Chapter 1

Migration in Finland and the context of integration policy

Despite rapid growth over the past 25 years, Finland’s migrant population is not large in international comparison. The foreign-born in Finland, however, come from a diverse range of countries and bring with them a concomitantly wide range of integration service needs. The increase in inflows – particularly asylum seekers – in 2015, put a strain on the Finnish integration system, which was designed to support far fewer migrants. And important changes were introduced as the system struggled to maintain efficiency in the fact of increasing demand. These changes included integration services organised into modules that could be more easily combined into a tailored package of measures and the introduction of the Social Impact Bond to harness private finance in support of integration. If effective in ensuring Finland’s migrants are well integrated in society and on the labour market, these investments will help to alleviate the ageing-related challenges the country expects in the coming years. This chapter provides the context for the report outlining i) the integration context, and the characteristics and composition of Finland’s foreign-born population that influence their integration outcomes, as well as the labour market context and challenges this presents, before turning to ii) the recent developments in integration policy in Finland.
Over the last quarter of a century, Finland’s foreign-born population has been growing at a compound annual rate of 6.8%; where the foreign-born accounted for just 1% of the Finnish population in 1990, in 2016 they accounted for close to 6.5%. While the number of foreign born individuals residing in Finland remains small by international standards, growth has been amongst the fastest in the OECD.

Finland’s migrant population come from a diverse range of countries and bring with them a concomitantly wide range of integration service needs. Since the mid 1990’s, migrants from Russia and Estonia have made up the largest foreign-born group in Finland and continue to do so; in 2016, they accounted for 20%, and 13%, of the foreign-born population, respectively. Since 1994, migrants from Somalia have represented a fairly stable 3% of the foreign-born population of Finland, while the number of migrants arriving from Iraq and Afghanistan has been increasing. As a result, in 2015, migrants from Iraq overtook those from Somalia as Finland’s third largest group, accounting for 4% of the foreign-born population. The number of migrants from Thailand, Viet Nam and India has also grown gradually over the previous ten years such that, in 2016, they accounted for 3, 2 and 2% of Finland’s foreign-born population, respectively.

In late 2015, Finland received close to 32 500 asylum seekers – equivalent to 6.4 asylum seekers for every 1000 of the Finnish population. This represented a substantial increase on the number of asylum requests in the preceding years, which had hovered between three and four thousand. However, not all asylum seekers have the right to remain in Finland, indeed, of the asylum decisions made in 2016 in Finland, only 27% were positive. This is low by international standards. Indeed, despite close to 44 000 asylum applications since the start of 2015, the number of persons granted international protection over this period remains under 14 000. It does not appear that the increase in the numbers seeking asylum in Finland will be sustained in the longer term. Indeed numbers have since fallen quite dramatically. In 2016, just 4 005 individuals made first-time applications for asylum in Finland and, in 2017, the number fell still further; nearly halving to just 2 139. Nevertheless, temporarily elevated numbers have put a strain on an integration system designed to support far fewer migrants. This strain is set to continue in the years to come as this large cohort makes its way along the integration path.

Finland, however, is only now emerging from a long recession. Since 2009, the economy has experienced the largest economic contraction of all Eurozone countries outside of the Southern member states. And the Finnish Central Bank does not expect real GDP to recover its pre-financial crisis levels by the end of their forecast period in 2018. In this context the country is struggling to find the fiscal space to fund largescale investments in response to the augmented migratory flows of 2015/16. The answer, however, is not to avoid integration investments that, if undertaken efficiently, are likely to pay long-run dividends across generations.
Rather, in the context of what are likely to be relatively small and volatile migrant flows going forward, it will be important to ensure the Finnish integration system is flexible and responsive, and that fixed costs are kept to a minimum.

Given Finland's limited experience with integration, the development of an integration system; sufficiently flexible to respond to temporarily augmented numbers, while nonetheless operating within tight budget constraints, is now of paramount importance. Careful reconsideration of integration policy design and implementation is required. If integration is not prioritised, new arrivals risk falling into inactivity, presenting a permanent drain on the economy and portraying a poor image of the productive potential of migrants – both to future migrants, and to the Finnish population. Policymakers are aware of this need, and in the years since 2015 much thought has gone into the design of integration policy.

Yet while newly-arrived migrants have dominated much of the policy debate in recent years it is important that the long-term integration of established migrants does not fall below the radar. Indeed, some of Finland's established migrants are struggling to integrate and have become quite distant from the labour force. Notably the labour market outcomes of certain groups – particularly women, and the children of immigrants – are poor in international comparison. These groups are facing challenges that, if left unaddressed, risk compromising the potential of the economy, the society, and of the individuals themselves.

In light of these challenges, this report provides an in-depth analysis of the Finnish integration system – where it is succeeding, where it is struggling, and where the efficiency of existing efforts could be enhanced. The report begins, in this chapter, with an initial discussion of the Finnish labour market, and an overview of the history of integration to Finland, before turning to a brief outline of integration policy and recent changes in this field. Chapter 2 then continues with an examination of integration outcomes of Finland’s foreign-born population and how they are faring on the labour market. Chapter 3 presents a discussion of the settlement patterns and policy in Finland discussing, in detail, the early integration activities available to help migrants build their country specific skills. Chapter 4 then turns to an examination of the efficiency with which the Finnish integration system recognises, builds upon, and uses the existing skills migrants bring with them to Finland. Finally chapter 5 concludes with an examination of the integration of some of the most vulnerable groups in Finland, in particular women, children with foreign born parents, and youth who arrive shortly before, or after, the end of compulsory schooling.

This report has benefited from, and builds upon, the insights of Finnish practitioners from across the integration system. It is the result of a process that convened stakeholders – drawn from government ministries and agencies, social partners, regional actors and private sector employers. In the summer of 2016, a joint workshop, hosted by the OECD and the Finnish Ministry of Economic Affairs
and Employment, brought together these stakeholders to work together on identifying the co-ordination challenges and bottlenecks in the Finnish integration system (see Box 1.1).

Box 1.1. Workshop on migrant integration, Helsinki 20 June 2016

In order to support Finland in a holistic examination of the integration process, on the 20 June 2016, the OECD co-organised, together with the Finnish Ministry for Employment and the Economy, a workshop bringing together practitioners – drawn from across government ministries and agencies, social partners, regional actors, private sector employers, academia and non-governmental organisations. Supported by specialist peer reviewers from Germany, Portugal and from Sweden, experts worked together to identify bottlenecks and inefficiencies in the current integration system and develop concrete ideas of how to tackle these challenges.

Building on the in-depth knowledge and expertise of the participants, small groups worked to identify the challenges facing migrants, as well as the support available to them along their pathways to labour market integration – from school, from unemployment or from arrival. By working with experts from across the integration system in this manner, groups were able to identify co-ordination challenges and address areas where migrants risk falling through the cracks.

The design of the workshop was built upon information gathered during an initial OECD fact-finding mission in April 2016 and focused on six themes identified by the OECD as critical issues facing migrants in Finland on their path to integration into the labour market.

I. Building skills in school for young arrivals and the children of immigrants
II. Language training and early integration support
III. Validation and recognition of migrant skills
IV. Contact with employers and social partners
V. Discrimination
VI. Co-ordination among actors at the national, regional, and municipal level

Each of these six thematic areas was discussed in small sub-groups of relevant stakeholders. The findings in these areas were brought together in a short note (see OECD 2017a).
The Integration and Labour Market Context

*Finland has a relatively short history of migration*

Historically Finland has been a country of emigration rather than immigration and, as a result, the share of the foreign born in the Finnish population has been low. Indeed, until the end of the 1980s, return migrants and their family (mostly from Sweden) accounted for some 85% of immigrants arriving in Finland. Following the collapse of the Soviet Union, migrants that had relocated to the USSR during the Great Depression, and their offspring, were to be allowed to return to Finland. Thus, beginning in the 1990s, Finland became an immigrant receiving country with migrants arriving largely from Russia and Estonia. Since 1990, about 30 000 – 35 000 Ingrian Finns have arrived to Finland – primarily from Russia and Estonia.1 At the same time, asylum seekers from Somalia and from the former Yugoslavia also began arriving in Finland during the aftershocks of the Soviet collapse.2

The increase in the immigrant population in the 1990s coincided with a deep economic recession. These adverse economic conditions led to high levels of unemployment among immigrants, whose limited Finnish labour market experience often meant that they struggled to find work in the context of limited employment opportunities. This unfortunate timing had long-term repercussions, both because unfavourable economic conditions at the time of immigration can have a scarring effect on the future integration path (see for example Åslund and Rooth, 2007, who find, in Sweden, that labour market conditions encountered upon arrival can affect individuals employment outcomes for at least ten years) and because it created an environment in which the labour market integration of immigrants was viewed as a costly duty rather than an opportunity.

Migrants from Russia and Estonia continue to make up the largest foreign-born group and, in 2016, accounted for 20% and 13% of the foreign-born population, respectively (see Figure 1.1). Migrants from Somalia have, since 1994, represented a fairly stable 3% of the foreign-born population of Finland, while the number of migrants arriving from Iraq and Afghanistan has been increasing. Since 2015, migrants from Iraq have overtaken those from Somalia as Finland’s third largest migrant group.
In 2015, Finland received a large number of asylum requests

In 2015, as in many European OECD countries, Finland received a large number of asylum requests as close to 32,500 individuals sought asylum in Finland. The majority of applicants came from Iraqi asylum seekers with close to 20,500 asylum applications registered from Iraq in 2015 alone. Representing a substantial increase on the number of asylum requests in the preceding years – which had hovered between three and four thousand – the country was left grappling with the implications of these numbers; both in terms of meeting the immediate needs regarding housing and initial settlement, and in terms of long-term integration into the Finnish labour market and society. It is not yet clear to what extent the recent increase in the numbers seeking asylum in Finland will be sustained in the longer term. Indeed numbers have since fallen quite dramatically. In 2016, just 4,005 individuals applied for asylum in Finland for the first time and, in 2017, the number fell still further; nearly halving to just 2,139.

Not all asylum seekers will eventually settle and, consequently, not all need to be integrated. Of the asylum decisions made in 2016 in Finland, only 27% were positive, rising to 40% in 2017. Among the largest asylum seeking groups, of decisions taken in 2016 and 2017, over 56% of Iraqi applications were denied, 49% of those coming from Afghanistan and 56% of asylum applications from Somalia. At the same time over 91% of asylum applicants from Syria were offered asylum or subsidiary protection. All in all,
despite close to 44 000 asylum applications since the start of 2015, the number of persons granted international protection over this period remains under 14 000 (Figure 1.2) – though this is also partially driven by procedural delays. Nevertheless, the temporarily elevated numbers have put a strain on an integration system designed to support far fewer migrants. This strain is set to continue in the years to come as this large cohort makes its way along the integration path.

Figure 1.2. Less than one third of asylum requests have resulted in positive decisions
Cumulative number of asylum requests and individuals receiving a positive decision regarding a request for international protection, 2015-18

Source: Statistics Finland.

At the same time, recovery from the financial crisis has been slow

The Finnish economy and labour market were hit hard by the financial crisis. Output plummeted by 8.3% in 2009 and, between 2008 and 2015, employment rates fell by close to four percentage points. Alongside this, increasing wages along with falling productivity led to high unit costs of labour. Even now, as the Finnish economy is taking tentative steps towards a recovery – GDP grew by 0.9% in 2016 and 3% in 2017 – unemployment, at 8.4% in Q1 2018, remains stubbornly high. Furthermore, the number of individuals in ‘disguised unemployment’ (individuals who could and would accept work, but did not actively seek it) has been increasing. In 2016 these numbers reached the highest levels since 1997, when such statistics were first compiled and the consistent increase since 2010 suggests that, in the face of the elevated unemployment rates of the last seven years, some workers are becoming increasingly discouraged from seeking work.
Employment has also been slow to recover from the financial crisis and – despite tentative growth since 2016 – employment rates are only now, in 2018, returning to pre-crisis levels. At 68.7%, the employment rate in Finland remains above the OECD average. It is, however, the lowest of the Nordic economies. Furthermore, while employment among Finland’s native born population has returned to its pre-crisis levels, the employment rates among Finland’s foreign born population still lag seven percentage points behind their 2007 levels (Figure 1.3 Panel D).

…And growing dependency risks limiting long-term growth prospects particularly in rural areas

Alongside this slow recovery, population ageing and a shrinking workforce, risk compromising long-term growth prospects. Indeed according to the medium-variant forecasts made by the World Population Prospects, by the year 2100, there will be more than 60 individuals aged 65+ for every one hundred members of the working age population (Figure 1.4). The Finnish population aged 15-64 is falling by almost 0.5% a year, and the concomitant age-related spending – on pensions and the costs of health and social care – is putting increasing pressure on public finances.

Against this background, enhancing employment and productivity, while containing public spending is a major challenge. In response the government has announced a wide-ranging agenda of structural reforms. The 2017 Pension reform will go some way towards increasing participation among the elderly through extending the retirement age, while the reduced duration of unemployment benefits from 2017 may increase participation among younger cohorts. In addition, the recently negotiated Competitiveness Pact – which will cover 90% of Finnish workers – is expected to reduce labour costs, increase hours worked, and introduce more firm-level flexibility in the wage bargaining system.3,4
Figure 1.3. The foreign-born population have not seen the employment recovery observed among the native born

Index 100=2007

Source: Labour Force Surveys (Eurostat).
The pressures of population ageing are particularly acute in rural areas. The population of Finland is increasingly concentrated in the large settlements predominantly located in the southern half of the country. Concentration is particularly acute in the Greater Helsinki metropolitan area and, to a more limited extent, other large settlements. Conversely, the Finnish countryside is relatively sparsely populated; rural areas have struggled to retain young people, and internal migration to Helsinki and other regional centres with better employment prospects has exacerbated low birth rates (see Figures 1.5 and 1.6). Given that tax on personal income is the primary source of municipal revenue (accounting for approximately half of municipal revenue), this has profound implications for the financing of service provision in remote areas.
Finland’s foreign-born population have the potential to ease these challenges

By 2016, the foreign-born accounted for 6.5% of the Finnish population. In the context of an ageing native-born population, the relatively young foreign-born population – 85% of whom are between the ages of 15 and 64 (Figure 1.7) – represent an important resource. This is particularly true in those regions in which the native-born population is shrinking (Figure 1.8). Alongside the implications of population ageing on the economic vitality and growth of Finland, the changing population structure also has far-reaching implications for the sustainability of the pension, health-care, and education systems. And while migration is rarely a long-term solution to population ageing, ensuring that the foreign-born working-age population is able and
ready to work represents not only an urgent challenge but an important opportunity.

**Figure 1.7. Finland’s foreign-born population is younger than the native-born**

% of population, 2016

**Figure 1.8. The foreign-born population is growing also in some regions where population is shrinking**

Compound Annual Growth Rate by country of birth, 1990-2016

*Source: Statistics Finland.*

The recent nature of immigration in Finland has meant that the population of native born children of migrants is still small. This group, however, is now beginning to grow – increasing tenfold since 1990, to reach close to 50 000 in 2015. Integration policy for these young people with a foreign background remains, thus far, relatively underdeveloped. As they now begin to leave school or enter higher education – there integration outcomes will be the real test of integration policy in Finland.
Integration Policy

Since 1999, integration policy in Finland has centred around individualised integration plans

Given the relatively limited experience with integration prior to the 1990’s, immigration policy in Finland remained largely undeveloped until late in the decade. The public employment services did not recognise the special needs of migrants, and the instruments were largely the same for the foreign born as they were for the native born. The notable exception was language courses which were available as part of PES supplied labour market training, demand outstripped supply and lack of resources meant that enrolment and waiting times could extend to several years, and only half of immigrants received language training (Sarvimäki and Hämäläinen, 2016). As immigration began to increase in the early the 1990s, the Aliens Act and the Non-Discrimination Act – which had previously governed legislation relating to immigration – were updated with the Act on the Integration of Immigrants and Reception of Asylum Seekers, which came to force in 1999.

Importantly from the point of view of newly-arriving immigrants, the Act on the Integration of Immigrants and Reception of Asylum Seekers stipulated that employment offices had to start preparing personalised integration plans for immigrants who were not working and had lived in Finland for less than three years. These plans consist of a sequence of language courses, preparatory or vocational training, career counselling, and work experience. While no additional funding was made available, the objective of the plan was to ensure that migrants were directed to training and other measures that were in line with their skills and experience, as well as their specific needs.

Given that similar labour market programmes were available before the Act came to force, the primary innovation of the act was to increase the attention paid by employment office caseworkers to the individual circumstances of foreign-born clients. This was an important change in Finnish integration policy, and indeed intensive support, in this ilk, has been shown, in Sweden, to be one of the most effective investments in promoting labour market integration of the most vulnerable migrants (Åslund and Johansson 2011).

And in 2011 efforts were made to streamline integration services

The current law on integration, the Act on the Promotion of Immigrant Integration, came to force in 2011. The focus of the law is on the early stages of integration, with the objective of ensuring that all immigrants are provided with basic information about Finnish society, work life and available
integration services. As such the law emphasises the dissemination of information and the provision of guidance and counselling. To this end, the 2011 Integration Act also defines the tasks and roles of the different actors in the integration system.

At the national level, primary responsibility for the integration of newly-arrived immigrants lies with the Ministry of Economic Affairs and Employment, under which the Centre of Expertise in Integration compiles and distributes research, statistics, and data, as the basis for the planning and implementation of integration policy. The Centre also disseminates good practice, and develops networks of co-operation in the field of integration. Alongside this, the Finnish Immigration Service (Migri), which operates under the Ministry of Interior, is responsible for granting residence permits, handling asylum applications and operating reception centres. The Ministry of Education and Culture alongside recognition boards – primarily the Finnish National Board of Education – are in charge of education and recognition of education obtained abroad.

The Public Employment Service (TE offices) operates under the Ministry of Economic Affairs and Employment and is responsible for the integration of migrants who register as jobseekers. Together with the Centres for Economic Development, Transport and the Environment (ELY centres), TE offices are responsible for organising the integration-promoting employment services (see Chapters 3 and 4 for further discussion of the PES employment services).

At the regional level the ELY centres, which are responsible for economic development, labour force, competence and cultural activities, transport and infrastructure, the environment and natural resources, foster regional development by implementing and developing government activities in the regions. The role of these regional bodies, when it comes to integration is to negotiate the municipal allocation of humanitarian migrants and to provide support to municipalities in their implementation of integration policy (see Chapter 3 for a discussion of settlement of humanitarian migrants). Additionally, the Regional State Administrative Agencies (AVI) are responsible for ensuring regional equality in access to public services, legal rights, and education.

Finally, at the local level municipalities are responsible for the development and implementation of the integration plans of social assistance recipients, as well as for monitoring the execution and impact of integration. Alongside the integration of their residents, municipalities are also responsible for the provision of basic education and childcare for those who are living temporarily in their area who do not have a municipality of residence.
Despite improvements, the integration system has struggled to maintain efficiency in the face of increasing demand.

The aim of policy reforms mandating the use of individualised integration plans was to ensure that immigrants were provided more targeted guidance through the integration system. The current economic and integration context, however, has undermined these developments to some extent in recent years. Increased numbers of new arrivals in the context of tight fiscal constraints has meant that limited resources are spread increasingly thin. Heavy caseloads, of up to 400 foreign-born clients with 0-5 year’s residence per caseworker (OECD 2016), have meant that Public Employment Service caseworkers often have insufficient time to provide appropriate guidance and support to immigrants.

The dramatic increase in inflows – particularly asylum seekers – in 2015, put a heavy strain on an integration system designed to support far fewer migrants. Integrating these new arrivals, given the current economic climate (unemployment remained at 8.8% in 2016), the relatively highly-skilled labour market (in which fewer than 6% of workers are employed in low-skill occupations), and Finland's limited experience with integration, will require careful reconsideration of integration policy design and implementation. To this end the Finnish government is investigating ways in which integration could be adapted in order to develop a more flexible, efficient, and cost-effective integration system.

The tight fiscal environment and high inflows have prompted thought into creative new models

In response to the augmented asylum flows of 2015, in the May 2016 the Finnish government published an action plan on integration with a view to finding innovative way to settle those granted a residence permit into municipalities and move them into education and employment. The action plan is focused around six measures:

1. Accelerate the move of those granted residence permits into municipalities and into integration services.
2. Link integration to employment by focussing integration efforts on enhancing employability and responding to the needs of employers.
3. Integrate language learning with other activities.
4. Re-organise basic education for adults such that an initial assessment is completed within a fortnight of residence permit issuance and those with prior studies are channelled into complementary training to build on their prior learning.
5. Ensure cross-sectoral support is available to immigrant families and students.

6. Emphasise the specific needs of immigrants in teacher training.

Alongside this, in attempts to form expectations regarding the future educational needs of the current cohort of asylum seekers, the Ministry of Education and Culture recorded the educational backgrounds, and work histories of asylum seekers in reception centres. Initial findings suggest that four out of five asylum seekers held at least a basic education, with 27% holding a university degree (Department of Employment and Entrepreneurship 2016). However, this data collection has currently been limited to a one time sample and not expected to be an ongoing on a continual basis.

The tight fiscal environment has also prompted much thought into new models for funding integration, speeding up the integration process, and allowing education and work to be combined in a flexible way. Much hope, for example, has been placed on Social Impact investing as a way to harness private funding in the integration process. The recently-launched pilot of a Social Impact Bond for integration has the ambitious goal of moving individuals into employment within four months of the beginning of their participation in the programme (see Box 1.2 for more details).

Box 1.2. A new model for integration? The Social Impact Bond

A new model for integration is currently under pilot with the aim of speeding up the integration process.

**Project aims:** The goal of the model under pilot is to allow education and work to be combined in a flexible way – offering training modules that are interspersed with employment, such that participants are able to undertake periods of work followed by top-up integration training to fulfil training needs as they emerge. This represents an innovative departure from the current system under which all training is provided prior to first employment. Specifically, the project aims to enable full-time employment within four months of the start of the programme. Target sectors include construction, property, services, care, ICT, and restaurants and catering. In addition to ensuring better integration into Finnish society, the Social Impact Bond aims to increase tax receipts, reduce social welfare transfers and tap into private sector funding in a tight fiscal environment.

**Funding:** The pilot is funded via a social impact bond. That is to say, companies were invited to invest in a private fund used to finance the educational and work programmes undertaken as part of the pilot project. The bond is designed such that investors see a return on their investment if the costs associated with the labour market integration of participants are below those of a comparable group who do not receive the new training. In this manner, it is investors – and not the public sector – who carry the financial risks.
Box 1.3. A new model for integration? The Social Impact Bond (cont.)

involved in testing the novel approach. The public sector will pay only if the employment objectives are met. In this event, the Ministry of Economic Affairs and Employment will pay a portion of the achieved savings into a fund from which the investors will draw their initial capital as well as a “reasonable” profit. The pilot has been designed in this manner, in order to harness private finance and thereby enable the random assignment necessary for policy evaluation. Given the stringent requirements regarding equality of access enshrined within the Finnish constitution, such random assignment would not be possible were the pilot undertaken with public funding.

**Administration:** The pilot is administered by an external contractor identified through a competitive bidding process. In addition to administering the fund, the contractor is also tasked with identifying training providers as well as establishing contact with potential employers.

**Results based remuneration:** The remuneration of the contractor contains a results-based component such that if savings are achieved, relative to the integration costs of the counterfactual group who did not undertake the new programme, the project administrator will be awarded a bonus.

**Timeline for the pilot:** The pilot is running from September 2016 to December 2019 and the evaluation of the results is scheduled for 2020.

This method of organising training – where initial training is kept to a minimum and subsequent training is used to build skills identified as lacking during initial employment phases – is a highly pragmatic and innovative response to the need to increase the flexibility of integration training. The pilot began in September 2016 in the Uusima region and will now expand into Western Finland, where labour shortages in the automotive and shipbuilding industries mean that employers are keen to participate. The SIB has currently provided training to 350 participants, approximately 60-70 of whom are now working full time in the private sector. However, despite its short length, the programme has suffered from a high drop-out rate.

Organising integration training in this way – interspersing periods of work to uncover training needs, with access to an account of available training hours to address these needs as they emerge – could represent an astute way to involve employers in the assessment the existing skills of migrants and target resources where they are most needed. However, undertaking such a radical transformation of the way integration training is offered in a short time frame and without public financing is a tall order. Furthermore, the time-horizon of four months is extremely ambitious for the majority of new arrivals.
In response to these emergent challenges and the high drop-out rate, pre-participation screening has been strengthened and, in response to the feeling that unaddressed health and psychological difficulties were undermining the success of some newly-arrived participants, eligibility for the SIB training has been widened to include those who have been resident in Finland for greater than 2 years. Alongside this, greater emphasis has been placed on pre-programme career advice and counselling. With such ambitious programme goals, careful screening of potential participants to ensure that the programme reaches those who could benefit from this fast approach to integration is likely to be important. However, care must be taken to ensure that such selection does not undermine the randomisation that is central to the evaluation – and hence financing – of the model.

Beyond the Social Impact Bond, in order to achieve the goals laid out in the 2016 action plan, the Finnish integration system is currently undergoing substantial changes in the way it is implemented. While the maximum duration of the integration programme will remain the same, the training will, in future, be divided into sub-modules combining vocationally-oriented content with training at an early stage as possible. In conjunction with basic integration studies (largely language and civic education), the new training modules may contain a diverse range of other activities, including on-the-job learning and work experience. These modules may also be interspersed with other labour market activities, such as work trials, subsidised employment and third-sector services (see Chapter 4 for a discussion of these programmes). The flexibility of implementation will also be enhanced through the increased use of distance learning, so that participants are able to study in the workplace, or online at home.

In the first place, in order to speed up the start of integration efforts, an intensive orientation module has been added for those who have been granted a residence permit, but do not yet have a municipal placement, as well as for those who are waiting for access to training services after being transferred to a municipality. This intensive orientation module can include training to achieve basic oral proficiency of Finnish/Swedish language necessary for everyday situations; literacy training in the Latin alphabet, social orientation; visits to educational institutions, workplaces, and municipal services; and labour market studies.

Under the new implementation model, the content of Module 1 would be largely common to nearly all integration training participants. The content of the remaining three modules, however, should vary according to the target groups and individual needs and be supplemented with activities such as: supervised language practice, online study modules, work experience, supervised internships, volunteer work, entrepreneurship, subsidised employment and further education. In addition supplementary vocational
language courses should be proposed for sectors such as construction, transport, health and social care, and cleaning.

The goals of these reforms are twofold. In the first place, it is hoped that modularised training will enhance efficiency of integration training by enabling increased flexibility to tailor training to the needs of the individual migrant. It is also hoped that, by incorporating other non-classroom based activities into integration training resources can be spread further, thereby accommodating an increased number of migrants. However, appropriate implementation – in a country where much of the practical policy design and implementation is left to local actors – will require careful thought, resources, and support. Furthermore those who undertook their training prior to the recent changes, and whose skills, in the meantime, have eroded still further will need to be given access to support and to routes back to the labour force.

For the time being, caseworkers within the PES report that modularised integration training appears to be working well. Given the more targeted nature of the offer, provision of training in sparsely populated areas is proving to be a challenge but, in response, many course providers are relying on various forms of remote training. If the reduction in contact time associated with remote training is accompanied by increased flexibility and sustained outreach, it may facilitate the integration training among those migrants, such as women with young children, who previously struggled to attend intensive courses. However, it will be important to ensure sustained interaction with new arrivals to ensure that they remain actively engaged in their learning.

**Recent emphasis on the economic potential of migrants may help to enhance public perception of the potential of migrants**

Alongside efforts to increase the efficiency of migrant integration training, the Finnish government is working towards strengthening its focus on the economic benefits of migration – including the potential of migrants to spur job creation, and promote the economic and innovative dynamism of the Finnish economy. Efforts in this ilk include the preparation of a cross-sectoral migration policy programme as part of the General Government Fiscal Plan for 2018-2021. The aim of this programme, which is scheduled to be submitted to the Government for approval in early 2018, is to raise awareness of the potential role of labour migration in boosting employment, strengthening public finances, improving the dependency ratio and increasing the links between the Finnish and the global economy. Alongside this, the recently launched Talent Boost programme aims to make Finland more attractive to international talent while, at the same time, channelling the expertise of international talent already based in Finland.
As human capital becomes increasingly central to growth prospects, and access to skilled individuals is an important determinant of countries’ future prosperity, Finland is not alone in its focus on adopting immigration policies and programmes favouring skilled foreign labour. However, attractiveness depends not only on open migration policies, but also on the capacity to recognise and reward them. And while Finland tends to score well on traditional indicators of talent attractiveness – making it within the top 10 destination countries on the recently released 2017 Global Talent Attractiveness Index – such indices are frequently based upon employment and environmental data that is not specific to the experience of the migrant. Indeed, a migrants experience of the opportunities offered by the Finnish labour market are, as outlined in Chapter 2, quite different from those of the native-born that are captured by the data that form the basis of these traditional talent attractiveness indices. Increasing the pull of Finland in the global race for talent will therefore involve reducing the gap between the experience of a native-born Finn on the Finnish labour market and that of a migrant.
Notes

1. The number of Ingrian Finns living in Finland is imprecise due to their immigration in the early 1990s not being particularly controlled. The return system for Ingrian Finns has been abolished: an amendment of the Aliens Act to that effect (57/2011) came into force on 1 July 2011. The five-year transition period to apply for a residence permit as a returnee ended on 1 July 2016.

2. Between 1990 and 1995, 2 435 Somalis and 3 053 former Yugoslavians immigrated to Finland. Though large from the point of view of immigration to Finland up to that point, particularly these numbers remain substantially below those that moved to neighbouring Sweden.

3. Measures negotiated under the Competitiveness pact include a wage freeze for 2017; an unremunerated increase in annual hours worked of 24 hours and a 30 % cut in holiday bonuses for public sector employees from 2017 to 19. In addition there will be a shift in security contributions of 2 percentage point from employers to employees over 2017-19. However, this will be offset in the short-run by income tax cuts. Lastly, the pact calls for changes to increase firm-level flexibility in the wage bargaining process.

4. The health care and social services reform set to come into force in 2019, is hoped to contain costs by introducing provider competition and administration at the country (rather than municipal) level (Ministry of Social Affairs and Health, 2016).

5. Outside the greater Helsinki area the bulk of growth is taking place in Southern Finland, Oulu, and Jyväskylä.

6. In 1995, the municipality of Helsinki developed an integration strategy.

7. At that time, immigration to Finland was predominantly humanitarian in nature and, as such, the law – and subsequent amendments made to the Aliens Act in 2000 – largely included changes related to asylum interviews, DNA testing in connection with the family ties, and appeals related to citizenship matters.
8. The plan is to be drafted by a cross-sectoral working group comprised of representatives from the Ministry of the Interior, the Ministry of Justice, the Ministry of Economic Affairs and Employment, the Ministry of Education and Culture, the Ministry of Social Affairs and Health, the Ministry for Foreign Affairs, the Ministry of the Environment, and the Finnish Immigration Service.
References


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