



**European Committee
of the Regions**

Public-private cooperation for better local refugee inclusion

The case of Ukrainian refugees

ORGANISATION
FOR ECONOMIC
CO-OPERATION
AND DEVELOPMENT



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Public-private cooperation for better local refugee inclusion – the case of Ukrainian refugees¹

Acknowledgements

This paper is the result of cooperation between the European Committee of the Regions' (CoR) Commission for Citizenship, Governance, Institutional and External Affairs (CIVEX), the Association of European Chambers of Commerce and Industry (Eurochambres), and the Regional Attractiveness and Migrant Integration Unit of the OECD's Centre for Entrepreneurship, SMEs, Regions and Cities (CFE). It was written by Xavier Mirel, Julia Shah Fiorovanti, and Margaux Tharaux, under the supervision of Birgit Arens, Claire Charbit and Lina Konstantinopoulou and Emmanouil Dardoufas. It does not represent the official views of the CoR, Eurochambres, or the OECD.

The paper presents the findings of two surveys conducted with a small sample size, and thus the results, while insightful, are not intended to be representative of what all European sub-national governments and businesses have been observing and doing.

Please cite this publication as: CoR, Eurochambres, OECD (2023), Public-private cooperation for better local refugee inclusion – the case of Ukrainian refugees

Key policy considerations

- Once again, survey results provide evidence that the reception and integration of refugees pose local challenges that require solutions tailored to realities on the ground. These challenges include the uneven distribution of Ukrainians among and within countries; varying levels of prior experience with immigration among sub-national governments and businesses; the specific composition of the fleeing population (women and children); and the uncertainty regarding when Ukrainians will be able to go back home, and how many will instead prefer to remain in their host countries.
- The survey results confirm the extent of hiring needs among businesses, and the fact that for most respondents, refugee integration and retention can contribute to addressing challenges posed by an ageing population such as labour shortages.
- Sub-national governments lack timely labour market information, hindering the matching of labour supply and demand, for both refugees seeking work and businesses with hiring needs. Formal channels need to be developed and maintained – including with the support of chambers of commerce – for identifying labour and skills needs, in order to support both refugees and businesses, in particular those located in remote, small and medium-sized areas.
- The survey findings highlight the existence of solutions to overcome the barriers refugees face when entering the labour market, encompassing both employer and worker perspectives. To scale up these solutions, it is essential to enhance coordination among businesses, sub-national governments, and NGOs. Such a collaborative approach will not only help address immediate needs but also contribute to increasing preparedness for future population movements.
- The survey underscores the clear benefits that arise from addressing the structural challenges faced by small and medium-sized cities in order to enhance their attractiveness as viable places to reside for both locals and new arrivals.

¹ Throughout this paper, the term 'refugees' used in relation to Ukrainian nationals refers to persons registered for temporary protection under the Council Implementing Decision (EU) 2022/382 of 4 March 2022 establishing the existence of a mass influx of displaced persons from Ukraine within the meaning of Article 5 of Directive 2001/55/EC, and having the effect of introducing temporary protection.

- Multilevel governance gaps between local needs (both private and public) and national or EU actions are significant and include a lack of national strategies to encourage refugees to settle in non-metropolitan areas, as well as burdensome administrative processes for obtaining EU funds and loans from social infrastructure banks (e.g. the CEB) that require ex-ante and ex-post support.

Introduction

Russia's war of aggression against Ukraine has forced around 18% of the Ukrainian population to flee, creating the greatest refugee surge to OECD countries since World War II. In July 2023, close to six million Ukrainian refugees were recorded by the UNHCR across Europe. Given that many Ukrainians do not register through these systems, this number might underestimate their presence in host countries, in particular in border regions. Following the destruction of the Kakhovka dam on 6 June 2023, and the continuation of deadly conflict, more Ukrainians have left the country, and others are expected to do so.

Once again, the reception and integration of people pose local challenges that call for solutions tailored to realities on the ground. Given the highly asymmetric distribution of Ukrainians both between and within countries, adopting a one-size-fits-all approach is ineffective. Ukrainians tend to concentrate in border regions and metropolitan areas. In Poland, in March 2022, approximately 70% of them had chosen to settle in the major cities and metropolises, with around 15% residing in the Masovian Voivodeship region where Warsaw is located (Żóciak and Osiecki, 2022^[1]). Significant numbers of refugees have also settled in the Pomerania region, encompassing cities such as Gdansk, Szczecin and Gdynia, which had allocated numerous spaces for Ukrainian refugees at the onset of the conflict. The Ukrainian diaspora, estimated at over one million people in Poland prior to the war, played a significant role in attracting and facilitating the settlement of new refugees, which was also the case in Spain and Italy. Overall, the concentration of people in a few places exerts significant pressures on local services such as housing, health and education. With martial law still in effect in Ukraine, the majority of Ukrainians fleeing are women and children, who need specific support. Indeed, among the beneficiaries of temporary protection, 33% are children under the age of 18, 60.4% are persons between the ages of 18 and 64, and 6.6% are persons above 65 years (European Central Bank, 2023^[2]). Within the working-age population (18-64 years old), only 26.7% are male, while 73.3% are female.

There is considerable uncertainty over prospects for return to Ukraine. No one knows when the war will end, and survey results indicate that significant numbers of Ukrainians would like to stay in their host countries when it does: around one quarter in Poland (Mazurkiewicz, 2022^[3]) (Onoszko, 2022^[4]), one fifth in Lithuania (DG COMM, 2022^[5]), one third in Germany (European Central Bank, 2023^[2]), and a survey conducted in 10 EU countries hosting many Ukrainians reported that one in three respondents would prefer to remain in their host country (European Union Agency for Fundamental Rights, 2023^[6]). It is thus essential that policies provide support relevant to refugees, whether they return to Ukraine or stay in their host communities. This includes facilitating the recognition of their qualifications and skills, as well as enabling them to learn new skills and gain professional experience.

In recent decades, an increasing number of companies and investors have committed to helping refugees access the labour market with new jobs, training courses, investment, etc. Because having a job is often pivotal to people's economic and social well-being, the private sector has a critical role to play in creating economic opportunities for the forcibly displaced. In turn, supporting refugees can help businesses grow new markets, innovate, and meet labour and skills shortages at a time when one of the major challenges for European businesses is a lack of workers in many sectors.

Methodology

Against this backdrop, Eurochambres, the CoR, and the OECD came together to look at the ongoing humanitarian crisis and seek to better understand how best to meet refugees' needs and create opportunities for both them and their host communities. For this purpose, two surveys were circulated online in the second half of 2022. The first, entitled *Action by sub-national governments to address Ukrainian refugees' needs: a focus on jobs-based inclusion*, was addressed to sub-national governments (SNGs) by the CoR, while the second, entitled *Action by Chambers of Commerce to address Ukrainian refugees' needs: a focus on jobs-based inclusion*, was addressed by Eurochambres to national, regional and local EU chambers of commerce and industry. Questions focused on aspects such as hiring needs, involvement in refugees' integration, main obstacles encountered and coordination with different levels of government.

Additionally, Eurochambres conducted a series of bilateral interviews in February and March 2023 with representatives from six national chambers from countries hosting a significant number of Ukrainian refugees: Austria, the Czech Republic, Germany,

Latvia, Lithuania, and Poland. The objective was to gather additional data on the role chambers have played in those countries since the outbreak of the war in Ukraine, and on the coordination with public authorities and key stakeholders.

	Respondents	Composition	Geographic representation
Survey by the CoR	117 European sub-national governments ² (see appendix)	<ul style="list-style-type: none"> • 30% of respondents were municipalities with under 20 000 inhabitants • 23% between 20 000 and 50 000 inhabitants • 21% between 50 000 and 500 000 inhabitants 	19 countries: Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Ireland, Italy, Latvia, Lithuania, Poland, Portugal, Romania, Spain and Sweden
Survey by Eurochambres	24 national, regional, and local EU chambers of commerce and industry	<ul style="list-style-type: none"> • 46% of respondents were national chambers of commerce and industry • 46% of respondents were local chambers of commerce and industry • 8% of respondents were regional chambers of commerce and industry. 	16 countries: Austria, Slovenia, Croatia, Poland, Germany, Bulgaria, Estonia, Lithuania, Portugal, Romania, Greece, Luxembourg, Czechia, Belgium, Latvia, Hungary

Labour market challenges & opportunities

Sub-national governments lack timely labour market information, hindering the matching of labour supply and demand, for both the numerous refugees seeking work and businesses with hiring needs.

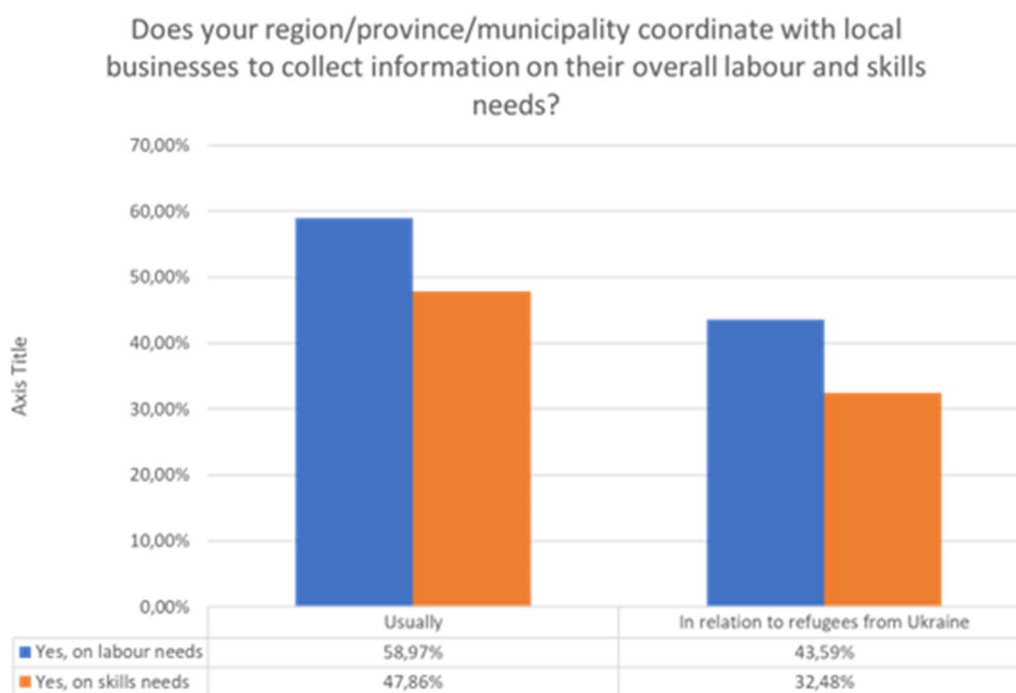
The survey results confirm how the primary objective of Ukrainian refugees – finding a job – correlates well with the pressing need of many European businesses to recruit workers. Indeed, while the labour market inclusion of Ukrainian refugees has well outpaced that of other refugee groups, gaps remain. Only a handful of European countries, including the Netherlands, Lithuania, Estonia, and the United Kingdom, had achieved an employment rate exceeding 40% for working-age Ukrainian refugees in early 2023 (OECD, 2023^[7]). In other countries, the share was lower but increasing. At the same time, the chambers of all responding countries, except Greece, reported that their business members had encountered hiring needs in the past six months, in all activity sectors, to varying degrees. Sectors with the most acute hiring needs were construction, transport and storage, manufacturing, accommodation and food service activities, wholesale and retail, and the trade in/repair of motor vehicles. Overall, labour and skills shortages are being felt globally, and given that growing labour market needs cannot be fulfilled in the long term by mobilising the domestic workforce alone, increasing the labour force through immigration is increasingly being considered by governments (OECD, 2023^[8]). This is confirmed by survey results, revealing that a vast majority of SNGs and businesses believe that refugees can help alleviate labour and skills shortages.

Sub-national governments can play a pivotal role in better matching labour demand and supply by identifying where shortages lie. As shown in Figure 1, the surveyed local authorities usually work with local businesses to collect data on their overall labour needs (59%), and approximately half of them do the same for skills needs. In Krakow, Poland, for instance the Municipal Employment Office established and regularly updates a database of companies willing to hire Ukrainians. Staff members from the office proactively contact firms, encouraging them to submit job offers. However, overall, specifically in relation to refugees from Ukraine, our survey found that a lower number of the SNGs were communicating with businesses about their available jobs, indicating a potential deviation from the established communication channels observed during previous refugee crises. This shift could be attributed to a potential lack of the sustained long-term financial and human resources necessary to support and maintain such channels, as well as to shifts in government

² Out of the 117 surveyed sub-national governments, 114 confirmed they welcome Ukrainians. The number of people received is proportionate to the size of their territorial units, with smaller areas accommodating fewer refugees and larger areas accommodating more. With more than half of the municipalities having a population of 50 000, it came as no surprise that about 56% of respondents indicated they welcome up to 500 Ukrainians. However, there are exceptions, where municipalities with under 20 000 residents received a relatively high proportion of Ukrainians, such as Alūksne in Latvia (almost 2 000 refugees), Litomyšl in Czechia and Tapa vald in Estonia (both between 500 to 1 000 refugees). Among the 27 surveyed regions, intermediary entities, and inter-municipal cooperation structures, 13 welcomed between 1 000 and 5 000 Ukrainians, 2 regions (Southeast in Ireland, and Consiliul Județean Maramures in Romania) received between 5 000 and 10 000 people, and 5 regions (the South Moravian Region in Czechia, Catalunya and Comunitat Valenciana in Spain, Vienna in Austria, and Pardubice Region in Czechia) between 10 000 and 50 000. The highest numbers, exceeding 50 000, were reported by the Wielkopolska Region (Województwo Wielkopolskie) in Poland and the City of Prague.

policies, changing priorities, or evolving dynamics within the labour market. Furthermore, even in regions where SNGs and businesses frequently exchange information about job opportunities, including in relation to Ukrainians, very few businesses actively participate in these exchanges. There is therefore great room for improvement in sharing simple information.

Figure 1. Share of sub-national governments collecting information on local businesses' hiring needs



Chambers of commerce can work with sub-national governments to facilitate the collection of information regarding job opportunities, with a particular emphasis on supporting small and medium-sized companies (SMEs). According to the survey results, more than half of the sought-after job openings are found within these enterprises, which may face greater challenges in hiring refugees. These difficulties stem from factors such as limited familiarity with the hiring process, constrained networks and connections, as well as insufficient financial and human resources for the administrative tasks and associated costs related to refugee employment. These tasks encompass activities such as conducting comprehensive background checks, providing language and skills training, and implementing cultural integration programmes. Through their expertise, networks, and influence, chambers of commerce can assume a pivotal role in assisting SMEs to surmount these barriers, ultimately fostering the creation of inclusive work environments that benefit both refugees and the broader community.

Yet, it is important to note that simply identifying and publishing the available jobs may not be sufficient. The deployment of the EU Talent Pool pilot programme, which aims to facilitate the matching process between Ukrainian refugees and employers, has revealed that the preliminary results are lower than expected. This highlights a trend among some Ukrainians who have shown a preference, thus far, for relying on personal connections within Ukrainian communities rather than utilising more formal channels to find employment. To ensure that refugees effectively utilise programmes that align with job offers and meet labour market demand, a comprehensive approach is required, which may include developing outreach campaigns to inform refugees about the availability of relevant programmes or offer personalised guidance and counselling services to help better understand the benefits of those programmes.

During the 2015-16 refugee crisis, chambers made a considerable contribution to the labour market integration process, with different initiatives. One notable initiative from that time is the European Refugees Integration Action Scheme (ERIAS), launched in 2016. It provides comprehensive support to refugees at every stage of their journey towards labour market integration: from initial skills assessments and relevant training sessions (language, civic and cultural aspects, professional training in the form of VET or specific short-term training), to the matching of refugees with suitable companies and providing guidance to both refugees and companies during the recruitment and onboarding phases. The multi-level and multi-stakeholder approach is instrumental to the success of the programme. Local and regional networks play a crucial role in bringing together different players who can contribute to the labour market integration process and provide broader support, including access to healthcare, housing, and basic services. Chambers of commerce in four countries (IT, GR, BG, ES) tested the ERIAS approach, and developed common tools such as an integration checklist for businesses and a handbook of good integration practices.

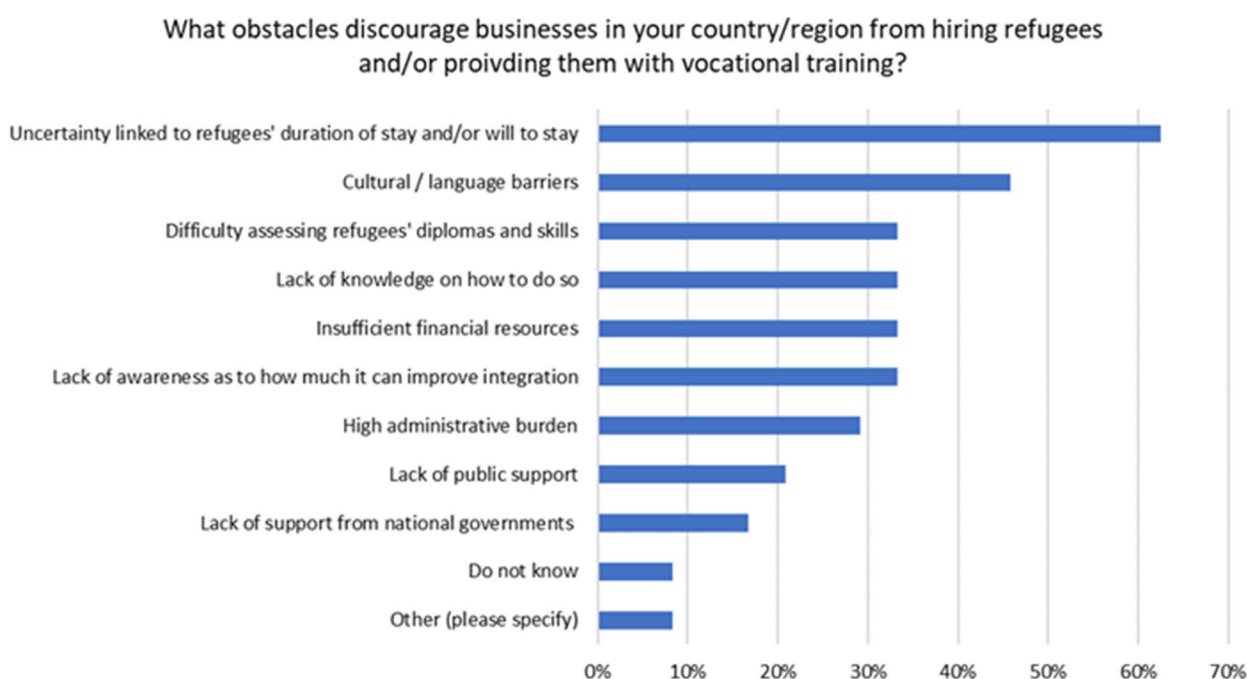
When analysing the labour market integration of Ukrainian refugees, it is worth noting that the political response at the European level has significantly differed from the situation in 2015-16, with a much swifter, more coordinated and more ambitious response. This has been particularly visible in Eastern and Central Europe. Thanks to the activation of the Temporary Protection Status mechanism, Ukrainian refugees have additional rights and, in many Member States, can benefit from programmes and support not available to other refugees. Hence, it has also, in certain cases, decreased the number of chamber initiatives targeting specifically Ukrainian refugees since they were able to benefit from a wider range of opportunities. Interviews conducted in March 2023 by Eurochambres with national and regional chambers located in countries hosting a significant number of Ukrainian refugees (LT, LV, PO, AT, DE, CZ) confirmed this causality.

Solutions exist to overcome the barriers refugees face when entering the labour market, encompassing both employer and worker perspectives. To scale them up, it is essential to enhance coordination among businesses, sub-national governments, and NGOs.

Results from the survey

Figure 2 reveals some of the main obstacles discouraging businesses from hiring refugees and/or providing training. They are: 1. uncertainty linked to refugees' duration of stay and/or willingness to stay; 2. cultural and language barriers; and 3. difficulty assessing refugees' diplomas and skills. While it is difficult for governments or firms to address the first obstacle, the survey results indicate that solutions already exist to the second and third obstacles, which could be scaled up. Indeed, 46% of the surveyed sub-national governments work with NGOs to provide language training to Ukrainians, and 36% of the responding chambers also do. Furthermore, about a third of sub-national governments indicated that they support mechanisms to facilitate the formal recognition of migrants' and refugees' skills and diplomas, and about one fifth of chambers offer skills assessment services.

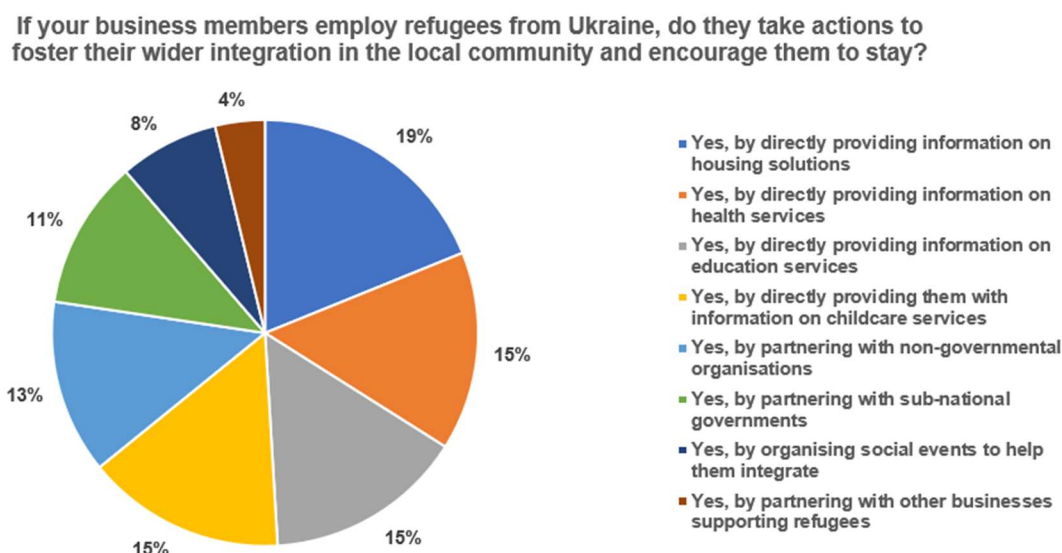
Figure 2. Main obstacles discouraging business from hiring/training refugees



Refugees also need support in other areas key to integration, including health, education, childcare and housing. Results from the survey indicate that sub-national governments working with NGOs primarily engage in sectors such as emergency housing, social cohesion, access to culture, and language acquisition. Chambers indicate that many of their business members actively promote the broader integration of refugees within the local community, including by directly disseminating information on housing solutions, thereby encouraging refugees to remain in the area (Figure 3). The distinctive profile of Ukrainians, predominantly comprising women, children, and the elderly, influences the specific requirements for their successful job placement. Factors such as caring for the elderly and children, as well as the need to dedicate initial time to language acquisition, potentially contribute to a lower integration rate than

anticipated, despite the considerable efforts undertaken by numerous Member States. Therefore, it is a welcome fact that a significant proportion of the surveyed sub-national governments provide targeted support to Ukrainian women in areas such as childcare (56%), housing (55%), job training (52%), psychological assistance (48%), healthcare (46%), and transport (45%). Nevertheless, these findings also underscore the existing gaps in support for women in several other domains.

Figure 3. Business initiatives for Ukrainian workforce integration



Many businesses employing Ukrainians lack connections with other integration players who could support them and their foreign employees. The survey findings reveal that less than 30% of chambers reported collaboration between their business members employing Ukrainians and NGOs, while only 25% reported collaboration with sub-national governments on fostering comprehensive integration and encouraging long-term stay. However, numerous examples demonstrate the significant benefits of leveraging multi-player coordination to enhance refugee integration. In Germany, for instance, companies that recruited refugees in 2015 gained access to a comprehensive range of support measures tailored to their specific needs, developed by the public sector (such as the Federal Employment Agency), NGOs, and companies themselves. Public service advisors have played a crucial role during the recruitment and hiring process, complementing the services offered by NGOs and companies preparing HR teams, managers, and colleagues for working effectively with refugee employees (DIW Econ GmbH, 2022^[9]). Similarly, local-level partnerships have facilitated the recognition of qualifications, improved job matching, and created innovative solutions. For example, in Denmark, a partnership involving municipalities, regional administrations, the government, unions, and employers' organisations has provided language and employment skills courses and evaluated individual competencies (European Commission, 2022^[10]). In cases where government-sponsored solutions were lacking, local businesses have collaborated to develop new platforms, such as the EmployUkraine platform. Similarly, social and solidarity economy (SSE) entities, which include cooperatives, mutuals, associations, foundations and social enterprises, sometimes fill in the gaps between policy and practice to empower refugees for labour market inclusion and self-organisation (OECD, forthcoming^[11]). Local authorities have also played a crucial role in ensuring the legality and quality of job opportunities offered to refugees, thereby mitigating risks associated with informal job offers. Additionally, business collaborations have led to innovative approaches, such as the partnership between local employment services, IKEA, and SSAB, a Swedish steel company, in the Swedish county of Dalarna. This partnership has created a multi-site employment path that has enabled refugees to work and learn the language simultaneously. Refugees who did not initially speak Swedish were first employed by IKEA in roles that did not require language skills before transitioning to SSAB at a later stage.

Finally, local authorities have a vital role to play in mitigating risks associated with unregulated job matching by overseeing the legality and quality of job opportunities offered to refugees. They can ensure compliance with labour laws, protect against exploitation, and foster fair and dignified work conditions. Collaboration with employers and NGOs helps enhance transparency and accountability, while providing guidance and support to create inclusive work environments for refugee employees.

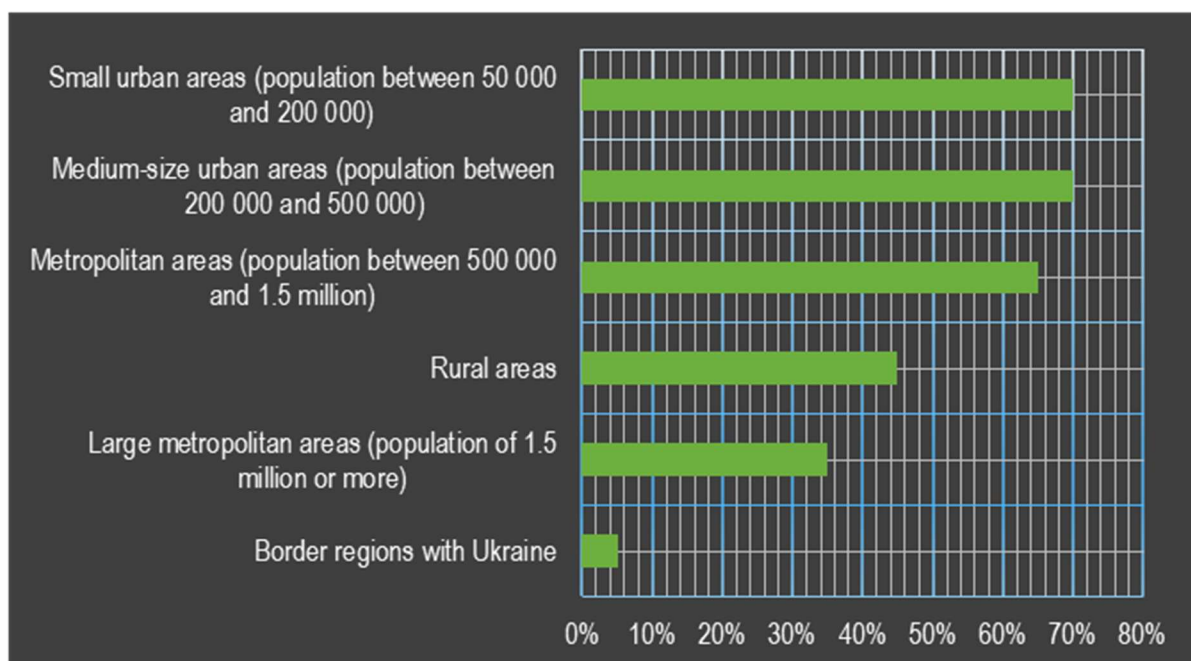
The potential of small & medium-sized cities

Small & medium-sized cities have comparative integration advantages compared to metropolitan areas, which can be leveraged through policies and actions tackling their structural challenges, for the benefits of all.

The concentration of refugees in urban and metropolitan areas is putting a lot of pressure on local services. For instance, because a large share of Ukrainian refugees are school-age children, many local school systems are stretched. Moreover, there is a pre-existing housing crisis in several large cities that are hosting the majority of Ukrainians, resulting in a shortage of affordable housing for locals and newcomers, thereby complicating the transition of the latter, currently hosted by private households, to long-term housing solutions.

At the same time, research shows inclusion can be easier in those less dense areas, and the surveyed chambers indicate that it is in those areas that most of their hiring needs are concentrated (Figure 4). They have emerged in recent years as important partners and players in the integration and resettlement of newcomers due to resettlement programmes, national placement policies, community sponsorship and other forms of civic engagement (ICMC Europe, 2022^[12]). They can offer a softer and more secure landing for those having fled violence, most often women and children. Research underlines their comparative integration advantages compared to metropolitan areas: stronger engagement of local citizens, networks and communal institutions, more accessible labour markets, a wider range of affordable housing options and generally welcoming host communities (Tardis, 2019^[13]). Overall, in Europe, remote and underserved areas are being hit the most by labour and skills shortages and would benefit most from newcomers (European Commission, 2023^[14]).

Figure 4. Location of businesses with hiring needs



A more even geographical distribution of refugees inside countries could be a win-win for the refugees and local communities. This will become increasingly true since OECD projections suggest that by 2050 half of Europe's economies will need to manage decline and related labour shortages in their remote regions (OECD, 2022^[15]). In those areas, immigration can be a key driver of revitalisation, and positively transform areas and communities. Based on the survey results, 80% of SNGs and 79% of businesses/chambers of commerce agree that immigration is seen by their community as potentially helping to address the long-term economic challenges posed by a rapidly ageing native population.

Against this background, creating opportunities for refugees to move to less urban areas can be part of the solution. National responses could ensure the participation of smaller communities as key stakeholders and provide the resources and capacity-building support and assistance they need. Yet, despite the benefits, less than one in five national governments, according to the surveyed

SNGs, actively encourage Ukrainian refugees to move to small and medium-sized cities. Interestingly, this share is higher in relation to Ukrainian refugees, suggesting that governments have learned from their past mistakes.

However, mechanisms encouraging refugees to move to less dense areas must factor in key territorial variables, including school places, transport facilities, access to medical (including psychosocial) services, and employment opportunities. This requires effective coordination platforms on which local governments and NGOs and businesses share, with higher levels of government, data on their integration capacities (e.g. housing stock, education access, health access, job availability, etc.). Countries/businesses have made some moves in this direction. In France, for instance, the interministerial crisis unit, which is coordinating the reception of displaced persons from Ukraine, is working with the Interministerial Delegation for Housing and Access to Accommodation (Dihal) and local public services to promote a better distribution of households across the country offering them housing, to ease the pressure on housing demand in major cities. However, despite this system, fewer Ukrainians than planned have settled in less dense areas **Invalid source specified.**, and in July 2022, Dihal launched a communication campaign to convince Ukrainians of the benefits of moving to those areas (Raitière, 2022^[16]).

Indeed, spontaneous movements of refugees towards smaller cities is unlikely if the appropriate services, community networks, and incentives are not in place. Addressing various structural challenges is therefore necessary to make these places more attractive. Sub-national governments highlight the lack of employment options as a major obstacle preventing refugees from choosing medium and small-sized cities as their destination. Since economic autonomy is a significant aspiration for refugees, the availability of work opportunities greatly influences the desirability of a location. Chambers can support this process by assisting smaller businesses in non-metropolitan communities, which may have limited experience with immigration and migrant-related services, by helping them voice their labour and skills needs and creating favourable conditions for hiring refugees. The absence of public transport also emerges as a significant reason why refugees tend to avoid medium and small-sized cities. This underscores the fact that many challenges faced by migrants in less dense areas, including limited digital connectivity and access to essential services, mirror those experienced by the general population in such regions. By addressing these integration barriers, positive outcomes can be achieved not only for refugee integration but also for broader rural development (ICMC Europe, 2022^[12]). It is crucial to incorporate migration considerations into existing policy frameworks and cooperation initiatives for rural development and revitalisation, with active participation from the private sector. This comprehensive approach will foster inclusive and sustainable development in rural areas, while ensuring the successful integration of refugees and migrants into these communities.

One significant obstacle to the integration of refugees in less dense areas is the prevailing perceptions held by local communities regarding immigration. However, in these areas, refugees often find it easier to directly contribute to local development by filling labour and skills gaps while forming social connections that help dispel claims of being a burden. This positive dynamic can only occur if local workers and unemployed individuals do not view the newcomers as competitors for work. Employers and chambers can participate in the development of communication campaigns. Moreover, the majority of sub-national governments acknowledge that refugees settling in small and medium-sized cities can play a pivotal role in improving attitudes among locals towards migrants and refugees. The active participation of refugees in local communities, including through the social and solidarity economy (OECD, 2020^[17]), can foster positive interactions and dispel misconceptions, ultimately leading to more favourable perceptions and a greater sense of social cohesion.

The role of funding

While policy-makers recognise the advantages that vertical coordination brings, it is often difficult to put into practice. Transaction costs, competitive pressures, resource constraints, differing priorities and fears that the distribution of costs or benefits from cooperation will be one-sided, can all impede efforts to bring different levels of governments together (OECD, 2019^[18]). In relation to Ukrainian refugees, emergency funds set up by central governments to help local authorities and support from the EU were too slowly distributed to sub-national governments, in part reflecting bottlenecks from a lack of vertical coordination (Koreň, 2022^[19]). More, or less formal, multi-level governance tools can help, such as platforms for dialogue and information-sharing, incentives for coordination, priority selection and performance achievement, contracts across levels, as well as ex post evaluation (OECD, 2018^[20]) (OECD, 2022^[21]). In crisis contexts, because many vertical coordination challenges are information-related, mechanisms focused on information-sharing can prove key to better tailoring national investment decisions to local challenges and opportunities.

The money for sub-national governments to support refugees from Ukraine came mostly from higher levels of state governments, followed by the private sector, while direct funding under the EU was significantly limited. Some 51% of sub-national governments received grants for supporting refugees from higher levels of their government (note: this does not exclude the source of the funding being from the EU), while of 20% received such grants before hosting Ukrainian refugees. The increase is therefore a welcome element. Furthermore, about 10% of funding came from the private sector. However, EU funds were significantly under-

utilised or not available for direct application to sub-national governments (for example, AMIF funds were allocated to the Member States and subsequently distributed from the national level governments to the sub-national, regional/local level). In relation to supporting refugees from Ukraine, only about 5% used funding from the Asylum, Migration and Integration Fund (AMIF), 9% from the European Social Fund (ESF+), and only 1% from the European Regional Development Fund (ERDF). In relation to refugees in general, the use of such funds is higher, with 13% of sub-national governments usually benefiting from AMIF funds, 10% from ESF+ funds and 2% from ERDF funds. When it comes to financing support for refugees through loans, 0% of SNGs took a loan from a public or private bank in relation to refugees from Ukraine, while about 2% did so in relation to supporting refugees in general. Sub-national governments listed the biggest barriers to applying for loans as the administrative burden and short-term nature of such a solution, while 10% noted that their borrowing ability was in general restricted by the central government.

A minority of sub-national governments have reactivated programmes developed in 2015-2016 to welcome and/or integrate migrants and refugees. When asked about the reactivation of programmes developed in 2015-2016 to welcome and/or integrate migrants and refugees, about 28% confirmed doing so for housing, 20% for education, 29% for employment, 25% for social programming and 22% for health. This confirms the importance of capacity-building for sub-national levels of government as, for 20% of the local and regional authorities, the task of providing refugees with the required services in these areas was facilitated by having already acquired the transposable tools and expertise.

Way forward

The silver lining is that helping Ukrainian refugees will contribute to the longer-term improvement of local reception and integration systems. While 10% of sub-national governments do not consider the current situation as an impetus for improvement and 20% are unsure, the majority of sub-national governments (almost 70%) see a silver lining and feel that the current situation will have a positive impact on their local reception and integration systems, be it through developing platforms for public players from different sectors to coordinate (40.43%), or by developing platforms for local public and private players to coordinate (36.17%), as well as by underlining the importance of serving refugees' needs (32.98%), securing investments to meet those needs from upper levels of government (21.28%) or by improving the recognition of sub-national governments' role in integrating newcomers (27.66%).

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Appendix: examples of best practices

3

PROJECT: NETZWERK Unternehmen integriert Flüchtlinge (NETWORK Companies integrating refugees)

ASPECTS COVERED:

- Creation of local business networks
- Bringing together experienced and new migrant/refugee entrepreneurs
- Advice, information and training relating to the employment of refugees

ABOUT THE PROJECT: Founded in March 2016, the network supports companies of all sizes, sectors and regions that employ refugees or are interested in doing so in the future. Membership is free. The website offers many practice-oriented materials so that companies are informed about the ways in which refugees are integrated into the labour market. The NETZWERK team can also be reached at any time by phone or email for detailed questions.

The network offers its members:

- Information materials and checklists: provision of existing know-how and new ideas for employing refugees in an easily digestible way.
- Practical tips and exchange of experience: Exchange of ideas between companies on integration into training and employment.
- Events and webinars: capacity building events, online and in chosen locations.
- Regular updates: keeping track of the most important regulations and changes in the law.

MAIN RESULTS: 3492 companies registered in the network.

FOCUS ON UKRAINIAN REFUGEES:

1. More than 25 percent of German companies have already had contact with refugees from Ukraine.
 - Companies from the service sector had more frequent contact with refugees from Ukraine than those from the manufacturing sector.
 - Companies that train or have provided training were also more likely to have contact with Ukrainian refugees than companies without their own training activities.
 - The more urgently a company is looking for skilled workers, the more frequently these companies have already made contact with Ukrainian refugees.
2. For companies, contact with refugees from Ukraine most often came about through the personal contacts of employees.
 - This is followed by inquiries from Ukrainian refugees themselves and the placement of volunteers or religious communities.
 - Most companies have only come into contact with Ukrainian refugees via a maximum of two different routes.
3. About one third of the companies indicated that employment had arisen from their contact points.
4. The resulting employment relationships with Ukrainian refugees were mostly employment contracts (78 percent). Entry via an internship (21 percent) or an apprenticeship (1 percent) has so far played a much smaller role.
5. The reduction of language barriers is mentioned as the most important prerequisite for employing Ukrainian refugees.
 - On the other hand, HR managers do not mention childcare support as an essential prerequisite for employing Ukrainian refugees.
6. Companies with locations in eastern Germany consider the removal of language barriers to be a less relevant factor for the employment of refugees from Ukraine than the rest of Germany. Many other aspects are also less likely to be identified as a problem by companies located in the eastern German states.

³ [Netzwerk - NETZWERK Unternehmen integrieren Flüchtlinge \(unternehmen-integrieren-fluechtlinge.de\)](https://www.netzwerk-integrieren.de/)

PROJECT: Mentoring für Migrant:innen (Mentoring for Migrants)

ASPECTS COVERED:

- Information and advice to businesses about the recruitment of refugees
- Bringing together experienced and new migrant/refugee entrepreneurs
- Mentoring or coaching

ABOUT THE PROJECT: The “Mentoring for Migrants” programme was established in 2008 at the initiative of the Federal Economic Chamber (WKO) in cooperation with its project partners, the Austrian Integration Fund (ÖIF) and the Labour Market Service (AMS). Within the framework of this programme, well-connected members of the business community support qualified people with a migration background in their efforts to participate in the Austrian labour market.

The central element of the programme is the matching process, i.e. the bringing together of mentors and mentees; this is the responsibility of the project sponsors. To obtain a good match, special attention is paid to occupational (e.g. sector, type of training) and regional factors (e.g. target markets of the company, region of origin of the mentee) as well as language skills.

The objective of the project is to ensure a mutually enriching exchange by enabling Austrian companies to derive a competitive advantage from cultural diversity while integrating refugees in the Austrian labour force.

MAIN RESULTS: To date, nearly 2.300 mentoring pairs have been formed and numerous mentees have already gained a foothold on the Austrian labour market, not least thanks to support from their mentors. After every project cycle an evaluation is performed. Here are some of the most recent results:

- 100% of the mentors appreciate mentoring as a very meaningful instrument for the integration of migrants into the labour market.
- 83% of the mentors feel that they themselves derive a benefit from the programme.
- 97% of the interviewed persons believe that multilingualism and international transfer of know-how are strengthening the Austrian business location.
- 86% of the interviewed persons think that the acknowledgement of mentees can be used by the local companies in order to extend their activities abroad.

FOCUS ON UKRAINIAN REFUGEES: Because of the war in Ukraine, the 2022 program (from January to June) focused on Ukrainian refugees, with around 1/4 to 1/3 of mentees coming from Ukraine. This is a special situation as normally mentees have to have a free access to the labor market and permanent residence status, which most of Ukrainians do not have. Nonetheless, free access to the labor market for Ukrainians is expected to be granted for working permit to no longer be necessary.

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**European Committee
of the Regions**



**Publications Office
of the European Union**

Web

QG-02-23-155-EN-N

ISBN 978-92-895-3035-4

DOI:10.2863/312766

Print

QG-02-23-155-EN-C

ISBN 978-92-895-3034-7

DOI 10.2863/097101



Created in 1994, the European Committee of the Regions is the EU's political assembly of 329 regional and local representatives such as regional presidents or city-mayors from all 27 Member States, representing over 446 million Europeans.



Edited by the European Committee of the Regions

Brussels, October 2023

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