Chapter 3

Integration services for new migrants and settlement across Finland

In offering a comprehensive integration support to all resident migrants who are seeking work, or claiming social assistance, Finland stands apart from many other OECD countries. Indeed, where in other Nordic countries public provision of integration services tends to be reserved for those migrants – usually refugees and their families – who do not have the resources to fund their own integration. In Finland, the majority of participants of integration training are not humanitarian migrants. Early integration services in Finland are built around the integration assessment, plan, and training. However, little is known regarding the extent and content of training and, in practice, much emphasis is put on language. This chapter sets out the core services at the heart of early integration efforts in Finland. It outlines some of the bottlenecks that currently compromise the efficiency of these services and takes a closer look at the relationship between early settlement patterns and integration outcomes.
Integration Services

In Finland, all unemployed migrant job-seekers and those that receive income support are entitled to access integration services. Most OECD countries offer publicly-funded language courses to new migrants. However, in offering a comprehensive integration support to all resident migrants who are seeking work, or claiming social assistance, Finland stands apart from many other OECD countries. In particular, across the Nordic countries, where integration services tend to be bundled into a comprehensive ‘programme’ along similar lines to Finland, public provision of these services tends to be reserved for those migrants – usually refugees and their accompanying families – who do not have the resources to fund their own integration. In Sweden, for example, the introduction programme is available only for refugees and their family, while in Norway, labour migrants and those moving from elsewhere in the EU make a contribution to their language learning. In Finland, on the other hand, in 2016, of the 7 779 individuals to undertake integration training, 15.4% were from Russia, 6% from Thailand and 5% from EU15 countries (Figure 3.1).

Figure 3.1. The majority of participants of integration training are not humanitarian migrants

Number of people begun integration training by nationality, 2010-16

Source: Employment Service Statistics (Kotoutumiskoulutuksen).

WORKING TOGETHER: SKILLS AND LABOUR MARKET INTEGRATION OF IMMIGRANTS AND THEIR CHILDREN IN FINLAND © OECD 2018
Early integration services in Finland are built around the integration assessment, plan, and training

Integration services in Finland are built upon three primary tools: the initial assessment, the integration plan, and integration training (see Box 3.1). Implementation of the three primary components of integration services is divided into two streams in Finland, as illustrated in Figure 3.2. The first stream is targeted at those migrants who are actively seeking work. This group may include refugees directed to the PES by the reception centre or local ELY centre, it may include family migrants who are seeking work, or it may include free movement migrants from other EU countries seeking work in Finland. Migrants who are not seeking work at the time of their arrival in Finland, conversely, are directed to the municipality for their integration support. In theory, the municipal integration services should mirror those provided by the PES – including an initial assessment followed by basic education, language training and civic orientation. Municipal integration support, however, tends to have less emphasis on labour market training. Furthermore, given that these services are provided at the local level, there tends to be a larger degree of variation in the quality and content of the courses offered, with some being highly developed, while the offer is limited in other municipalities.

Figure 3.2. The path of new arrival through the Integration Plan in Finland

Source: OECD Secretariat analysis based on national legislation and regulations.
This early separation between migrants who are seeking work at the time of arrival, and those who are not, may be intuitive to the extent that only those who are seeking work tend to enrol themselves with the PES. However, such an early separation between the active and the inactive may have long-lasting consequences and may make it difficult for those who are temporarily outside the labour force at the time of arrival – for example due to sickness or childcare duties – to find their way to employment (see Chapter 5 for further discussion).

The starting point of both integration streams – whether undertaken with the PES or through the municipality, is the initial assessment. This assessment plays the role of identifying the needs the migrant and forms the basis of the ensuing integration activities. This initial assessment is largely undertaken by externally contracted providers. The largest among these providers, Testipiste, bases placement assignment on information on study and work experience, current circumstances and career aspirations, as well as tests of reading and writing in the Roman alphabet, Finnish language skills, mathematics, and tests of structural perception. These tests are employed in the hope of ascertaining both current language ability and the likely speed of language acquisition. Following the placement assessment, participants on a pathway for employment are allocated to one of four streams: a fast track, an intermediate track, a slow track, and a track for those requiring basic literacy training. In 2014, the majority of test-takers were allocated to the intermediate (52%) or slow (26%) tracks.

Following the initial assessment, according to national legislation, an integration plan should be drawn up for all unemployed jobseekers, those claiming social assistance, as well as those who it is deemed, on the basis of their initial assessment, would benefit from such a plan. The first integration plan should be drawn up no later than three years following the issuance of the first residence permit and should last for a maximum period of one year.
Box 3.1 Finnish policy at a glance: The Integration Programme

The central pillar of integration policy in Finland is the Integration Plan; a personalised plan of activities incorporating language training, basic literacy and/or education and civic orientation aimed at endowing each migrant with the skills and knowledge required for integration into Finnish society and working life. The aim of these plans is to provide sequenced integration measures designed to maximise the efficiency of training given the skills and circumstances of each migrant.

Responsibility: The initial assessment of unemployed migrants is undertaken by their local employment and economic development office. In contrast, the initial assessment of inactive migrants receiving social assistance is initiated by a municipality.

Eligibility: The plan is offered to all non-employed migrants resident in Finland for fewer than three years. Foreign-born individuals are eligible to the programme irrespective of their grounds for residence in Finland. Asylum seekers and others not yet granted residency, however, are not eligible.

Duration: The scope and structure of training varies according to the individuals initial assessment results (see below) and can last at most 60 study weeks. The integration plan ends prematurely if the immigrant finds permanent, full-time employment or becomes a full-time student.

The initial placement assessment: The integration path is based upon an initial placement assessment undertaken by externally contracted providers.

The Integration Plan: For those migrants seeking work (registered unemployed), the integration plan is prepared in a joint meeting between the migrant, a representative from the local public employment office and, if necessary an interpreter. For those who are inactive, such as women with small children, municipalities are responsible for drawing up integration plans. Integration plans can incorporate either labour market training or ‘self-motivated educational study’. Within the former, a placement assessment allocates participants to one of four tracks while those entering ‘independent educational study’ may enter vocationally-oriented integration training, basic or upper-secondary education, or preparatory classes.

Implementation: Integration training is usually implemented as labour market adult education provided by ELY centres, which periodically put the provision of integration training out to tender. Training can also be provided as independent studies provided by public or private education institutions. Immigrants are guided to education either by the PES office or by the municipality, depending on which authority prepared the integration plan.

Co-ordination: A database, Koulutusportti, is available to share information between PES offices and educational institutions on placement test results, as well as labour market programmes and educational courses undertaken.

Benefit Entitlement: There are no benefits directly linked to the Integration Plan in Finland. However, non-participation in the programme, or refusal to follow the plan, is sanctioned by a reduction in social benefits (typically of between 20-40%).
...But implementation of integration services remains a black box

The heart of Finland’s integration programme – the initial assessment, plan and subsequent training – is designed to provide a sound basis for tailored integration activities that assess and build upon the skills, qualifications and experiences that migrants bring with them to Finland. Efficient integration, however, depends also on effective implementation; on how policy plans regarding immigrant integration, are turned into action – both locally and nationally.

Precise and comprehensive information regarding the form, content and coverage of initial assessments is not collected in Finland and the training systems statistics database does not provide clear information about these assessments (Ministry of the Interior and Ministry of Employment and Economy, 2015). While some information on immigrant education – and language tests in particular – is collected and made available, this is not reflective of the comprehensive assessment mandated in the legislation (Koulutusportti, 2017). Indeed it has been suggested that, in reality, initial assessments fall far short of those decreed in government regulation and vary from simple language tests, to ordinary assessments for all job seekers and other preliminary assessments (Ministry of Employment and the Economy 2016). Furthermore, those migrants who are not actively seeking employment (and therefore beyond the remit of the PES), are frequently unaware of their entitlement to an initial assessment. Outreach has often been limited (Saukkonen 2017).

For those migrants who do receive a comprehensive initial assessment, the subsequent integration plan is intended to set out a roadmap of services to prepare the migrant for the Finnish labour market. When it comes to implementation, however, only limited information is available regarding the extent and content of these plans. Indeed, a recent study by Soininen and Puuronen (2016) suggests that 41% of integration plans consist of only language studies. Furthermore, according to a survey sent to municipalities in 2016, only 28% of local authorities responded that they prepare an integration plan for almost all those migrants needing such a plan, while 35% stated that such plans were compiled for less than half of those in need, or for hardly any migrants (Ministry of Employment and the Economy, 2016).

Following the compilation of an integration plan, migrants should begin integration training. According to the integration act, this training must include both language courses (Finnish or Swedish) as well as further courses to promote employment (administered by the ELY centres) or independent study – study that is funded, but not administered, by the PES (courses are validated as eligible for PES funding as part of independent study on an individual case-by-case basis). In
The current focus on formal language learning implies a long integration pathway

Across the OECD, knowledge of the host-country language is a key factor in determining the speed and success of integration. Furthermore, the diversity of the languages spoken by migrants, and the degree to which, on average, migrant languages differ from the official language spoken in the country is an important factor determining, not only the potential language training, but also the length of time the integration pathway will take. In Finland, where, in 2017, Estonians accounted for over 20% of the foreign born population the average linguistic difference between Finnish and the mother-tongue of the migrant community – as calculated according to the Language Distance Index – created by does not stand out as particularly large in international comparison (see OECD (forthcoming) for a complete discussion of this index). This is largely because, sharing the same Uralic roots, the linguistic difference between Estonian and Finnish is not large.

However, there are important differences in the language distance that different groups of migrants face within countries. Indeed, aside from Estonians (and to a lesser extent Russians) most new arrivals in Finland come from very different language families, and the Uralic roots of the Finnish language render it among the more difficult languages to learn. Indeed, among migrants who live in Finland the language distance that Arabic speaking migrants face is considerably larger than that faced by Estonians. As such, an alternative measure of linguistic distance that
captures this diversity is, rather than the average Language Distance Index, the interquartile range of the Index. Indeed, according to this indicator, Finland has the largest linguistic distance of surveyed countries (Figure 3.3). Furthermore, focusing on dissimilarities in pronunciation, this indicator is likely to be an underestimation of the true linguistic distance in Finland, where the grammatical structure of the Finnish language is highly complex. \(^2\)

Figure 3.3. Language distance varies substantially among migrant groups in Finland

Average and interquartile range in the language distance to host country language among migrant groups

Notes:
1. Linguistic distance calculated using the Levenshtein distance to compute the level of dissimilarity across combinations of languages (see Bakker et al., 2009).
2. Countries are ranked in descending order of the interquartile range of linguistic distance between migrant groups and the Finnish language.


The extent to which the linguistic distance between the Finnish language and the mother tongue of many of Finland's migrant groups means that the impact of language background upon functional skills, as measured by the OECD Survey of Adult Skills, is substantial. Indeed, recent OECD work examining the extent to which the relative difficulty in learning a distal language, indicates that, across the OECD, the greater the linguistic dissimilarity between the mother tongue of an individual and the language in which the individual sat the PIAAC test, the lower his or her proficiency in literacy and numeracy will be (OECD (forthcoming)). The association between language distance and literacy scores can also shed light on the role language composition plays in shaping between country differences in the literacy gap between natives and foreign born individuals. Indeed, when
controlling for the language background of the migrant, the differences observed in the functional skills of the foreign- and native-born in Finland fall substantially (Figure 3.4).

Figure 3.4. Language background has a large impact on the functional skills of the foreign born

<table>
<thead>
<tr>
<th>Country</th>
<th>Difference in Literacy Proficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>40</td>
</tr>
<tr>
<td>Norway</td>
<td>30</td>
</tr>
<tr>
<td>Denmark</td>
<td>20</td>
</tr>
<tr>
<td>Sweden</td>
<td>10</td>
</tr>
<tr>
<td>Austria</td>
<td>0</td>
</tr>
</tbody>
</table>

Notes: 1. Linguistic distance calculated using the Levenshtein distance to compute the level of dissimilarity across combinations of languages (see Bakker et al., 2009) 2. Countries are ranked in descending order according to the impact of language background on difference in literacy proficiency.


Given that both networks and employment are important routes through which to build further language skills, poor knowledge of the host country language can prompt a vicious cycle. Conversely, early development of sound language skills can have a substantial impact on the transferability of existing skills as well as enabling further skill acquisition.

The centrality of language to integration efforts in Finland is illustrated by the fact that, from the initial placement assessment upon which the integration plan is built, the expected speed of integration is largely based upon a battery of tests employed to ascertain current language ability, and the likely speed of language acquisition. Furthermore, while the primary components of the integration plan include language training, labour market training, civic orientation and, for those that need it, basic literacy training, in practice, as already mentioned, initial training has placed a heavy emphasis on language learning.
The national curriculum for integration states that the scope and content of integration training should vary according to each student’s individual needs. As such integration training may continue up to a maximum of 2100 hours, with close to two thirds of this time dedicated to language training and the remaining hours – largely devoted to civic orientation – conducted in Finnish. This number of hours is substantial in international comparison. However, there is little information collected regarding the actual number of hours undertaken by migrants in Finland as part of their integration training. And, data obtained from Testipiste (one of the largest providers of integration training in Finland) suggest that participants study for an average of slightly under 240 language hours per module with course length ranging from 60 hours to 345 hours.

Despite this heavy focus on language learning, by the end of the language courses provided under the integration training, in 2016, more than four in every five participants failed to attain the target grade of B1.1 – the grade necessary for entry into vocational training. These averages mask a degree of heterogeneity in the migrant population and language attainment at the end of integration training tends to vary with the native language of the migrant. Indeed, data from one language training provider suggest that while the majority of those from Estonia achieve the target grade of B1.1 at the end of their language training, those speaking Arabic or Somali as their first language were most likely to attain only A2.2 (Figure 3.5).

While the number of hours of language training undertaken does appear to vary with the linguistic background of the migrant, the extent of the variation may not be sufficient to account for the extent of the difference in the profundity of the language challenge. Indeed, while integration training participants from Estonia undertook an average of 213 hours of language training per module, the number of hours undertaken from those arriving from Afghanistan, Iraq, Somalia and Syria was 254 hours.
While language learning in Finland has been heavily theoretical, integration is most effective if language is taught in such a way as to render it practical. Indeed, where language can be combined with practical activities, and other integration measures, functional learning can be enhanced. Enabling learners to put their newly acquired language skills to immediate use, the combination of language instruction with vocational training has been shown to be effective across this skill spectrum (see, for example, Friedenberg 2014). Indeed, in recent years, some OECD countries, such as Sweden, have created language courses tailored to the requirements of specific professions such as academics, educators, engineers, economists, lawyers, healthcare workers, as well as entrepreneurs, craftsmen, and bus and truck drivers. Given the difficulties in offering these profession specific courses where there is not a sufficient density of migrant demand, many OECD countries have, as an alternative, created language courses oriented towards the development of professional language skills. These have included German for Professional Purposes offered in Germany; the Settlement Language Pathways to Employment and Training programme in Australia; or the job-oriented language courses such as Dutch in the Workplace offered in the Belgian region of Flanders (see Box 3.2).
Box 3.2 Examples of OECD countries combining language training with other integration activities

Combining language with civic orientation

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

Combining language with work experience

In Sweden, in an effort to speed up the entry of skilled immigrants into shortage occupations the Fast Track Initiatives are designed in such a manner so as to allow language learning alongside and concurrently with validation of qualifications and bridging education. In the teaching profession, for example, where in 2015 the skills of up to 1 500 newly-accepted refugees with experience as teachers were needed to help accommodate newly-arrived minors into school, courses initially concentrated on bridging – notably regarding Swedish pedagogy – while building language skills concurrently. At the end of the course teachers are able to continue their language studies alongside work by working four days a week in the classroom in their mother tongue, and devoting one day to Swedish language classes.

Germany has recently put in place a wide-reaching new system of free vocation-specific language courses, entitled “German for professional purposes”. The courses target foreign-born job seekers and their children who have completed mandatory schooling and intermediate German language training. Courses combine technical instruction, work placements and site visits.

Australia is among the OECD countries that pioneered on-the-job language training. Since 1991, Australian authorities provide co-funding to employers for training their workers in “Workplace English Language and Literary” (WELL). Australia’s “Adult Migrant English Programme” (AMEP) also includes a “Settlement Language Pathways to Employment and Training” (SLPET), entitling participants to up to 200 hours of vocation-specific language tuition and up to 80 hours of work placements.

In Belgium, the third step of the integration programme in the region of Flanders is the orientation of participants to the Flemish employment service (VDAB), whose programme then offers job-oriented language courses, including “Dutch in the Workplace” (NodW). Luxembourg’s “Linguistic leave” programme allows employees up to 200 hours of leave, instruction, and compensatory allowance in order to improve their Luxembourgish skills.

In April 2016, with the introduction of the new modular system, Finland took substantive steps in this direction, with the aim of increasing both the efficiency and flexibility of integration training. Following the first two purely language-based modules, integration participants are able to focus on vocational language training. The new modular nature of the courses is anticipated to increase flexibility of integration training, by allowing new
arrivals to undertake those modules most useful and relevant to their skills, qualifications and aspirations. These modules – which include language training, labour market and work-life training as well as entrepreneurship support – are cumulative and organised to enable progression along three tracks, with a pathway selected according to whether the individual is determined to be a fast or a slow learner. Each module lasts between two and five weeks and the aim is that these official training modules are combined and interspersed with vocational education, education for entrepreneurship, voluntary work, and distance learning and PES measures such as work tryouts and job search training. A further aim is to provide integration training in a vocational environment, and to foster the learning of the ‘occupational language’ during the integration training.

These changes have the potential to introduce a bespoke element to the delivery of integration training that is at the centre of the philosophy governing Finnish integration policy but has, as yet, not been fully realised. In order to move towards this new model, ELY centres have been charged with re-organising their integration trainings into a modular fashion and have also been asked to implement results-based financing for the contracting of external providers for the provision of these services. The extent to which these new changes will be able to achieve the increased efficiency and flexibility, however, will be dependent on significant implementation support at the regional and local level.

Yet language is learnt most effectively through real-life communications over an extended period of time. Thus, alongside the employment-oriented integration training, Finland would benefit from increasing efforts to build language learning into everyday life – both in the workplace and through social interactions. Elsewhere in the OECD, recent language initiatives are making attempts to build language learning into everyday life – both in, and outside of work. These, and other mechanisms that facilitate language learning in parallel to work – such as web-enabled self-directed learning – can be provided at a low cost and are very important for migrants who might otherwise remain trapped in low-pay limited-language jobs or in the home.

The workplace, however, is the ideal place for language learning; offering structured and repeated opportunities for real-life communication linked to tasks and teams. As a result, in order to maximise the benefits of professionally-oriented language training, such training should be undertaken in parallel to work – either alongside or, ideally, combined with work. The reorganisation of the Finnish integration training into a modular structure, able to combine language training with work experience is an important step in this direction. A fully-integrated model, however, requires increased engagement from employers; to encourage them to hire foreign-born workers
with imperfect language skills, and to provide them with time and support for their continued learning.

Alongside these changes in the training for those actively seeking employment, from 2018 the Ministry of Education and Culture has taken on responsibility for the organisation of language studies for illiterate immigrants, those who have not completed basic education, and stay-at-home parents. Linking early literacy training to the rest of the education system in this manner has the potential to ease the bottleneck that has previously impeded the integration path of many migrants who fail to attain the language level needed to progress in the education system. However, it will be important that this move does not undermine the labour-market orientation of training.

Few migrants find employment following integration training and many struggle to access further services

Following the end of integration training (usually two-three years after arrival), less than 2% of participants move directly into employment (Figure 3.6). Indeed, the majority of jobseekers move into vocational training or further study. However, given that eligibility to subsequent activation and training programmes are frequently contingent on a level of language that few participants achieve, for many integration training is both the first and the last formal step towards integration. For many, the distance that remains between their capabilities and the labour market proves too high, and close to 2 out of every 5 participants of integration training subsequently fall into unemployment or leave the labour market entirely.

Migrants who finish integration training without having attained the necessary Finnish skills to join further PES activities are particularly vulnerable to poor labour market prospects.

Some migrants may need more support in navigating the complex integration system and PES counsellors would benefit from training and specialised support

A central pillar of integration support in Finland is the provision of information. Indeed, the website infopanki.fi provide a rich source of information on how to access advice and support for integration to help migrants find the information they need to fulfil their service needs. Yet, stakeholders report that many migrants – both new and established – are nevertheless unaware of the services available to support them in their integration. These migrants may need more support in understanding what services are available and how they can become eligible to access them.
Figure 3.6. Many refugee participants of integration training subsequently fall into unemployment or leave the labour market entirely

Percentage of participants by post-integration training outcome, 2015

Notes: Average statuses for immigrants with Afghan, Iranian, Iraqi, Somali and Syrian nationality. In 2015 (and 2014), these groups received the highest number of positive asylum decisions.


Furthermore, without an in-depth knowledge of Finnish society and the Finnish labour market, migrants may be less able to determine which programmes and actions may make the most efficient use of their skills and enable them to translate their skills and experience for the Finnish labour market. In these cases a lack of knowledge regarding what to search for can reinforce the lack of knowledge regarding where to search, and the foreign-born are heavily reliant on the knowledge of their PES caseworker regarding how to strengthen their chances of finding employment.

The current “Act on Public Employment and Business Service” came to force in the beginning of year 2013. Where previously, PES services had been targeted to particular client groups – including immigrants – the aim of the new Act, was to channel all clients, after an initial assessment, to a specific track based on their service needs. The reform did not introduce new services as such, but old measures and services were restructured into three service
tracks (employment and business services, competence-building services and supported employment services) based on the needs rather than characteristics of the jobseeker. Some of the old services were dropped altogether.

One goal of the service reorganisation was to target services to needs rather than identity; to make better use of the existing labour market capabilities of migrants, rather than directing them automatically to language or other immigrant-specific trainings or coaching (MEE 2014). This means that, under the current act, all service tracks must be able to serve immigrant clients to the same extent as native ones. However, some labour market hurdles are – in themselves or in their coincidence – specific to foreign-born jobseekers and PES offices have reported that they have not had sufficient time and resources to examine and develop the set of services most relevant to migrant clients (MEE 2014).

Since the mainstreaming of employment services, however, the heavy caseloads of PES counsellors and, in some cases, the lack of experience with the particular employment service needs of the foreign born, can mean that migrants are not channelled to the programmes that most efficiently develop, activate, and make use of their skills. Ensuring services are tailored, in the context of mainstreamed service provision will require training of PES workers to enable them to understand and react to the specific needs of foreign born clients as well as the time to do so. Indeed, evidence from Sweden suggests that the employment rates of refugees, in particular, have shown to respond to intensive support and measures that cut the number of unemployed people PES counsellors are responsible for, giving them more time to contact employers and provide the network that refugees lack (Åslund and Johansson (2011)).

Given the augmented arrival numbers of 2015/16, the number of migrants requiring employment support is likely to rise in the years to come. In this context, a clearer acknowledgement of the extent of the guidance PES caseworkers can provide given their resources will be important to ensure that roles are clarified and help is consistently available to those migrants with heavy support needs. Beyond this, caseworkers would benefit from additional support, to assist them in their ability to provide guidance that is appropriately targeted to address the specific needs of the foreign born. The profiling tool already developed in Finland, but currently underutilised may, if used appropriately, provide a useful complement to support the work of PES caseworkers.
Those who are locked out of the labour market will need access to second chances and further training

Gaps in service provision, for example the gap between the language level provided under integration training and the level required in education or the labour market, have led other private and NGO providers to step in to fill these gaps – often through project-based interventions. Such project-based interventions can be an important source of knowledge regarding what works in integration policy, but can lead to a complex and confusing landscape if they are used to solve structural integration challenges. To be useful in the long-term, projects must be carefully designed, effectively evaluated and those aspects that are found to be successful must be scaled-up and firmly embedded within the integration system. The early provision of information is important in order to galvanise the early enthusiasm of migrants to begin the integration process. However, there will be some that require more guidance and support in navigating their way through information that is often fragmented, dispersed and available in many sources. The model of the training provided under the Social Impact Bond – in which initial training is kept to a minimum with subsequent training used to top-up skill shortages identified during initial employment phases – has the potential to play an important role here (see Chapter 2).

Settlement patterns

Early access to employment is a critical determinant of long-term integration outcomes, and local labour market conditions have been shown to have a significant impact on employment among migrants (Åslund and Rooth, 2007). As a result settlement patterns and integration outcomes are intrinsically linked. However, available housing can be limited in areas where jobs are easiest to find, and affordable housing is often concentrated in areas where labour market conditions are poor. This conundrum is most stark among refugees who do not have employment upon arrival and, for the most part, have limited options to access their own housing. Refugees are, therefore, more likely to rely on public housing in the first instance.

Local labour market conditions have a lasting impact on the integration outcomes of refugees

Many countries, Finland included, allocate housing to asylum seekers and humanitarian migrants in locations across the country in an attempt to reduce segregation, share integration costs and access available and affordable housing. However, given that the implementation of integration policy is, in large part, undertaken at the local level, it is important that municipalities are
invested in the integration of their new residents. As such, the institutional arrangements through which refugees are allocated across the country can have important implications for the concomitant integration outcomes. On the one hand, if settlement allocation decisions that are taken exclusively at the state level, decisions can be made in response to labour market conditions and, at the same time, the extent of segregation can be controlled. The disadvantage of this approach, however, is that municipalities may not feel engaged with the process.

An alternative approach, to ensure that municipalities are fully invested with the integration of their new residents, is to let negotiations between municipalities and central authorities determine settlement patterns. While this mechanism has the advantage of ensuring municipal engagement with the integration process is more easily secured, it can lead to delays in placement that mean refugees remain stuck in reception centres while they are waiting to be housed. These long delays can be detrimental to the integration process (OECD, 2016). Furthermore, if agreed placements do not take into account local labour market realities, such policies can exacerbate the difficulties migrants face in accessing employment. Indeed, evidence from Sweden and Denmark suggests that, where the design of humanitarian migrant dispersal policies does not take employment-related factors into account, the employment prospects of migrants may be stymied for many years (Damm, 2014; Åslund et al., 2004).8

OECD countries have taken different approaches to this trade-off. While Denmark, for example has undertaken the former approach (with decisions taken at the state level), and Norway has pursued the latter (with settlement based on negotiations with municipalities). Finland, like Sweden, has adopted a mixed settlement system. In Finland, refugees are given the option to find their own accommodation, with assistance offered to those who are not able to do so. These assisted migrants are then placed in municipalities according to pre-agreed contracts (see Box 3.3). This approach can help to ease the pressure placed on reception centres if negotiations with municipalities are long, while providing a degree of responsiveness to local labour market conditions. However, while Finland has, in theory, incorporated employment-related elements into their dispersal schemes for refugees, in practice dispersal is largely driven by long negotiations between municipalities and central government and there is a shortage of settlement places offered by municipalities. The concern with this approach, therefore, is that long delays in the settlement process, alongside placements with poor job prospects, may encourage migrants, even those who are ill-equipped to identify suitable housing, to attempt settle themselves. This can lead to overcrowding and segregation.
Box 3.3 Finnish policy at a glance: Settlement

In principle, efforts are made in Finland to locate migrants receiving international protection (refugees or those receiving subsidiary protection) into municipalities where the labour market needs match the skills of the immigrants. In practice, however, this process has not been straightforward.

Having received a residence permit, refugees are moved into municipalities through one of three routes:

**Contract-based moves:** Under this stream a fixed number of places are agreed upon through discussion between the ELY Centre (Centres for Economic Development, Transport and the Environment) and the municipality. The ELY Centre then allocates migrants to municipalities balancing this agreement with the need for places as refugees move from the reception centres. This stream currently accounts for approximately 25% of all settlement moves.

For contract-based moves the reception centre applies to the ELY Centre, and supports the refugee in their PES registration while the ELY Centre selects a municipality by matching its information on the municipalities’ needs with information obtained from the PES registration.

**Assisted moves:** The reception centre supports the move of the refugee to the municipality. Assisted moves are possible only to the municipalities of the ELY Centre where the reception centre is located. This stream currently accounts for approximately 35% of all settlement moves.

For assisted moves, in addition to supporting the refugee in their PES registration, the reception centre is also tasked with finding rental accommodation. In principle this should also match information on the municipalities’ needs with information obtained from the PES registration. The reception centre is then tasked with assisting with the rental agreement, paying 1-2 months’ rent, granting the rent security deposit, and paying 2-8 weeks’ integration allowance to the migrant. This is intended to cover the expenses of the transition period before the municipal services begin.

**Independent moves:** Refugees also have the option to move, unassisted, from the reception centre to the municipality of their choice. In addition, during the application process for asylum, the immigrant can live in private accommodation, in which case he moves independently to a municipality after receiving his residence permit. The majority of refugees settle via this route which currently accounts for approximately 40% of all settlement moves.

Contract-based settlements currently account for approximately 25% of all settlement moves and while the target has been to increase this to 50%, ELY-municipal agreements have, thus far, been unable to secure agreement for numbers approaching this target. Furthermore, contract-based municipal slots must also be reserved for quota refugees, unaccompanied minors and other groups. As a result, the number of contract-based slots available for
needs-based movers (those that match migrant skills to local labour market needs) is limited.

The reluctance of municipalities to accept to host refugees in their locality stems, in many cases, from a number of misaligned incentives resulting from (i) the timing of investments, (ii) the public good component of integration and (iii) co-ordination difficulties. In the first place, the timing of integration investments can partially explain the reluctance of municipalities to settle migrants. While successfully integrated migrants make an important contribution to the social, economic and cultural development of their adopted region, integration costs are largely borne during the early months and years after settlement. If migrants are effectively integrated into the labour market, and into jobs which are appropriately matched to their skills and qualifications they have the capacity to enhance local productivity, contribute to tax receipts and economise on social assistance payments. However, if local governments are liquidity constrained, or if political business cycles encourage short-term thinking, these long-term yields on integration investments may not be optimally taken into account.

A second factor which may impede integration financing is the risk that municipalities face when making the investment. Depending on the level of government to which taxes accrue and from which benefits are paid, the yields of integration investments will only accrue fully at the local level if the migrant finds employment and chooses to stay in the locality. However, given that migrants who successfully find employment are more likely to move to a more affluent area, municipalities – who are unlikely to reap the full benefits of integration – are likely to underinvest. Finally, where short-term costs are financed at the local level, while social assistance costs are financed at the national level, the incentives for localities to expend short-term costs in order to enable long-term savings are dampened, since they will not be the beneficiaries of these savings. This too may lead to underinvestment in early integration services and an over-reliance on the long-term costs of social assistance where integration fails.

Proposals to ease the bottleneck in municipal placements following the asylum inflows of 2015 have focused on increasing the information available to ELY centres regarding the skills and experience of the new arrivals. Increasing information flows in this manner may facilitate ELY centres in matching new arrivals with the labour market needs of their municipalities. However, whether such information would facilitate negotiations with municipalities is not assured and, in the absence of additional funds – linked to the individual needs of the refugee – municipalities may struggle to see the interest of hosting those refugees needing the most support. A more straightforward alternative, adopted in Sweden, has been to remove the autonomy of municipalities in the negotiation process such that municipalities are now obliged to accept those migrants allocated to them. This
approach has the benefit of simplicity, but it remains to be seen whether municipalities remain sufficiently engaged in the integration of those refugees that are imposed upon them.

An alternative to mandated allocation, is to continue to settle individuals on the basis of negotiations with municipalities while acknowledging that their willingness to receive refugees is dependent on the level of financial support they receive to fund integration. The funding that municipalities are currently granted for hosting refugees is calculated on the basis of estimated costs (see Box 3.4). These estimated costs include: costs of organising reception, of providing language tuition, of civic orientation, of school and pre-school for children, as well as expected welfare costs. However, the grants transferred on the basis of these calculations are often seen, by municipalities, as insufficient to cover the costs incurred for the provision of these services. This shortfall can be particularly acute in the case of migrants with a limited educational background whose labour market integration may take more time. Linking municipal funding more closely to those characteristics that influence the expected duration of the integration process for refugees may be more effective in encouraging municipalities to offer a home to those that are in need of the most support.

Box 3.4 Finnish policy at a glance: Municipal reimbursement for hosting refugees

In order to get reimbursements for hosting refugees in Finland, municipalities must first conclude an agreement with the regional centre for economic development, transport and the environment (ELY Centre). The agreement can be concluded on a multi-year basis and is reviewed each year. In addition, as a further precondition for reimbursement, municipalities are required to draw-up – either alone or jointly with other municipalities – a multi-year plan on promoting integration. In the plan municipalities should identify the special needs of the refugees, and arrange the measures and services necessary to respond to these needs.

Following the conclusion of the agreement and integration plan, the centre for economic development, transport and the environment assigns refugees to the municipality and reimburses them according to a given formula or in accordance with actual costs incurred in arranging integration measures. Reimbursement is paid to the municipality from the date on which the person’s municipal residence is registered.

Formula-based reimbursements are paid automatically to the municipalities for a period three years (or four years in the case of quota refugees). These reimbursements are calculated as follows:

- For refugees under seven years old: EUR 6,845 per year
Box 3.4 Finnish policy at a glance: Municipal reimbursement for hosting refugees (cont.)

- For refugees of age of seven years and older: EUR 2 300 per year
- For arranging the initial assessment to map skills and background for the integration plan: EUR 700 per year

Further cost-based reimbursements are transferred for costs arising from:

- Arranging municipal integration measures for new arrivals
- Social assistance paid for a maximum of three years
- Providing interpretation services for refugees
- Support of return migration

Reimbursement for special costs\(^2\) are available for a maximum of ten years to cover substantial costs incurred by the municipality for:

- The placement of unaccompanied minors in a family group home or other residential unit. These costs may cover family care, residential support services and other measures similar to child welfare services, until the young person in question is 21 years old;
- The provision of long-term social and health care resulting from a disability or illness if the person concerned has been in need of care or treatment on his/her entry to Finland;
- Other special costs.

Finally, in addition to these reimbursements, municipalities receive state subsidies according to the proportion that foreign-born contribute to the municipal population.\(^3\)

Note: 1. Reimbursements are covered from the state budget coordinated from the Ministry of Economic Affairs and Employment. 2. The reimbursement of these costs requires a further agreement between the Centre for Economic Development, Transport and the Environment and the municipality. 3. This reimbursement is available for all new migrants.

Settlement of migrants is largely concentrated within the capital region

The limited number of places that are made available through negotiations with municipalities – particularly in those municipalities in which refugees would like to settle – has contributed to the large number of refugees that move independently. Among these independent movers, the majority chose to locate in metropolitan areas – and particularly in Helsinki.
In addition, many of the refugees whose settlement is organised by Finland’s reception centres also often result in settlement in Helsinki or one of Finland’s other larger cities.

Of those migrants arriving in Finland between 2004 and 2008, over 44% located in the capital region of Helsinki – which includes the municipalities of Helsinki, Espoo, Vantaa and Kauniainen. This level of concentration is significantly higher than that the population in general – just 30% of whom are concentrated in the capital region. Furthermore, five years later, this concentration had increased by a further 3 percentage points as many of those migrants that remained in Finland relocated to the capital Helsinki (Figure 3.7). This tendency to move to the capital region was most pronounced among prime aged adults, among whom the concentration in the Helsinki region increased by over 9 percentage points after five years of residence.

![Figure 3.7. Settlement patterns by duration of residence](image)

**Figure 3.7. Settlement patterns by duration of residence**

Percentage of cohort arriving 2004-08 by duration of residence and location

**Notes:** Years selected so as to observe the same migrant cohort upon arrival and after five years, in order to isolate moving patterns from changes in initial settlement patterns.

**Source:** Administrative data: Native born (2013), Migrant upon arrival (2008) Migrant after five years (2013).

While over 90% of migrants who initially move to Helsinki stay in the capital region even ten years following their initial settlement, those who initially settle in rural areas are far less likely to stay in their initial settlement location (see Figure 3.8). Of those who settled in urban areas outside Helsinki between 1999 and 2003, a full 15% moved to the Helsinki region after five years of residence in Finland – rising to 20% after ten years. Of those who initially settled in semi-urban and rural areas, there was a strong movement...
towards other urban areas with only 53.2% and 52.7% remaining in semi-urban and rural areas ten years after their initial settlement in these areas. Among more recent arrivals – those arriving between 2004 and 2008 – the patterns are similar. This concentration, and the growing population in metropolitan areas, can mean that finding an apartment – particularly in Helsinki – can be difficult.9

Figure 3.8. Many migrants move to the capital region
Percentage of migrants internally migrating by duration of residence and location, cohort arriving 1999-2003

Source: Secretariat calculations on the basis of administrative data (FLEED database).

And as migrants move away from poorer neighbourhoods, segregation may become a risk

Migrants frequently face restricted opportunities on the housing market; because of income constraints, because of a lack of networks or understanding of how the housing market works, or potentially because of discrimination. As a result, in many cities, migrants are often concentrated – at least in the early years after arrival – in the social housing sector. Indeed, unlike Sweden, Denmark and Norway, access to social housing in Finland is means-tested. Low income and vulnerable individuals are given priority such that, in practice, social housing is restricted to low-income groups.10 In practice, this has meant that the concentration of migrants in social rental housing is high in Helsinki – particularly among non-OECD immigrants. Indeed, recent work by Skifter Andersen et al (2016) finds that while 22 % of the Helsinki population lives in social rental housing, among the migrant population this figure stands at 52% - with 62% of ‘non-western’ migrants living in social
housing. In Oslo, Stockholm and Copenhagen the concentration of the migrant population in social housing stands at just 10%, 30% and 39%, respectively.

In many countries, an over-representation of migrants in social housing is linked to segregation. This is often the case where there is a correlation between the type of housing and its geographical location. In Helsinki, however, the explicit goal of mixing social housing into different neighbourhoods pursued in urban planning policy in Helsinki since the early 1970s has had effect of mitigating segregation. Indeed, using administrative data from Finland, Sweden, Norway and Denmark, Skifter Andersen et al (2016) find that migrants in Finland – with the exception of Eastern European migrants – have tended to have a lower level of segregation in Helsinki than in the other Nordic capitals. Furthermore, all existing spatial concentrations have a multi-ethnic composition such that ethnic enclaves – neighbourhoods mostly populated by a single origin group – are rarely found in Helsinki.

Discussion on the consequences of residential segregation was first raised in Finland back in the early 1990s as a result of the growth in immigration at that time. As a result, in 1997, the aim of ensuring “balanced urban development” was included on the agenda of the national immigration policy and has influenced local and urban policies at municipal level ever since. However, most growth in cities takes place in a limited number of neighbourhoods on the urban fringe. As a result, segregation is, to some extent, dependent on the level and speed of immigration. The recent increase in the migrant population that was seen in Finland in 2015/16 will increase demand for affordable housing. This demand risks outstripping the existing supply of geographically-integrated affordable housing and, if unaddressed, may leave Helsinki vulnerable to such segregation once again.

Alongside the role of geographically concentrated social housing, the tendency for those migrants who find employment to relocate away from disadvantaged neighbourhoods can also strengthen concentration of poorly integrated migrants in less affluent neighbourhoods. Those migrants who initially settle in poorer neighbourhoods with a concentration of social housing and a lower tax base may be inclined to move if and when they are able to afford to do so. Alternatively, migrants may move neighbourhoods in response to better employment prospects elsewhere. Indeed, Figure 3.9 illustrates that, among those migrants arriving in the capital region of Finland between 2004 and 2008, there was a clear trend among those who have been unable to find employment to remain in the postcode into which they originally settled. Among those who had found employment, on the other hand, the proportion relocating within the capital region were both larger and
correlated with length of employment. 37% of those who had been employed between 1 and 4 years, and 45% of those who had been employed for five to six years had relocated within the capital region. This is 11 and 19 percentage points, respectively, greater than the proportion with no employment history that relocated within the capital region.

**Figure 3.9. Migrants who find employment are more likely to move**

Percentage of migrants internally migrating by duration of residence employment history, cohort arriving 2004-08

![Chart showing internal migration by employment history](image)

*Source:* Secretariat calculations on the basis of administrative data (*FLEED* database). Sample restricted to those arriving between 2004 and 2008 in order to ensure all have at least six years of residence in Finland by 2013 when sample observed.

Such sorting can be problematic for municipalities if those areas into which new arrivals first settle expend the costs of integration but do not then reap the benefits – in the form of income tax. In this manner, relocation can lead to self-perpetuating disadvantage in less affluent municipalities. Indeed, of those migrants who relocated within the capital region, 39% of those with five to six years of employment, moved to an area with an income above the average within the capital (Figure 3.10). Among those with no employment history, only 27% of movers made a comparable move. Similarly, while 65% of those with five to six years in employment moved to an area with a higher average income than the area into which they had originally settled, among those outside employment only 58% made such a move. This discrepancy is likely to be an underestimate of the true extent of sorting as many of those without an employment history are likely to be family migrants who move to accompany a worker.
Figure 3.10. Migrants with a longer employment history are more likely to move to affluent areas within the capital region

Percentage of migrants internally migrating by duration of residence employment history, cohort arriving 2004-08

Conversely, those migrants who have not managed to find a job are more likely than those with an employment history to move to areas within the capital region which are characterised by an above average share of migrants, although the differences are not large. While 73% of movers with no employment history move toward migrant concentrations, among those with five to six years of employment the comparable figure is 67%.
Notes

1. Along similar lines, integration activities in Sweden were, in the past, possible prior to settlement. However, concerns that early training was insufficiently targeted to the needs of the local labour market, in the context of the inflexible time limit of the Swedish integration plan, led to the move to begin the plan only when the migrant was allocated to a municipality. Sweden has since introduced changes to speed up the settlement by obliging municipalities to accept those refugees assigned to them and also be introducing some language training for asylum seekers.

2. Despite being widely used in previous empirical work (Bakker et al., 2009; Isphording and Otten, 2014), a key limitation of the indicator is that it only captures differences between languages in pronunciation, while languages differ along a range of dimensions, including grammatical structure, alphabet and the extension of the vocabulary.

3. A new feature is the possibility to take part in integration training as part-time student. Earlier, the requirement to study fulltime hampered participation of e.g. parents with little/many children and persons with health problems.

4. Building language learning into everyday life can give added meaning to the newly-acquired knowledge and provide an immediate reward. As a result, to be effective, language learning and integration must be inherently linked: in schools, in job-related training, and in social life. In order to facilitate the development and practice of language skills in social life, the city of Antwerp has created a website to enable users to find volunteers with whom to practice their Dutch. Users are able filter their search according their language level, and the time at which they are available, or their location. They are also able to search on a thematic basis; they may, for example, choose to narrow their search to activities for parents with children up to six years old, or to activities for young women (‘girls in the city’) in order to find opportunities for practicing language relevant to their interests and experience.

5. Integration training is most typically provided under service track two, the competence-building track.
6. In addition, the reliance on temporary projects to fulfil long-term roles can lead to an inefficient use of resources if it impedes the ability of providers to plan, train, and motivate staff. In addition, resources are devoted to seeking continued finance rather than integration itself.

7. Migrants are able to stay in individually-arranged housing if they choose.

8. Findings from Sweden reveal that, eight years after settlement, refugees who had been dispersed to areas on the grounds of available housing earned 25% less on average, showed employment levels that were 6 to 8 percentage points lower, and were 40% more welfare dependent than refugees who were not settled through a dispersal policy (Åslund et al (2004)).

9. In applying for social housing, a longer stay in Helsinki is an advantage (for otherwise equivalent applicants) which can put those applying from outside the capital at a disadvantage.

10. Even when available for all, this does not guarantee even distribution because those with the most acute needs are often likely to accept the least desirable accommodation in the least desirable neighbourhoods. Indeed, in Finland as elsewhere, the most disadvantaged tend to be concentrated in the least popular neighbourhoods.
References


