, refugees' understanding of integration may differ from the one of the local nationals. Many refugees regard integration as a fusion of several goals they try to achieve such as employment, housing, knowledge of the host language and family and social life, while the locals can try to impose a different attitude and mindset.

European integration policies pursued in different post World War II periods were not wholly effective. Some are described as assimilation policies. In others, as Colombo (2002, pp. 46-51) argues, despite their recognition of cultural and religious diversity, immigrants are treated as temporary guests: even though their economic contribution is appreciated, nonetheless they remain foreigners.

In the context of the refugee crisis, the EU has been facing serious challenges to the integration process. They can be overcome but this requires time and resources. The lack of proper and common integration policies in all Member States, the limited financial resources and misinformation are also among the challenges.

#### 5. Refugee employment and recognition of professional qualifications

While we cannot be sure about the percentage of refugees with low education at EU level mainly because of lack of proper documentation certifying the completed level of education, we can still consider the matter as a serious challenge, given

<sup>8</sup> Gruppo di Studio Sul Sistema di accoglienza presso il Dipartimento per le libertà civili e l'immigrazione del Ministero dell'Interno, (15.10.2015). Rapporto sull'accoglienza di migranti e rifugiati in Italia. Aspetti, procedure, problemi, pp. 50-51

<sup>9</sup> Measurement and Indicators of Integration, 1997, Council of Europe, Directorate of Social and Economic Affairs, p. 31

that the level of education and skills have an important role in finding an appropriate job and pay. According to Eurostat, in 2014 among the low-wage earners in the EU, 28,2% were with primary education, 20,9% were with secondary, while less than 7% were with higher education.<sup>10</sup> Furthermore, in many EU countries in 2015 the unemployment rate among the people aged 25-64 with an education level below secondary is much higher compared to the one during the pre-crisis period. In 2007 this indicator was 9,2% for the whole EU, while in 2015 it reached 16,3%.<sup>11</sup> Also, in 2008 some 20% of nationals and 38% of non-EU born citizens aged 25–54 were exposed to the risk of poverty and social exclusion<sup>12</sup>. Considering that there were no massive migration flows headed towards the EU then, we can assume that the current percentage of the second group is undoubtedly higher.

In many cases the refugees find a job in companies directly related to tourism or in the low-skilled labour market. However, they bring employees some benefits such as knowledge of foreign languages, which in turn may prevent or resolve conflict situations with clients. In addition, some refugees are highly skilled and would be valuable assets for the EU economy.

However, given the expected large-scale automation, lack of proper job skills and their growing number, ensuring employment to all refugees of working age remains one of the main challenges and a paramount task the 28 EU Member States have to cope with. Furthermore, in 2015 4 out of every 5 (83%) first-time asylum seekers

in the EU were younger than 35 years of age, and the largest share of those were the people aged 18–34. At the same time, 3 of out of every 10 (29%) asylum seekers were minors under the age of 18 years.<sup>13</sup> The situation is additionally complicated by the autochthonous population's fear of job insecurity and lower wages due to the migration inflows. This applies particularly to countries such as Italy and Spain where there is a high unemployment rate amidst the young population.

Suggestions for promoting specific incentives (such as tax relief) to employers who hire refugees or asylum seekers in order for more companies to be interested in such initiatives are regarded as controversial. Hiring refugees because of government incentives can be beneficial to some companies, though only to a certain extent. There is no guarantee that the would-be employee is the right one, considering that the lack of proper qualifications and little or no work experience often results in a nervous and negative work environment and climate among employees and the local population, which hampers refugee integration. Furthermore, training the newly employed without the necessary qualifications requires time, while a company may find a local employee with the required knowledge and skills without losing time. In this regard, a survey by Reuters in 2016 found that only 63 refugees had been hired by the top 30 companies in the Germany's DAX stock<sup>14</sup> which suggests that the shortage of high-skilled workers is hard to be overcome by taking on refugees.

<sup>10</sup> Earning Statistics, Eurostat, available: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Earnings\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Earnings_statistics) [accessed 21.01.2016]

<sup>11</sup> Unemployment rates of the population aged 25-64 by educational attainment level, Eurostat, available: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tps00066&plugin=1> [accessed 21.01.2016]

<sup>12</sup> Migrants in Europe, 2011. A statistical portrait of the first and second generation, Eurostat Statistical Books, p. 111

<sup>13</sup> Asylum statistics, Eurostat, available: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum_statistics) [accessed 21.11.2016]

<sup>14</sup> Prodhon, G., 2016. RPT-Top German companies say refugees not ready for job market, Reuters, available: <http://www.reuters.com/article/europe-migrants-germany-companies-idUSL8N1BP49T> [accessed 30.11.2016]

Another controversial issue is the unemployment compensation and other social benefits (accommodation, heating) offered in some EU countries. As a result, refugees may take an interest in job seeking for a given period of time, since social benefits would ensure them a more comfortable life. This in turn increases the hostility of the local population and may be exploited by populists for political purposes.

The EU regions with high unemployment, few inhabitants and lagging economic indicators, as well as aging and the declining working age have raised questions about their economic future. To address this situation, ideas have been promoted about the settlement of refugees in such regions, considering their possible contribution to economically underdeveloped regions, as a possible way to revive them in social and economic terms. It is assumed that such measures will infuse fresh financial and human resources in the local economy. Also, possible tensions and conflict situations created by the overstuffed state institutions will be avoided, which can speed up refugee integration. For example, providing accommodation for refugees in private houses is a source of revenues for the property owners in the form of rent.

Among the measures that are not regarded as controversial is integration through sport. Sport promotes cooperation, respect, tolerance, fights young unemployment, helps people granted international protection in their difficult social acceptance and adaptation to the labour market conditions. Furthermore, sport may reduce crime and ultimately relieve the burden on the host country's social assistance system. Given the high number of youngsters among the refugees in the EU, sport would play an important part in their integration and create workplaces for local nationals.

Another important employment-related aspect of refugee integration is the recognition of their professional qualifications. It is quite often the case that refugees have work experience and qualification in a given field, but in the country of final destination these are not recognized or they simply there is no proper documentation. This leads to a long-term process in which an individual is not able to certify his or her qualifications and/or studies obtained in his/her country of origin, which in turn drives up the cost of settlement. In the course of time, many refugees become less employable and more susceptible to marginalization. In this context the Norwegian approach envisaging an evaluation methodology and Qualifications Passport for refugees is a relatively working case.<sup>15</sup> It is important to highlight that, once those granted refugee status or subsidiary protection have started working, they will pay taxes and contribute to the social system in the accepting country. In other words, they will no longer be seen as an economic burden for the host economy.

Last but not least, some refugees have been subjected to harassment or have been deeply traumatized by what they have seen or experienced. This may have a serious impact on their social and economic integration into the host society as often the psychological consequences of detention and torture have a negative effect on the refugees' life style and represent a big challenge for those who work with them. The total number of all refugees that have experienced or witnessed violence is difficult to assess, however. According to the Federal Chamber of Psychotherapists in Germany, half of the refugees who have entered Germany were having psychological problems such as post-traumatic stress disorder (PTSD) or depression and one in five refugee children was suffering from

<sup>15</sup> Malgina M., Stig Arne Skjerven, 2016. NOKUT's Qualifications Passport for Refugees, Pilot project February–May 2016, Norwegian Agency for Quality Assurance in Education

PTSD (Bundespsychotherapeutenkammer, 2015). Therefore, in order to be a part of the host country's labour force, the victims or witnesses of violence require rehabilitation, mental health care and targeted programs that could facilitate their integration. This requires extra budget allocations, though it also creates more workplaces among the qualified local personnel such as doctors, psychologist and social workers.

### 6. The importance of education

A key issue that must be resolved as soon as possible is the large number of refugee children out of school which makes them extremely vulnerable to discrimination, potential abuse and recruitment by criminal, terrorist or other armed groups. Many of them live in countries where governments are facing serious challenges to provide a proper education even to the local children. Seven countries<sup>16</sup>, some of which among the least developed ones, host more than 50% of the refugee children in the world and have limited school places, trained teachers and learning materials. In Lebanon alone more than 250,000 (of which more than 80,000 aged 15-18 years) of a total of about 500,000 school-aged Syrian children do not attend school.<sup>17</sup> In addition, non-formal education also fails to contribute enough to solve the problem. Even though this involves mainly countries out of the EU, in the long run this can affect the member states as many refugees see the EU as a possibility for a decent life. We should bear in mind that one of the 17 Goals of the UN's 2030 Agenda for Sustainable Development is ensuring inclusive and equitable quality

education and promoting lifelong learning opportunities for all.

Inability to attend public educational institutions because of legal obstacles, lack of adequate infrastructure and financial resources or because of a continued armed conflict leads to a situation in which hundreds of thousands of children are at risk of not receiving even the minimum level of education needed to enable them to participate more fully in the market labor and bring benefits to the accepting countries. Furthermore, this can also create situations in which terrorist, non-State armed and criminal groups take advantage of them through recruitment or labor or sexual exploitation. The latter is considered by Europol to be the main reason for the disappearance of more than 10,000 refugee children after their arrival in Europe.

Given the increasing number of minors (28,000 disembarked only in Italy in 2016 of which more than 90% unaccompanied<sup>18</sup>) among those who cross the Mediterranean, the EU should make attempts to limit irregular migration by sea and thus restrict the influence of smugglers, terrorist groups and organized crime. By doing so, the EU will also prevent a possible negative impact on the economy based on the lack of education.

It should also be said that only 1% of the younger refugees go to university to obtain a higher education degree.<sup>19</sup> The small number of highly educated refugees can be regarded as lack of positive examples to follow. More refugees with a higher education degree will increase their chances for employment and contribution to the host economy.

<sup>16</sup> Chad, Democratic Republic of the Congo, Ethiopia, Kenya, Lebanon, Pakistan and Turkey<sup>17</sup> Migrants in Europe, 2011. A statistical portrait of the first and second generation, Eurostat Statistical Books, p. 111

<sup>17</sup> Khawaja, B. 2016. Growing Up Without an Education. Barriers to Education for Syrian Refugee Children in Lebanon. HRW, p.29, available: <https://www.hrw.org/report/2016/07/19/growing-without-education/barriers-education-syrian-refugee-children-lebanon> [26.01.2017]

<sup>18</sup> Migration on the Central Mediterranean route Managing flows, saving lives, 25.1.2017. Joint Communication to the European Parliament, the European Council and the Council, Brussels, p.4

<sup>19</sup> Missing Out: Refugee Education in Crisis, 2016. UNHCR, p. 31



## 7. The case of Bulgaria

As a result of the significant increase in the number of asylum seekers in the Republic of Bulgaria (Table 2) and the increased refugee and migrant influx in the EU in 2014 at the beginning of 2015, in June 2015 the government adopted a National Strategy on Migration, Asylum and Integration for 2015-2020. It aims to create an effective and uniform national policies on managing the migration processes in line with the EU migration policy.<sup>20</sup> According to this document, socio-economic integration is implemented through an agreement for integration signed between the person granted international protection and a representative of the local authority for a period of one year and it includes an individual integration plan.

education or no level of education at all, which represents a significant change compared to the years prior to the refugee crisis.

Other reasons for the poor refugee integration are the language barrier and weaknesses of the refugee integration policy. According to the Migrant integration policy index (MIPEX), Bulgaria comes 31st among the 38 states in the ranking. With regard to labour market mobility, the country received a score of 50 out of the possible 100 points (27th place), while Germany - 86 points (4th in the ranking).<sup>22</sup> In this respect, one of the most problematic areas of refugee integration policy in Bulgaria is the possibility for any given municipality to refuse to accept any allocation scheme proposed by the government. Currently, a municipality could express its interest in

Table 2. Number of asylum seekers in Bulgaria and decisions taken in 2011-2016

Year	Number of asylum seekers	Granted refugee status	Granted humanitarian protection	Refusals
2011	890	10	182	366
2012	1,387	18	159	445
2013	7,144	183	2,279	354
2014	11,081	5,162	1,838	500
2015	20,391	4,708	889	623
2016	19,418	764	587	1,732

Source: State Agency for Refugees with the Council of Ministers

Although in Bulgaria asylum seekers can start legally working once granted refugee or humanitarian status<sup>21</sup>, very few refugees have so far found a job. One of the identified reasons is the lower or no level of education (figure 1).

As can be seen in figure 1, almost 80% of the asylum seekers in Bulgaria in the examined period were with lower than secondary

integrating activities, but in case it refuses to do so, the National Council on Migration and Integration should take allocation decision<sup>23</sup> and this is where the problem emerges. The selected municipality can refuse to accept refugees on the pretext of widespread fears among the locals in regard to the refugees, which has lately resulted in controversial situations over

<sup>20</sup> National Strategy on Migration, Asylum and Integration 2015-2020 (in Bulgarian), p. 4

<sup>21</sup> In Bulgaria the subsidiary protection is referred as humanitarian status

<sup>22</sup> The Migrant Integration Policy Index led by the Barcelona Centre for International Affairs and the Migration Policy Group measures integrate migrant policies in all EU Member States + other 10 countries. See more at: <http://www.mipex.eu/>

<sup>23</sup> National Strategy on Migration Asylum and Integration 2014-2020 (in Bulgarian), p. 30

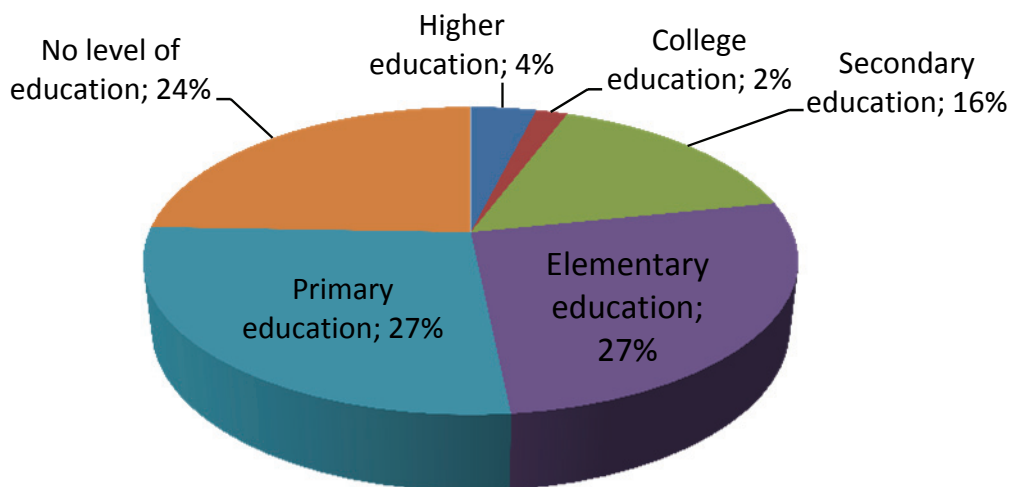


Fig. 1. Level of education among the asylum seekers over 14 years in Bulgaria for the period 01.01.2016 – 31.10.2016

Source: State Agency for Refugees with the Council of Ministers

the acceptance and integration of even a single refugee family in some Bulgarian cities.

Apart from the fears of the locals, public funds spent on refugees and asylum seekers is another point that has generated backlash among the former against the EU open-door refugee policy and growing skepticism towards the EU membership and populism, spread by media and political parties. In fact, public spending on asylum seekers in Bulgaria in 2015 amounted to 5,309,100 BGN, including food, materials, water, fuel and energy supply, as the average amount spent on a one individual in one of the accommodation centers of the State Agency for Refugees was 803,28 BGN.<sup>24</sup> Furthermore, Bulgaria receives EU funds in order to cope with the migration and refugee flows. The allocations for the country under the ERF amounted to EUR 4,295,548.61 and under the AMIF the basic allocation is EUR 10,006,777.

However, some political actors try to influence the local population's attitudes by attacking publicly the social assistance for refugees (its maximum amount is shown in Table 3), which is implemented under the Social Assistance Act (SAA), the Regulations for implementation of the social assistance act (RISAA), the Law on Integration of people with disabilities, regulations for implementation of the Law on integration of people with disabilities and Ordinance №RD-07-5 of 16 May 2008 for the "terms and conditions for granting targeted heating allowance". The monthly social assistance and heating allowance are estimated on a differentiated minimum income defined by individual coefficients and a guaranteed minimum income (currently equal to 65 BGN). The amounts are determined on the basis of the difference between the differentiated minimum income and the income of individuals or families from the previous month, as defined in Article 1 of RISAA.<sup>25</sup> In

<sup>24</sup> Nikolova, A., Nina Chernicherska, 2016. Refugees in Bulgaria: Labour Market and Budget Expenditure (in Bulgarian), Ministry of Finance of the Republic of Bulgaria, p. 23

<sup>25</sup> For more information on the different types of financial aid and their amount see: <http://pomosti.oneinform.com/socialni-pomosti/>

Table 3. Individual coefficients and maximum amount of aid under SAA and RISAA based on the marital status and age of the person

Type of financial aid	Coefficient	Amount per month (BGN)	Amount per year (BGN)
For a person over the age of 65 living alone	140	91	1092
For a person over the age of 70	100	65	780
For each of the spouses living together	66	42.9	514.80
For an individual living with another person or family	66	42.9	514.80
For a person living alone	73	47.45	569.40
For a child from 0 to 18 years of age and in case he/she studies - until secondary or vocational education is acquired, but not more than 20 years of age	91	59.15	709.80

Source: Social Assistance Directorates

addition to the monthly financial aid, refugees and people granted humanitarian status have the right to claim a one-lump financial aid of up to 325 BGN and another one up to 65 BGN for an identity card.

It should be noted that the number of asylum seekers of over 65 years of age was 65 in 2015 and 90 in 2016<sup>26</sup>. Given that the above-indicated financial aid is provided to people granted refugee or humanitarian status, we can assume that they have very low impact on the social system in Bulgaria. Such assumptions are supported by reports on the implementation of the National Program for Integration of Refugees in the Republic of Bulgaria (NPIRB) 2011-2013 and the Agency for Social Assistance. According to these reports, only 83 refugees were included in the program for 2011, 54 in 2012 and 119 in 2013.<sup>27</sup> Furthermore, according to the Bulgarian National Audit Office, during the program's implementation there was no

transparency and publicity to inform the people of its results. Ultimately the main goal of the program - active participation of refugees in the Bulgarian social, economic and cultural life - was not achieved.<sup>28</sup>

While the total number of people granted refugee status in 2011-2013 was 211 and the integration measures had only limited success, their total number in 2014-2016 reached 10,064, raising many uncertainties for the refugee integration in the years to come. Also, their sustained realization on the labour market could take at least one year once they have completed their participation in the respective programmes.<sup>29</sup>

Apart from the public funds spent on refugees, the local community's perception of the newcomers remains a big challenge in Bulgaria. For example, a survey shows that according to almost half of respondents, the EU should not help asylum seekers on its territory and Bulgaria is not able to provide the necessary conditions for refugee integration<sup>30</sup>.

<sup>26</sup> Asylum and first time asylum applicants by citizenship, age and sex, Eurostat, available: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do> [accessed 12.02.2016]

<sup>27</sup> Reports on the implementation of the National Program for Integration of Refugees in Bulgaria (2011-2013) for 2011, 2012 and 2013 (in Bulgarian)

<sup>28</sup> Audit on the implementation of the National Program for Integration of Refugees in Bulgaria (2011-2013) (in Bulgarian), 2015. Activity Report of the National Audit Office of the Republic of Bulgaria for the period 04.01.2015 - 31.12.2015, pp. 24-25

<sup>29</sup> Atanassov, A., (2016). Economic Alternatives, Issue 3, 2016, p. 366

However, the results from the same survey suggest that local nationals' negative attitude to migrants cannot be seen as xenophobia.<sup>31</sup> Furthermore the fears of cultural and ethnic changes, due to some extent to Bulgarian history, are also presented. As a matter of fact, according to the 2011 national census, the Turkish minority in Bulgaria comprises 8.8% of the country's population while the Roma ethnic group - 4.9%, but all reported major ethnic tensions so far have been mainly politically motivated. In terms of the population statistics, the demographic projections show that Bulgaria will continue to face a serious population decline (figure 2), which will create serious challenges in the long run to finding the necessary labour force to meet economic demands. This can be seen even as a threat to the country's territorial integrity.

Figure 2 shows a significant decline in the Bulgarian population which suggests

that the country should implement policies to stop this trend, especially given its first place in the world in terms of the biggest expected decline in population in 2015-2050 (UN Department of Economic and Social Affairs, 2015). This, in turn, does not suggest that the government should implement policies that require the relocation of hundreds of thousands of refugees and migrants on Bulgarian territory. Yet migrant flows towards the EU and the population forecasts should be taken into account. Thus refugee integration will have important economic and political implications, and even security-related ones.

In addition to that, even though the Law on Asylum and Refugees defines the conditions and procedures for granting protection to foreigners as well as their rights and obligations in the country<sup>32</sup>, many Bulgarians accept the words refugees and migrants as interchangeable, which has

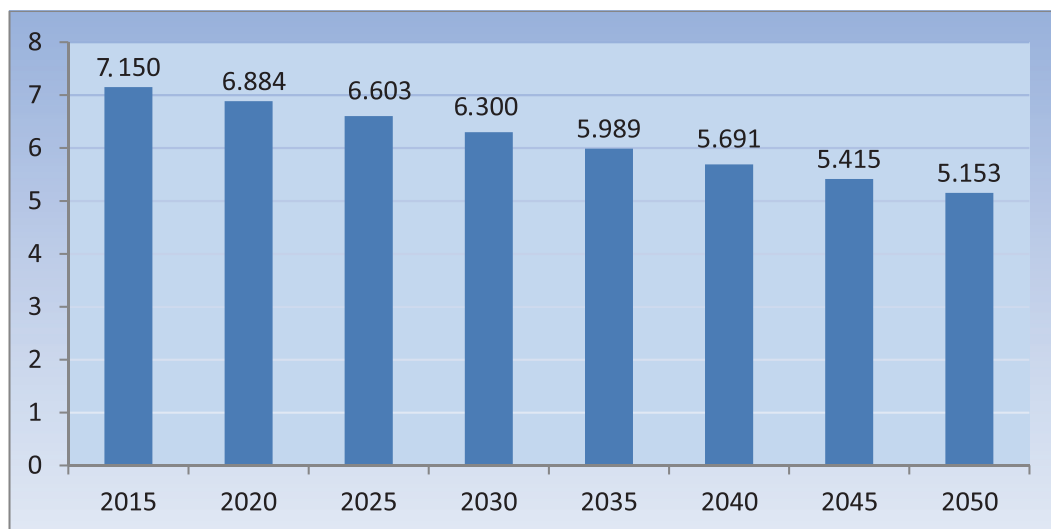


Figure 2. Bulgaria Population Forecast (in millions)

Source: [www.worldometers.info](http://www.worldometers.info) and UN Department of Economic and Social Affairs

<sup>30</sup> Kyuchukov, L., (2016). Impact of the Refugee Crisis on Bulgarian Society and Politics: Fears But No Hatred, Friedrich-Ebert-Stiftung, Sofia, pp. 5-8

<sup>31</sup> Ibid

<sup>32</sup> Law on Asylum and Refugees, Art. 1 (1)

already created tensions and fuelled protests among the local population. In this context, the Bulgarian government's plans for the possible long-term accommodation of refugees in some villages and regions without presenting any thorough analysis on the socio-economic impact sparked protests and clashes with the people that are most in need of help. Another factor that created this situation is the declining number of people granted refugee or humanitarian status and the growing number of refusals (Table 2), which exposes a considerable change in terms of the countries of origin of asylum seekers in Bulgaria.

As for the refugee education in Bulgaria, it can be said that this topic has received little attention so far. Therefore, some aspects should be highlighted. The Bulgarian education system has been facing serious problems for years such as insufficient financing, including underpaid teachers, closures of schools in many towns and villages due to significant decline in the number of students, the existence of 'protected specialties' within universities for which there is no interest, as well as public attitudes to education. In such circumstances many refugees could play an important role, considering that their inclusion in the education system could save and even create jobs in the sector.

## 8. Conclusions and Recommendations

While the long-term economic impact of the refugee integration on the EU economy since the beginning of the migrant crisis cannot be measured precisely, some short-term aspects can be identified. In the first place, this impact differs from country to country due to the difference in legislation and integration policies, the number of asylum seekers on the territory of the EU Member States, the

refugees' attitude to a given State (transit one or a final destination), the time needed for the refugees to join the host country's workforce, among other factors.

Hence, economic impact should not be assessed only in terms of integration costs, which are difficult to estimate, given the shortage of reliable data and the statistics pertaining to asylum seekers or those who will be granted international protection. This is further complicated by the time required for considering a single application and possible appeal in the event of refusal.

Despite widespread public fears in some EU countries over rising unemployment because of the newcomers, in effect refugees and all asylum seekers contribute to job creation within the union. This is particularly true for Italy, Greece and Bulgaria as external EU borders, and for other countries such as Germany and Sweden which have accepted a large number of refugees. Also, the specific State incentives for employers who hire refugees or asylum seekers should provide for taking on local workers as well, so that refugees are accepted by the local population and are seen as a case for equality and equal opportunities for all.

However, the high unemployment rate among the young people in the EU, together with the fact that many refugees have interrupted their education or have a low education, increases the likelihood for long-term unemployment among refugees and failure in their attempts to find a legal job. This may fuel sentiments of social isolation, disillusionment and marginalization. Thus, refugees cannot have a significant positive impact on the host economy and society. More importantly, they can become an easy target for recruitment by terrorist or criminal groups.

One particular idea, which has not been promoted yet in all member states, is the collection of information about the demand for human resources and the possible search for employees among the refugees through digital maps of skills and competences. This can possibly encourage burden-sharing among countries and dispel public perceptions of refugees as an additional economic burden on the host economy.

Promoting entrepreneurship among both the refugees and vulnerable locals is another possible measure that could increase self-dependence and contribute to the wellbeing of the host country. Moreover, such business initiatives traditionally create jobs for local citizens, for instance, in the restaurant and the fast food industry. Other options for support include the provision of land for farming, initiatives for self-employment or courses in agriculture entrepreneurship<sup>33</sup> which may increase business activity. It should be noted that for the illiterate, agricultural or farming jobs are more suitable and lucrative options, considering that finding a job in the urban centers and the bigger cities requires higher qualifications and skills.

Together with the measures proposed above, it is crucial that, in the era of misinformation and fake news, objective information to the host society and refugees should be provided. This creates benefits for both sides, considering that, on the one hand, it raises awareness among the locals about the newcomers' possible contribution to the economic and social development. On the other, refugees will win recognition as an equal and essential part of the society in question. Organizing meetings between the local

population and State representatives to discuss the issues of refugee integration should be expanded to all EU countries.

Unless common policies are implemented in a transparent way in all EU countries, the measures are doomed to fail. The social inclusion and adaptation to the labour market of the host country can serve as a tool to counteract bias and negative attitudes towards refugees and contribute to holding an effective dialogue between refugees and local nationals. This is especially valid for Bulgaria, where the demand for migrant workers will become more evident in the coming years. Nevertheless, the State has not put much effort into integrating refugees, clearly hoping that the country will remain mainly a transit point and not a final destination.

The integration policies in some EU countries are not effective and Bulgaria is a case in point. In this regard the country needs primarily a new approach towards both the refugees and local nationals in order for them to cooperate and work together, which should be implemented together with some changes in its current national integration policy vis-a-vis the people granted international protection. We assume that the lack of proper communication between central government and local authorities and between the latter and the citizens is essential and largely determines the negative public attitudes to refugees. To this effect, refugees could be relocated initially in some of the biggest cities, given the more job opportunities there. However, the settlement of many refugees and migrants in only few cities creates tension between the newcomers and the locals as well as between different nationals and groups among the newcomers.

<sup>33</sup> Such measures have already been implemented in Uganda, USA and other countries

What is more, the Bulgarian authorities can do more to help unaccompanied minors on Bulgarian territory. They need the children, especially considering that thus many schools across the country will survive, and given the uniform costing standards for schools and more precisely, the number of children/students as a main component of the financial allocation formulas. Therefore, the European schemes for relocation and resettlement should reconsider such opportunities for all stakeholders so that they are more flexible and attractive for countries like Bulgaria.

Taking into account the above-mentioned, the measures to be taken should be implemented in a transparent way at the EU, national and local level in order to provide more opportunities for refugees to become self-reliant. This, in turn, will contribute to their social acceptance by the host community and to the economic development of the receiving country.

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